

## **SCHOOLS BUDGET 2020-21 UPDATE**

### *Report of the Director of Children's Services*

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#### **1 Purpose**

- 1.1 To update the Forum regarding the 2020-21 Schools Budget.

#### **2 Summary**

- 2.1 This paper provides an update on the Schools Budget proposals for 2020-21, including outlining options for the allocation of additional resource to primary and secondary schools.

#### **3 Recommendations**

- 3.1 The Forum is asked to:

- (i) support the budget proposals for the school's block, subject to the separate decision on how to distribute the unallocated headroom which is covered by item (v) below.
- (ii) agree the 2020-21 budget for the Growth Fund which is set out in section 5.5 of this paper,
- (iii) agree to the use of an additional £138,000 of carry-forward to support the budget proposals for the central school services block,
- (iv) note the budget position for the high needs block,
- (v) support option 3 for the allocation of additional resource to primary and secondary schools (from section 6 of the paper), to go forward to consultation with schools (**Schools and academies members only to vote**),
- (vi) consult schools on the other proposals set out in para 6.9.

- 3.2 The Forum is asked to note that further detail of the 2020-21 early years budget is expected to be considered in the new year.

## 4 Background

4.1 At its September meeting, the Forum considered information about the 2020-21 Schools Budget and supported several principles to adopt in preparing the budget. These principles were:

- (i) Providing for inflation as a budget pressure in each block.
- (ii) The use of up to £3.2m of the DSG carry forward to support the schools, early years and central services block budgets in 2020-21, in combination with a review of how to increase the resource available for school family workers.
- (iii) The budgeted spend for high needs to be set at the level of the high needs block.
- (iv) The budgeted spend for schools, early years and central services to be set at the level of the relevant DSG blocks plus an allocation of carry forward as outlined in section 5.3 below.
- (v) The establishment of a small working group of primary and secondary school Forum representatives, to work with officers to develop proposals for allocating the amount of headroom in the schools' block budget.

4.2 Key information about the 2020-21 Schools Budget, such as the October 2019 school census data and the final Dedicated Schools Grant announcements, are not yet available. However, there have been several significant developments and these are outlined below.

## 5 Developments since the September paper

### 5.1 Updated DSG Estimate

The DfE has announced the 2020-21 unit funding rates for the schools, early years and central services DSG blocks as well as provisional high needs block allocation. The DSG estimate has been revised to take account of this and of partial returns from the October 2019 census.

The updated DSG estimate is as follows:

Schools Block	£m
Primary 99,916 FTE pupils @ £4104.29 per pupil	410.084
Secondary 69,747 FTE pupils @ £5261.19 per pupil	366.952
Premises	10.618
Growth	6.500
<b>Total schools block</b>	<b>794.154</b>

<b>Central School Services Block</b>	<b>£m</b>
169,663 FTE pupils @ £34.14 per pupil	<b>5.792</b>

<b>Early Years Block</b>	<b>£m</b>
3 and 4 Year olds - Universal entitlement 18744 PTE pupils @ £3112.20 per pupil	58.335
3 and 4 Year olds - Additional hours 7200 PTE pupils @ £3112.20 per pupil	22.408
Nursery schools supplementary funding	1.769
2 Year olds 2,197 PTE pupils @ £3243.30 per pupil	7.126
EY Pupil Premium	0.691
EY Disability Access Fund	0.236
<b>Total early years block</b>	<b>90.565</b>

<b>High Needs Block</b>	<b>£m</b>
Provisional High Needs Allocation	<b>130.898</b>

<b>Total</b>	<b>1,021.409</b>
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#### 5.1.1 Schools block

The increases in the DSG allocations per pupil between 2019-20 and 2020-21 are +4.9% for primary and +3.4% for secondary. (In the September paper an overall 5% per pupil increase was assumed.) The Growth allocation has yet to be announced and an estimate has been included here.

#### 5.1.2 Central Services block

The per pupil funding rate has not been increased between 2019-20 and 2020-21. (In the September paper an uplift for inflation of 1.8% was assumed).

#### 5.1.3 Early Years block

Per pupil funding has been increased by approximately 1.5% for 3 and 4 year olds and 1.4% for 2 year olds, equating to an extra 8 pence per hour. (This compares to an increase of 1.8% assumed in September).

#### 5.1.4 High Needs block

The high needs allocation has increased by £16m between 2019-20 and 2020-21 (£2m more than was assumed in September).

DfE officials have indicated that the scale of increase in the high needs block in 2020-21 should be regarded as exceptional and local authorities should not expect similar increases in future years.

