

Report of the Director of Children and Families

Report to the Leeds Schools Forum

Date: 16 January 2020

Subject: 2020/21 School Funding Arrangements

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Summary of main issues

1. The Dedicated Schools Grant (DSG) is allocated in four blocks: schools, high needs, early years and central schools services. Regulations set by the Education and Skills Funding Agency (ESFA) requires that we consult with Schools Forum, and in some cases ask Schools Forum to make decisions, on proposals relating to the use of the DSG. This report provides an update on the 2020/21 arrangements relating to the schools, high needs and central school services blocks. An update on the early years block will be provided at the February 2020 meeting.
2. In relation to the Schools Block, the report covers the Growth Fund and the schools funding formula and PFI funding:
 - For the Growth Fund, we are proposing that
 - The existing criteria be retained for primary schools while for new secondary school growth, funding is allocated in the first year of expansion.
 - The existing criteria for additional resources and rental costs be retained.
 - Pre-opening funding for new schools reflects the funding allocated to local authorities and is set at £67,000 for 2020/21.
 - The final proposal for the schools funding formula provides a per-pupil increase of 1.84% through the Minimum Funding Guarantee and a 5.87% cap on gains, which are both an improved position compared to the options that were consulted on. The final proposal retains the Minimum Funding Levels of £3,750 for primaries and £5,000 for secondaries that were consulted on.
3. The report also includes the proposed expenditure for 2020/21 against the central school services block (CSSB), which funds local authorities for the statutory duties they

hold for both maintained schools and academies. Approval is sought from Schools Forum on the proposed expenditure from this block. In addition, we can confirm that we will be able to transfer £350k from the CSSB to the High Needs Block for 2020/21, which is an additional £100k compared to the proposal made previously.

Recommendations

4. Schools Forum is asked to note the arrangements for the school funding formula for 2020/21.
 - The final decision on the formula will be taken by the Director of Children and Families in accordance with the council's decision making framework.
5. In relation to the Growth Fund for 2020/21, Schools Forum is asked to approve:
 - a) The proposed criteria:
 - a. The existing criteria be retained for primary schools while for new secondary school growth, funding is allocated in the first year of expansion.
 - b. The existing criteria for additional resources and rental costs be retained.
 - c. Pre-opening funding for new schools reflects the funding allocated to local authorities and is set at £67,000 for 2020/21.
 - b) The total Growth Fund of £3,000k, funded from the Schools Block in 2020/21. The Growth Fund would be split between £1,140k for primary growth and £1,860k for secondary growth.
 - This is a Schools Forum decision. In the event that Schools Forum does not agree, the DfE is able to adjudicate if the council requests this.
6. In relation to the Central School Services Block, Schools Forum is asked to approve the 2020/21 amounts detailed within the report.
 - This is a Schools Forum decision. In the event that Schools Forum does not agree, the DfE is able to adjudicate if the council requests this.
7. In relation to the Central School Services Block, Schools Forum is asked to note that following confirmation of funding and costs, the proposed transfer to the High Needs Block will be £350k.
 - The final decision on this transfer will be taken by the Director of Children and Families in accordance with the council's decision making framework.

1 Main issues

1.1 Schools block funding formula

- 1.1.1 At the November 2019 meeting Schools Forum supported option two which had been consulted on for the 2020/21 schools funding formula. Compared to 2019/20 this provided a Minimum Funding Guarantee increase of 1% per pupil and a 3.96% cap on gains per pupil.
- 1.1.2 The final schools block funding for 2020/21 has been confirmed by the ESFA as £551.6m, an increase of £35.3m compared to 2019/20 when the allocation was £516.3m. After the £2.65m transfer to the high needs block agreed by Schools Forum in November and the proposed Growth Fund of £3m set out in section 1.2 below, an amount of £546m would remain to be allocated to mainstream schools through the funding formula.
- 1.1.3 The funding formula has been updated to take into account the views of Schools Forum and the final funding allocation from the ESFA. The revised formula provides for the same Minimum Funding Levels of £3,750 for primaries and £5,000 for secondaries, which are the amounts used in the National Funding Formula. It has however been possible to increase the Minimum Funding Guarantee to 1.84%, which is the level used in the National Funding Formula, and to increase the cap on gains to 5.87%. This will pass more funding onto those schools who were due to receive less than a 1.84% MFG or were capped at 3.96% in the consultation. The revised school level allocations proposed for 2020/21 are attached to this report as appendix 1.
- 1.1.4 The increased MFG and cap on gains has been possible due to funding being greater than required in the formula. This has occurred because in some areas of the council's allocation the ESFA estimates the funding required based on costs from the previous year or by using a formula to anticipate need. For 2020/21 the funding received for pupil growth in the formula, low prior attainment and premises costs has been greater than required and this has enabled us to increase the MFG and cap on gains.
- 1.1.5 The approach taken in the local formula replicates the National Funding Formula as closely as possible, including the use of the same unit values. In line with the National Funding Formula our calculation of the MFG and cap on gains for PFI schools excludes the PFI funding they receive. This will ensure that both PFI and non-PFI schools are treated equally in the funding formula and receive equivalent levels of funding protection. The council is currently awaiting formal approval from the ESFA for this adjustment.
- 1.1.6 The decision on the final formula will be made by the Director of Children and Families, in line with the council's decision making framework.
- 1.1.7 The final funding formula proposals will be submitted to the ESFA for them to quality check by the deadline of 21st January 2020. Once the ESFA has confirmed they are satisfied with the formula and the decision on the formula has been taken by the Director of Children and Families, the council will send out funding statements to