## 5.2 Carry forward of DSG

The latest monitor for 2019-20 indicates a projected overspend (excluding DSG changes) of £1.1m. Thus, the updated estimate of the amount of carry forward available for 2020-21 is as follows:

<b>Estimated carry forward available for 2020-21</b>	<b>£m</b>
Remaining balance of carry forward from 2018-19	14.653
Additional 2019-20 DSG carry forward to 2020-21	0.034
Carry forward of DSG to 2020-21	<b>14.687</b>
2019-20 variance identified so far: - Underspend from September 2019 monitor £1.309m - Exclude from this the £2.5m additional DSG from the retrospective early years DSG adjustment (already included in DSG carry forward figure) = overspend of £1.191m	-1.191
<b>Total</b>	<b>13.496</b>

A paper to the November 2018 Forum meeting, reviewed the level of DSG that it is prudent to retain in reserve as a contingency and recommended that this amount be set at £10m. The Forum supported this approach.

### 5.3 Deployments of DSG Carry Forward

The September Forum paper set out the proposed use of carry forward in 2020-21 as follows:

<b>Proposed use of carry forward in 2020-21</b>	<b>£m</b>
Early Years Transition Project	0.360
Growth Fund	0.400
Falling Rolls Fund	1.500
School Family Workers	0.891
<b>Total use of carry forward in 2020-21</b>	<b>3.151</b>

Commitments against the carry forward for subsequent years are:

<b>Proposed use of carry forward beyond 2020-21</b>	<b>£m</b>
Early Years Transition Project	0.240
Use of underspend from de-delegated budgets	0.248
<b>Total use of carry forward beyond 2020-21</b>	<b>0.488</b>

On current projections, this would leave a DSG reserve of £9.9m, which is consistent with the policy of retaining a contingency of £10m.

### 5.4 Budget pressures, savings and headroom

Further work has been undertaken to refine the budget pressures and savings and the result of this work is incorporated in the budget figures detailed in annex A. Annex B gives further information about each of the budget items listed. There is particular uncertainty around pay awards and annex B outlines the percentage increases assumed.

The headroom is calculated as the resource available after taking account of budget pressures and savings.

The sections below summarise the budget position for each DSG block.

## 5.5 Schools block

This comprises the primary and secondary budget shares plus the Growth Fund and the Falling Rolls Fund. It is currently estimated that the resources available from the 2020-21 schools block DSG provide an increase to fund inflation and headroom in budget shares of £27.2m or 3.6%. (This is net of the reduction of £3.2m resulting from no longer using DSG carry forward to support budget shares in 2020-21.)

Inflation on pay and prices is currently estimated at 2.8%, resulting in a 0.8% real-terms increase in average funding. However, the impact on individual schools will vary depending on their pattern of expenditure and the decision on how the additional resource for inflation and headroom is allocated through the funding formula.

Since September, detailed NFF data has become available from the DfE. Section 6 below reviews this and considers further the allocation of additional resource to primary and secondary schools.

There are two central budgets within the schools' block, the Growth Fund and the Falling Rolls Fund. The Falling Rolls Fund is covered by a separate paper on this agenda. As part of this paper the Forum is asked to agree the 2020-21 budget for the Growth Fund which is shown below (2019-20 figures are provided for comparison).

<b>Growth Fund</b>	2020-21 Budget requested £000	2019-20 Budget £000	Change £000
Additional places	4,257	3,986	271
Infant class size protection	450	400	50
Total	4,707	4,386	321

The increase comprises an inflationary uplift of £121k and a pressure in respect of a new primary school and uplifting infant class size funding of £200k.

## 5.6 Central school services block (CSSB)

There are two elements to this block, historical commitments and ongoing responsibilities. Hertfordshire's remaining historical commitment is for school family workers and this is funded from DSG carry forward. The central services DSG block allocation provides funding for the ongoing responsibilities. There has been no increase in the unit funding rate of DSG for inflation. A saving from the introduction of charges to maintained schools for appeals has been assumed in the budget but, due to the lack of funding for inflation, the CSSB budget still exceeds the DSG block.

A separate report on this agenda about the appeals service outlines the intention to continue a subsidy for the appeals service in 2020-21 from the DSG central budget. In order to balance the CSSB, it is proposed to fund this subsidy from DSG carry forward on the basis that it is expected to phase out over time. This would increase the use of DSG carry forward by £138k from the amount shown in section 5.3

above. Detailed proposals in relation to the CSSB are set out in a report elsewhere on this agenda.

## **5.7 High Needs**

The high needs sub group of the Forum has recently met and considered the high needs budget in more detail. The group has worked within the guideline that the high needs budget should equal the high needs DSG block. However, the range of budget pressures, combined with the proposed increase in resources for complex needs in mainstream schools, exceed the resources available. Therefore, it was not possible to finalise a high needs budget proposal at that meeting.

Elsewhere on this agenda are the note of the sub-group meeting and a covering report describing the medium term challenges in this budget area. This will require further detailed consideration at Forum in January.

The initial projection of the high needs budget has been re-drafted since the sub group meeting and the revised version is shown in annex A. Particular points to note about the high needs budget are as follows:

### **(i) Pressures**

- a) Changes in funded place numbers from September 2020 –  
The sub group supported increases of 71 commissioned places in special schools and 81 places in colleges, together with a reduction of 6 places in special units due to the closure of a speech and language unit. The place changes for academies and colleges were submitted to the DfE on 15<sup>th</sup> November, as required.  
The increase in special school funded place numbers has been limited so that it does not exceed the capacity figure for each school.
- b) Colleges –  
In addition to the additional places outlined above, there is a projected requirement for an extra £0.5m in the budget for top up funding for high needs pupils in colleges.

Also included in the budget pressures are:

- a provision of £480k for a further in year increase of 80 high needs college places (additional to the numbers submitted to the DfE),
  - a provision of £750k in respect of care costs for high needs students in colleges.
- c) Special School top Ups and additional places –  
A pressure of £1.3m has been included to reflect the cost of growth in special school pupil numbers additional to the extra place numbers mentioned above. This comprises:
    - the estimated increase in top up funding,
    - provision for approximately 100 extra places for situations where the number of pupils in a special school exceeds the funded place numbers by at least 3%.
  - d) Out County state school top Ups –

As indicated in the monitor paper to the September Forum there has been a major increase in the number of high needs pupils placed in state schools in other local authority areas, partly due to the lack of spare places in Hertfordshire special schools. This budget is heavily overspending in 2019-20 and a pressure of £2.4m has been included for 2020-21.

- e) Independent Placements –  
Pressures of £3.4m have been included to reflect projected increases in this budget. Part of this is an increase of £1.5m in the education contribution to social care costs – relating to looked after children with EHCPs whose placement costs have not otherwise been apportioned between education and social care.
- f) Specialist Resource Provision –  
An amount has been provided to fund the establishment of new specialist resource provision. In some cases, this may be achieved via the conversion of existing speech and language base provision. The timescale for the opening of the new provision and the conversion, retention or closure of existing speech and language bases has yet to be finalised. However, it is currently estimated that some of the new provision will be up and running before the process for reviewing speech and language bases has been concluded.
- g) Exceptional Needs (EN) funding  
Pressures have been included in the budget for the following:
  - i) £1.8m to reflect the current level of overspending in the EN budget,
  - ii) £0.9m to provide for an increase in the number of EN pupils in 2020-21.

This does not cover resourcing the new arrangements for funding complex needs in mainstream schools, which is covered under the headroom section below.

- h) Inflation –  
Provision has been made to fund inflation on a targeted basis.

**(ii) Headroom**

The amount of headroom available is £1.3m. This will be transferred to the SEN Strategy Development Fund.

A review has been undertaken of the funding of provision for complex needs in mainstream schools (currently provided via exceptional needs funding) and a key priority is to resource the implementation of the review's conclusions. A total final full-year additional cost of approximately £7m has been projected to resource the new system.

The conclusions of the review, including the final costings and phasing of implementation, have not been finalised. However, it is apparent that the amount of headroom currently available is insufficient to fund the introduction of the new system in full. Officers will develop proposals between now and the January Forum meeting round how to deal with this matter.

**(iii) SEN Strategy Development Fund**

This provides a resource within the high needs budget to support new initiatives.

The Strategy Development Fund (SDF) for 2019-20 was £6.636m with £2.862m of this relating to one off funding carried forward from 2018-19. In practice all of the fund has been used to fund overspends in 2019-20 and therefore the remaining balance of the 2019-20 SDF has been taken as a saving in the 2020-21 budget, in order to fund pressures across high needs. It is intended to re-establish the SDF in 2020-21 with the headroom from the 2020-21 budget (currently calculated as £1.3m).

<b>HN Strategy Development Fund (SDF)</b>	<b>£'000</b>
<b>2019 -20 SDF as originally established</b>	<b>6,706</b>
Transferred to counselling budget	(70)
Removal of one off funding carried forward from 2018-19	(2,862)
Taken as a saving in 2020-21 budget	(3,774)
<b>Remaining balance of SDF</b>	<b>0</b>
2020-21 high needs budget headroom	1,261
<b>2020-21 SDF</b>	<b>1,261</b>

<b>Proposals for use of 2020-21 SDF</b>	<b>£'000</b>
Remains to be confirmed	1,261
<b>2020-21 SEN Strategy Development Fund</b>	<b>1,261</b>

**5.8 Early Years**

The percentage increase in the early years DSG unit funding rates is less than the estimated inflation level. However, the overall early years budget position is also influenced by changes in pupil numbers. Proposals for the early years block budget will be brought to Forum in the new year.