maintained mainstream schools by the end of February. The ESFA will issue funding statements to mainstream academies in line with their usual timescales.

1.2 Growth Fund 2020/21

- 1.2.1 Funding for growth is allocated to local authorities by the ESFA as part of the Schools Block of the DSG. This funding will be allocated to local authorities on a formulaic basis for 2020/21. Overall Leeds' total allocation for growth is £5,031k for 2020/21, compared to £5,010k in 2019/20. This allocation funds pupil number variations within the funding formula for new schools that are still growing, as well as being used to establish a separate Growth Fund, which supports costs incurred by schools that are being established or extended to meet basic need and where admission numbers are increased. This funding recognises that these pupils are not recorded on the October census, and so will not attract funding through the usual schools funding formula.
- 1.2.2 Schools Forum decides on both the total value of the Growth Fund and the criteria for allocating it to schools. The council's proposals are set out below for Schools Forum to vote on.

Growth Fund Value

- 1.2.3 Growth funding allocated to each local authority is based on lagged increases in pupil numbers which means that the 2020/21 allocation is based on the increase in pupils between the October 2018 census and the October 2019 census. £1,425 is allocated for each new primary pupil and £2,130 is allocated for each new secondary pupil. In addition a lump sum of £67,000 is allocated for each brand new school.
- 1.2.4 In calculating the budget required for growth in 2020/21, an estimate has been made of the increase in pupils each September for the next 3 years which is summarised in the following table:

	Primary	Secondary
September 2020	150	675
September 2021	35	525
September 2022	60	330

- 1.2.5 As a result of these increases, for 2020/21 we are proposing that a Growth Fund of £3,000k should be established based on anticipated growth. This will be funded from the Schools Block in 2020/21. The Growth Fund requirement is split between £1,140k for primary growth and £1,860k for secondary growth. This funding requirement assumes that the Growth Fund criteria set out below are adopted.

Growth Fund Criteria

- 1.2.6 Schools Forum is asked to approve the criteria for allocating funding from the Growth Fund.

- 1.2.7 We are proposing to retain the existing criteria for Leeds primary schools that have been in place for 2019/20. It is proposed that primary schools in Leeds would be eligible for growth funding where a permanent expansion has occurred following an increase in the Published Admission Number (PAN), to meet basic need. Growth funding will be paid until the permanent change in PAN is accommodated in every year group.
- 1.2.8 In response to queries at Schools Forum on the application of the Growth Fund to secondary schools, the following criteria are proposed to apply for 2020/21. Secondary schools in Leeds will be eligible for growth funding where a permanent expansion has occurred following an increase in the Published Admission Number (PAN), to meet basic need. Growth funding will be paid in the first year only that the permanent change in PAN is established. This is being proposed as cost pressures in relation to an increase in pupils falls differently in secondary schools and are more likely to be able to manage these costs within economies of scale.
- 1.2.9 Schools would be eligible for Growth Funding where a temporary bulge has been created to meet basic need. Funding will be allocated for the bulge year only.
- 1.2.10 An allocation of £100 per pupil will be made to fund immediate additional resources, equipment or furniture costs.
- 1.2.11 No funding would be allocated to schools where their PAN prior to expansion is not exceeded, or where a school itself decides to admit over PAN not linked to basic need.
- 1.2.12 Additional funding would be available for existing schools that incur additional rental costs or for new schools with pre-opening costs. The table below provides further details of the amounts payable.

Growth funding available	Basis for allocation	Rate
Funding for all schools eligible for Growth Funding:		
Pupil funding	Age Weighted Pupil Unit rate for each pupil (pro rata if part year). This is the basic entitlement all pupils receive through the schools funding formula.	The 2020/21 AWPU rates per year are shown below and are the same as used in the funding formula: <ul style="list-style-type: none"> • Primary - £2,857.45 • KS3 - £4,018.64 As noted in the report, the funding formula rates are subject to approval by the Director of Children and Families in line with the council's decision making framework.
Immediate additional resources, equipment or furniture	Standard per pupil rate. In the case of a single 'bulge' year group this is only paid in the year of expansion.	£100 per pupil is proposed for 2020/21 (no change from 2019/20).