**6 Primary and secondary budget shares**

6.1 Since the September Forum meeting the Authority has received more information from the DfE, including the detailed national funding formula (NFF) allocations which underpin the DSG calculations for 2020-21. This section of the paper outlines changes to the funding arrangements in 2020-21 and then considers the distribution of the additional resource.

6.2 Minimum Per Pupil funding

The DfE has announced that one aspect of the NFF, the minimum amounts of funding per pupil, will become compulsory in local authority budget shares in 2020-21. These guaranteed minimum per pupil funding levels (MPFLs) will be £3,750 per pupil in primary and £5,000 per pupil in secondary (which is calculated as the



weighted average of £4,800 for key stage 3 and £5,300 for key stage 4). Protection funding under the MPFL is derived by comparing total funding per pupil from all formula factors (except specific premises factors) with the minimum per pupil amounts. Where the guaranteed minimum per pupil amount is higher, the budget share allocation is topped up to this amount.

Given that the average budget share funding per pupil used in this calculation includes the lump sum (expressed on a per pupil basis) and additional needs factors, it tends to be larger schools with low additional needs that have a relatively low average funding per pupil and therefore receive a protection allocation through the MPFL. In Hertfordshire the makeup of the local funding formula is such that primary schools attract more funding through the MPFL than secondaries. To illustrate the impact of the MPFL, we have calculated the amount of protection funding that would be generated in Hertfordshire budget shares by the MPFL - based on 2019-20 funding data but including the allocation of additional resource for 2020-21 (as per option 3 below). This is shown in the table below.

Minimum per pupil funding protection		
	No of Schools	Value of Protection £'000
Primary	57	3,809
Middle	3	159
Secondary	6	179

### 6.3 Minimum funding guarantee

For 2020-21 local authorities will continue to have limited discretion over the level of the minimum funding guarantee, providing that the level is set between +0.5% and +1.84%.

In practice much MFG protection arises for the following reasons;

- historic protection funding remaining in the MFG baseline and sometimes no longer applicable
- significant changes in the level of additional educational needs (AEN) funding at a school (for example as a result of variation between years in the proportion of pupils entitled to free school meals). Such changes alter the average funding per pupil in a school's budget share and the MFG may protect against this, preventing AEN funding changes from flowing through.

The higher the level at which the MFG is set, the more funding will be tied up in protection allocations for individual schools. This will reduce the resource available to uplift the funding of all schools.

It is therefore proposed to continue to set the level of the MFG at the lower end of the permitted range, which is +0.5% in 2020-21, in order to maximise the resource available for distribution to all schools. (The DfE has moved the lower level of the MFG from -1.5% in 2019-20 to +0.5% in 2020-21 to take account of the higher level of increase in school funding in 2020-21.)

### 6.4 Mobility

The DfE has made changes to the mobility factor, which Hertfordshire and many other local authorities use in their local funding formulae. These changes comprise

lowering the threshold of mobile pupils in order to qualify for funding, from 10% to 6%, and changing the data source measuring mobility so that it is more accurate. The impact of this is to increase the number of pupils attracting mobility funding. If the current unit funding rate is maintained, this would cost approximately £160k extra. It would be possible to reduce the unit funding rate in response to this but, given that Hertfordshire's unit funding rates for mobility are below those in the NFF, it is not proposed to reduce the funding rates.

#### 6.5 Comparison of NFF and HCC funding rates

For information, a comparison of the unit funding rates in the NFF and Hertfordshire's local formula is included at annex C. As the NFF is a national formula covering the whole of England, it includes two area cost uplifts for Hertfordshire - one for the London fringe area and one for the area not covered by London fringe (North Herts and Stevenage). Hertfordshire's formula just includes an uplift to distinguish between the London fringe and non- London fringe areas. Thus, three columns are shown at the right- hand side of annex C – one comparing the pure formula factors (excluding London fringe/area cost uplift), the second comparing the value of funding factors in the non- fringe area and the third comparing the value of funding factors in the fringe area

#### 6.6 **Allocation of additional resource to primary and secondary schools**

#### 6.7 The additional resource comprises the inflation and headroom funding in the schools' block budget. We have developed options for distributing this additional resource in primary and secondary budget shares. In considering possible approaches we have had regard to the following information:

- A) a comparison between the sector split of budget shares under the Hertfordshire formula (based on 2019-20 pupil data) and the sector totals of allocations under the NFF, which are also based on 2019-20 data. (Specific premises factors, such as rates are excluded from the comparison as they are not allocated through the NFF.)
- B) reference to the 2019-20 primary, secondary funding ratios. (The national average primary secondary ratio for 2019-20, published by the DfE, was 1:1.297 and the Hertfordshire ratio was 1:1.306.)
- C) the need to deliver the funding levels required under the MPFLs. This has to be the first call on resources. (Different methods of distributing the additional resource through the funding formula impact on the cost of protection provided by the MPFLs. Reductions in the amount of MPFL protection that are generated from increases in unit funding rates in budget shares can be recycled and added to the additional resource available for general distribution.)
- D) the overall percentage increases between 2019-20 and 2020-21 funding that different methods of allocating the headroom provide

#### 6.8 Options

We have prepared three different options for the allocation of additional resource and a summary of each one is set out below. Annex D shows the indicative impact on a range of schools of varying sizes and deprivation levels. (The schools have been anonymised). Also shown is the impact on the sector totals. All the figures

illustrating the impact of the options are based on 2019-20 budget share data and our current assumption of the additional available resource.

All options start by removing the £3m one-off funding (from DSG carry forward) that was part of the 2019-20 AWPU. Thus, the percentage increases mentioned below are applied to the adjusted AWPU level.

### Option 1

This option aims to move the Hertfordshire funding formula closer to the NFF by replicating the sector split in the NFF between primary and secondary.

#### Allocation of additional resources

- Priority 1 – Apply a 2.5% uplift to the unit funding rates across all factors excluding the Secondary lump sum which is already at the limit and excluding premises.
- Priority 2 - Uplift the primary AWPU by £79.72 so that the Hertfordshire primary AWPU (plus London fringe uplift) matches the level of the NFF primary AWPU (plus area cost uplift for the fringe area).
- Priority 3 - Uplift primary and secondary low prior attainment funding by any remaining balance of resource (£400k in this model).

#### Sector split of Option 1

Sector	Notional NFF funding for 2020-21 (excluding premises) £'000	HCC Formula (excluding premises & amalgamation lump sum) £'000	Difference £'000
Primary	404,052	404,399	347
Secondary	343,152	343,631	480
Secondary Middle	6,276	6,180	-96
All-through	14,366	13,635	-731
Total	767,846	767,846	0

Primary: Secondary Ratio	1 :	1.272
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If more resource was available, it would be allocated through priority 3. If less resource was available, priority 3 would be reduced and then, if necessary, priority 2.

### Option 2

This option aims to retain the current primary, secondary ratio in the Hertfordshire funding formula.

#### Allocation of additional resources

- Priority 1 – Apply 3.018% uplift to the unit funding rates of all Primary factors excluding premises (but also including the looked after children factor).

- Priority 2 - Apply 4.228% uplift to the unit funding rates of all Secondary factors, excluding the Secondary lump sum which is already at the limit and excluding premises.

#### Sector split of Option 2

Sector	Notional NFF funding for 2020-21 (excluding premises) £'000	HCC Formula (excluding premises & amalgamation lump sum) £'000	Difference £'000
Primary	404,052	399,687	-4,365
Secondary	343,152	348,292	5,140
Secondary Middle	6,276	6,180	-96
All-through	14,366	13,686	-680
Total	767,846	767,846	0

Primary:Secondary Ratio	1 :	1.305
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The percentage increases would be adjusted proportionately up or down if more or less resource was available.

#### Option 3

This option increases all unit funding rates across primary and secondary by the same percentage. As shown in annex D the overall impact is a larger percentage increase in primary than secondary, mainly due to the amount of protection funding allocated to primaries under the MPFLs.

#### Allocation of additional resources

- Priority 1 – Apply 3.622% uplift to the unit funding rates of all Primary and Secondary factors, excluding the Secondary lump sum which is already at the limit and excluding premises.

#### Sector split of Option 3

Sector	Notional NFF funding for 2020-21 (excluding premises) £'000	HCC Formula (excluding premises & amalgamation lump sum) £'000	Difference £'000
Primary	404,052	401,491	-2,561
Secondary	343,152	346,508	3,356
Secondary Middle	6,276	6,180	-96
All-through	14,366	13,666	-700
Total	767,846	767,846	0

Primary:Secondary Ratio	1 :	1.292
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The percentage increase would be adjusted up or down if more or less resource was available.