Growth funding available	Basis for allocation	Rate
Funding available where applicable to schools:		
Additional rental costs	For temporary accommodation needed to meet agreed growth.	Funded at cost through the growth fund until the financial year following the increase in numbers, at which point we would seek to fund the rental costs through the funding formula (assuming the criteria for this are met).
Pre-opening costs of a new school or academy established to meet basic need	Amount allocated will be equal to ESFA lump sum. Pre-opening funding is to be managed by the governing body.	The funding proposed for 2020/21 is to pass through the growth fund allocation of £67,000 to the new school.

1.3 Central School Services Block

- 1.3.1 The Central School Services Block (CSSB) was introduced by the ESFA in 2018/19 to fund local authorities for the statutory duties they hold for both maintained schools and academies. The CSSB brings together:
- funding previously allocated through the retained duties element of the Education Services Grant (ESG)
 - funding for ongoing central functions, such as admissions, previously top-sliced from the schools block
 - residual funding for historic commitments, previously top-sliced from the schools block
- 1.3.2 In December 2019, the Government issued a notification giving the amount of funding for this block. For 2020/21, this allocation has been set at £5.067m for Leeds. This is a decrease of £258k compared to the 2019/20 allocation as there has been a reduction of 20% on the historical commitment element in line with previous statements to reduce funding on this element. In addition, Schools Forum in November 2019 supported the proposal to transfer £250k from the CSSB to the High Needs Block, though it is now proposed to increase this transfer to £350k. This leaves £4.717m to fund CSSB services.
- 1.3.3 Schools Forum approval is required each year to confirm the amounts on each line. Schools Forum previously gave full approval for the 2019/20 proposals. The amounts requested to be approved for 2020/21 are shown below.

Retained Duties element of the Education Services Grant

- 1.3.4 The Retained Duties element of the Education Services Grant was transferred into DSG in 2017/18. The onus is on each local authority to ensure that they retain this funding centrally in order to contribute to the cost of fulfilling their statutory duties for all schools and academies.
- 1.3.5 The detail of the services funded by this amount is provided below, and although the service provision has not changed since 2019/20, due to unavoidable inflationary increases the cost of these services has increased to £2.426m. Part of the cost of these services is met by the council (£337k). The remaining amount requested from the CSSB for 2020/21 is £2,088,950. This is an increase of £168,710 compared to 2019/20, when funding of £1,920,240 was agreed.
- 1.3.6 Examples of statutory functions that are included in this amount are:
- Strategic planning for the whole of the education service (sections 13 15B of the Education Act 1996) including the appointment of a Director of Children's Services (section 18 Children Act 2004)
 - Preparation of the school funding formula and individual school/academy budget allocations (Local Government Act 1972) and inclusion of income and expenditure pertaining to education within the Authority's annual statement of accounts
 - Performance of internal audit and other tasks necessary for the discharge of the Chief Financial Officer's responsibilities under S151 of the Local Government Act 1972
 - Provision of information to or at the request of the Secretary of State (S29 of the 1996 Education Act)
 - Making arrangements to identify children not receiving education (section 436A Education Act 1996)
 - Issuing a code for penalty notices to address poor attendance and administer the penalty notice regime in accordance with the Education Regulations 2007 (and subsequent amendments); issuing written notices, school attendance orders and exercising the power to prosecute a parent for a child's non-attendance (section 446& 437 of the Education Act 1996). This can also include applying for an Education Supervision Order (section 447 of the Act)
 - Management of the capital programme, including preparation and review of an Asset Management Plan and negotiation and management of private finance initiatives

Historic commitments

- 1.3.7 Historic commitments are subject to a limitation of no new commitments or increases in expenditure from 2019/20. The amounts requested for 2020/21 are as follows and have stayed the same since 2019/20.
- 1.3.8 Prudential borrowing (amount requested £515,000). This budget supports borrowing costs in relation to the ongoing debt repayment from the 2004/05 primary capital program, and is paid back over 25 years.
- 1.3.9 Headteacher Support Service (amount requested £54,410). This service provides a confidential listening and support service for all primary and special school Headteachers, and acting Headteachers. The service is provided by two members of staff in a job share post.
- 1.3.10 School support staff training (amount requested £46,330). This service sources, organises and co-ordinates training for school support staff. The service also provides induction training for school support staff. The service is provided by one member of staff.
- 1.3.11 Carbon reduction officer (amount requested £30,000). This budget funds officer time from Procurement and Commercial Services who support the project management of schemes initiated with the purpose of lowering the embodied carbon emissions within the school estate.