At its September meeting the Forum agreed to the establishment of a sub group to consider the allocation of headroom to primary and secondary schools. It has proved difficult to find a time for a sub group meeting when all members could attend. In the event officers held two briefings (outlining the options described in this paper) and covering both primary headteacher representatives and one secondary headteacher representative.

The Forum is asked to support Option 3 for allocating the additional resource, to go forward to consultation with schools. This option:

- provides both sectors with the same percentage uplift in unit funding rates,
- re-balances resources slightly towards primary with a primary secondary ratio similar to the 2019-20 national average,
- provides the secondary sector with an overall uplift that is just above estimated inflation.

As mentioned above, the final amount of additional resource may vary from the current estimate. In each option above, we have outlined how the option would be adjusted to reflect changes in the resource available.

## 6.9 Consultation with schools

### 6.9.1 The Forum is asked to support consulting with schools on the allocation of additional resource.

### 6.9.2 The consultation would also include:

- setting the MFG at the minimum permitted level of +0.5%,
- the changes to the mobility factor described above,
- amending the threshold used to calculate protection funding under the Private Finance Initiative factor from 10% to 8% of the school budget share – in order to increase the level of protection offered.
- the approach to adjusting unit funding rates for additional needs factors where there is a significant change between 2019-20 and 2020-21 in the total Hertfordshire data for a factor.

It is intended to continue with the method used in recent years, whereby the unit funding rate is adjusted in this situation so that the total 2020-21 funding through the factor, for each sector, will equal the 2019-20 funding, after adjusting for:

- a) The percentage change in pupil numbers in the sector between 2019-20 and 2020-21
- b) the change to the unit funding rate for the factor agreed as part of the allocation of additional resource.

### 6.9.3 Proposals in relation to changing the PFI protection factor, for both Marriotts and Lonsdale schools are based on benchmarking information for comparable schools indicating that allocating 10% of budget to those services covered by the PFI contract is excessively high, and that a 2% reduction would bring the position in those schools into closer alignment with what appear to be typical levels.

- 6.9.4 The results of the consultation will be reported to the January Forum meeting at which point the final decisions on the funding formula will need to be made. The funding formula has to be submitted to the DfE by 21st January 2020.

## **7. Risks/ Uncertainties**

- 7.1 There are a considerable number of uncertainties about the 2020-21 budget at this point, in particular:
- The final DSG announcements for 2020-21.
  - The pupil data from the October (schools) and January (early years) censuses.
  - Other funding data such as rates.
- 7.2 The amount of additional resource is the balance between the extra grant available and the budget pressures identified. It therefore may change significantly from the estimate shown in this paper.
- 7.3 2021-22 and future years  
In view of the imminent general election, there is considerable uncertainty about future years. As outlined in the September budget paper, the current government has announced a three- year funding settlement for schools covering the period 2020-21 to 2022-23. Annual increases for 2021-22 and 2022-23 are just below 5%. We understand that the DfE has not decided on the split of this additional funding between the schools and high needs blocks.

Budget projections for 2021-22 and 2022-23 indicate deficits on Hertfordshire's high needs budget on current assumptions.

The current government has indicated that it wishes to move to a "hard" national funding formula (whereby the NFF is used to calculate individual school budget shares) as soon as possible. It will, however, be open to the new government after the election to make changes to the NFF for future years and to decide whether and when to move to a hard NFF.

## **8. Conclusion**

- 8.1 Annex A outlines the latest position regarding the 2020-21 Schools Budget showing the split between the schools, central services, early years and high needs blocks.
- 8.2 The proposed final schools block budget and unit funding values for primary and secondary budget shares for 2020-21 will be brought to the January Forum meeting, prior to submission to the DfE. Over Christmas, the Schools Budget will be updated to take account of the DfE announcements in mid- December, including the October census data and the December DSG funding announcements.
- 8.3 In preparation for this, the Forum is asked to agree the recommendations in section 3 of this paper.

# Schools Budget 2020-21

## Annex A

	Schools £000	Central Services £000	Early Years £000	High Needs £000	Total £000
<b>Schools Budget 2019-20 (as at section 251)</b>	<b>757,820</b>	<b>6,767</b>	<b>85,937</b>	<b>117,539</b>	<b>968,063</b>
<b>One Off Items</b>					
Additional high needs DSG received in 2018-19				-2,862	-2,862
Integration Team		-69			-69
Herts Grid for Learning		-80			-80
<b>One Off Items Total</b>	<b>0</b>	<b>-149</b>	<b>0</b>	<b>-2,862</b>	<b>-3,011</b>
<b>Schools Budget 2019-20 net of One Off Items</b>	<b>757,820</b>	<b>6,618</b>	<b>85,937</b>	<b>114,677</b>	<b>965,052</b>
<b>Additional responsibilities</b>					
Barnfield College				644	644
<b>Additional Responsibilities Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>644</b>	<b>644</b>
<b>Pressures</b>					
Demography	8,496		3,470		11,966
Inflation on pay and prices	20,714	147	2,445	3,002	26,308
Growth Fund - Inflation	121				121
Additional special school places 2020-21				421	421
Full year effect of 2019-20 increase in special school places				488	488
Special School top ups				1,338	1,338
Outreach				95	95
Post 16 high needs top ups in colleges				517	517
Post 16 high needs places in colleges				324	324
Full year effect of 2019-20 increase in post 16 high needs top ups				270	270
Full year effect of 2019-20 increase in post 16 high needs places				160	160
Early Years Transition Project during 2020-21			360		360
Growth in existing free schools	2,025				2,025
New free school opening in 2020-21	274				274
Independent Placements				3,400	3,400
Additional Welfare & Tuition				1,278	1,278
Complex Needs in mainstream (ENF)				2,700	2,700
Out county maintained school top ups				2,357	2,357
Specialist Resource Provision				467	467
Provision for additional costs for colleges high needs provision				1,230	1,230
Growth Fund	200				200
Rates	500				500
Managed Moves (Fair Access Protocol)				66	66
Integration Team		138			138
<b>Pressures Total</b>	<b>32,330</b>	<b>285</b>	<b>6,275</b>	<b>18,111</b>	<b>57,002</b>
<b>Savings</b>					
Rates	-100				-100
Falling Rolls Fund					0
Amalgamations	-194				-194
Bulge classes leaving	-260				-260
Strategy Development fund				-3,774	-3,774
Reduction in special unit places				-21	-21

	Schools £000	Central Services £000	Early Years £000	High Needs £000	Total £000
Appeals		-83			-83
Savings to be identified			-1,287		-1,287
<b>Savings Total</b>	<b>-554</b>	<b>-83</b>	<b>-1,287</b>	<b>-3,795</b>	<b>-5,719</b>
<b>Schools Budget 2019-20 before reversing out Inflation</b>	<b>789,596</b>	<b>6,820</b>	<b>90,925</b>	<b>129,637</b>	<b>1,016,979</b>
Reversal of pressures for inflation					0
<b>Schools Budget 2019-20 after reversing out Inflation</b>	<b>789,596</b>	<b>6,820</b>	<b>90,925</b>	<b>129,637</b>	<b>1,016,979</b>
<b>Headroom</b>					
Headroom to be allocated	6,458	0	0	1,261	7,718
<b>Schools Budget 2019-20 including headroom</b>	<b>796,054</b>	<b>6,820</b>	<b>90,925</b>	<b>130,898</b>	<b>1,024,697</b>

Estimated 2020-21 DSG	794,154	5,792	90,565	130,898	1,021,409
Use of carry forward	1,900	1,028	360		3,288
<b>Total DSG Available</b>	<b>796,054</b>	<b>6,820</b>	<b>90,925</b>	<b>130,898</b>	<b>1,024,697</b>
Difference	0	0	0	0	0



## Schools Budget 2020-21

### 1 One Off Items

#### 1.1 Additional High Needs DSG received in 2018-19

The 2019-20 budget included this one-off resource which will not be available in 2020-21.

#### 1.2 Integration Team

The additional posts in the team funded from carry forward for part year in 2019-20 will be included in the base budget in 2020-21.

#### 1.3 Herts Grid for Learning

The costs funded in 2019-20 were transitional and one off.

### 2. Additional Responsibilities (Funded)

#### 2.1 Barnfield College

Barnfield college, Luton has been incorporated into West Herts College. In 2020-21, the high needs places at Barnfield College will be treated as part of the overall West Herts college provision and included in Hertfordshire's high needs budget figures.

### 3. Budget Pressures 2020-21

#### 3.1 Demography

This constitutes the impact of changes in pupil numbers (excluding growth in free school numbers) on AWPUP and other pupil led funding in the schools and early years budget shares. The pupil numbers used in the calculation will be updated when the autumn term 2019 census data is available.

#### 3.2 Inflation on Pay and Prices

This is based on the following estimated increases:

- Teachers pay
  - o +2% for the Summer Term 2020 (reflecting the element of the September 2019 pay award that is not covered by the teachers' pay grant)
  - o +3.2% average increase from September 2020 (assuming a higher differential increase for the lower points on the main scale)
- Non-Teachers Pay in Schools
  - o 3% average increase and assuming a higher differential increase for the lower points on the scale.
- Non-Pay
  - o +15.68% for Gas
  - o +9.97% for Electricity
  - o +2% for other non pay

(inflation on rates is covered under the rates heading below)

### 3.3 **Additional special school places**

The figure shown is the part year additional place funding relating to the increases of 71 in funded place numbers in September 2020.