Ongoing Central functions

- 1.3.12 Admissions Service – for 2020/21, it is proposed to increase the funding from this service from £1,376,290 to £1,381,880 to cover the unavoidable increases in pay award and superannuation.
- 1.3.13 Servicing of Schools Forum – this budget supports the administration and running of Schools Forum and associated sub groups. This service has not changed, but as a result of unavoidable inflationary costs, it is proposed to increase funding from £30,330 to £30,940.
- 1.3.14 The ESFA has agreed with a number of agencies to purchase a single national licence for all state funded schools in England. A full list of licences included in the single national licence is available on their website. The ESFA will pay the agencies and provide the service to local authorities. For Leeds this amounts to £569,700 in 2020/21 (a 3% increase). This arrangement covers maintained schools and academies and local authorities are allowed to hold the budget centrally rather than include it in school budgets. This item does not require Schools Forum approval.
- 1.3.15 Schools Forum is therefore requested to approve the amounts summarised below, totalling £4.717m centrally for ESG retained duties, ongoing central functions, historic commitments, and to note the increase in the charge for the single national licence.

	2019/20 (for information) £	2020/21 (for approval) £
Former ESG Retained Duties	1,920,240	2,088,950
Historic Commitments		
Prudential borrowing	515,000	515,000
Headteacher support service	54,410	54,410
School support staff training	46,330	46,330
Carbon reduction officer	30,000	30,000
Ongoing Responsibilities		
Admissions service	1,376,290	1,381,880
Schools forum	30,330	30,940
ESFA central licences (for information only, no vote required by Schools Forum)	552,700	569,700
Total Central School Services Block	4,525,300	4,717,210

1.3.16 At the November 2018 meeting, Schools Forum supported the proposal to transfer £250k to the High Needs Block. At that time the exact amount was subject to confirmation of the costs and funding relating to the CSSB. These figures have now been confirmed and we will be able to transfer an increased amount of £350k to the High Needs Block for 2020/21.

1.4 High Needs Block

- 1.4.1 Since the report on high needs projected funding and expenditure was presented to Schools Forum in November 2019, a number of outstanding elements in the funding allocated have been confirmed and are in line with the estimated made at that time. However as detailed above, it is now proposed to transfer £350k from the CSSB to the High Needs Block.
- 1.4.2 Work in ongoing to finalise budgets for 2020/21 to produce a balanced budget and a more detailed report on this will be brought to the next Schools Forum meeting.
- 1.4.3 In line with the council's decision making framework, a high level summary of the proposed HNB budgets will be presented to the Executive Board in January to be approved by Full Council in February.

2 Recommendations

2.1 Schools Forum is asked to note the arrangements for the school funding formula for 2020/21.

- The final decision on the formula will be taken by the Director of Children and Families in accordance with the council's decision making framework.

2.2 In relation to the Growth Fund for 2020/21, Schools Forum is asked to approve:

c) The proposed criteria

- a. The existing criteria be retained for primary schools while for new secondary school growth, funding is allocated in the first year of expansion.
 - b. The existing criteria for additional resources and rental costs be retained.
 - c. Pre-opening funding for new schools reflects the funding allocated to local authorities and is set at £67,000 for 2020/21.
- a) The total Growth Fund of £3,000k, funded from the Schools Block in 2020/21. The Growth Fund would be split between £1,140k for primary growth and £1,860k for secondary growth.
- This is a Schools Forum decision. In the event that Schools Forum does not agree, the DfE is able to adjudicate if we request this.

2.3 In relation to the Central School Services Block, Schools Forum is asked to approve the amounts summarised below for 2020/21 (apart from the ESFA central licence charge, which does not require approval).

- This is a Schools Forum decision. In the event that Schools Forum does not agree, the ESFA is able to adjudicate if we request this.

	2019/20 (for information) £	2020/21 (for approval) £
Former ESG Retained Duties	1,920,240	2,088,950
Historic Commitments		
Prudential borrowing	515,000	515,000
Headteacher support service	54,410	54,410
School support staff training	46,330	46,330
Carbon reduction officer	30,000	30,000

	2019/20 (for information)	2020/21 (for approval)
Ongoing Responsibilities		
Admissions service	1,376,290	1,381,880
Schools forum	30,330	30,940
ESFA central licences (for information only, no vote required by Schools Forum)	552,700	569,700
Total Central School Services Block	4,525,300	4,717,210

2.4

In relation to the Central School Services Block, Schools Forum is asked to note that following confirmation of funding and costs, the proposed transfer to the High Needs Block will be £350k.

- The final decision on this transfer will be taken by the Director of Children and Families in accordance with the council's decision making framework.