Also shown is the full year effect of the increases in special school places made in September 2019.

### 3.4 **Special School Top Ups**

A pressure of £1.3m has been included to reflect the cost of growth in special school pupil numbers additional to the extra place numbers mentioned above. This comprises:

- the estimated increase in top up funding,
- provision for approximately 100 extra places for situations where the number of pupils in a special school exceeds the funded place numbers by at least 3%.

### 3.5 **Outreach**

A 20% increase in the budget in order to to enhance the current provision.

### 3.6 **Post 16 High Needs Provision in Colleges**

To reflect increases in high needs student numbers in Hertfordshire colleges from August 2020 and also provision for top ups.

Also shown is the full year effect of the 2019-20 budget pressures relating to an increase in the number and complexity of high needs students in colleges and independent specialist providers.

### 3.7 **Early Years Transition Project during 2020-21**

Schools Forum agreed to set aside funding of £960k, on a one-off basis, to commission from HfL a programme of action to improve transition between nursery and reception provision and potentially other activities, and thereby improve attainment at EYFS. £360k was allocated to 2019-20, with a further £360k in 2020-21 and £240k in 2021-22.

### 3.8 **Growth in existing free schools**

The DSG will not take account of the additional cohort starting in free schools in September 2020. The Authority will, however, have to fund this cohort and this constitutes a budget pressure.

The pressure includes the full year effect of the lump sum for the free school which opened in September 2019.

### 3.9 **New free school opening in 2020-21**

One new free school is expected to open in September 2020. This pressure constitutes the estimated pupil led funding and lump sum for this school.

### 3.10 **Independent Placements**

This pressure includes £1.9m for increases in both the number of placements in independent provision and their average cost.

There is also an increase of £1.5m due to the contribution to social care education costs.

### **3.11 Additional Welfare and Tuition**

The pressure relates to an increased number of pupils with ECHPs, the lack of places available in special schools and increase in exclusions. There has been an increase in the number of children with home tuition packages and funding for teaching assistant support in schools outside of Hertfordshire. In addition, there has been an increasing number of Tribunal decisions requiring additional resourcing in mainstream schools and Applied Behaviour Analysis (ABA) programmes resulting in higher costs.

### **3.12 Exceptional Needs Funding (ENF)**

A Pressures have been included in the budget for the following:

- i) £1.8m to reflect the current level of overspending in the EN budget,
- ii) £0.9m to provide for an increase in the number of EN pupils in 2020-21.

This does not cover resourcing the new arrangements for funding complex needs in mainstream schools, which is covered under the headroom section below.

### **3.13 Out county maintained school top ups**

An increase in number of placements in schools in other local authorities caused by the shortage of spaces in Hertfordshire schools, particularly in our specialist provision.

### **3.14 Specialist Resource Provision**

An allocation to fund the establishment of new specialist resource provision. A part year amount has been included to cover the period September to March.

### **3.15 Provision for additional costs regarding high needs provision in colleges**

Also included in the budget pressures are:

- a provision of £480k for a further in year increase in the number of high needs college places (additional to the numbers submitted to the DfE),
- a provision of £750k in respect of care costs for high needs students in colleges.

### **3.16 Growth Fund**

An increase in the costs of the Growth Fund, mainly relating to start up funding for the new primary school in Bishops Stortford but also an uplift in the infant class size funding rates (which have not been increased in recent years).

### **3.17 Rates**

Increases in rates costs, from inflation and revaluations

### **3.18 Managed Moves (Fair Access Protocol)**

At the September 2019 Forum meeting a paper was presented outlining the DfE proposed change to Fair Access Protocol to include CIN children which could lead to significant increase in workload for the Fair Access Team. There has been a significant increase in mover-ins and pupils with complex needs as well as an increase in the number of young people pending EHCPs. The forum agreed in principal to an additional £66k in order to ensure our legal compliance with statutory legislation in ensuring these children receive appropriate education provision.

### **3.19 Integration Team**

Additional posts in the Integration Team.

## **4 Savings**

The savings, which have been identified, are outlined below:-

### **4.1 Rates**

There is a saving in rates funding in budget shares due to the conversion of schools from community to academy status.

### **4.2 Amalgamations**

Projected reductions in funding through the lump sum factor in 2020-21 relating to the following amalgamations

(a) Meridian, Roysia and Greneway schools which amalgamated in September 2019.

(b) Redbourne Infants and Juniors which amalgamated in April 2018.

### **4.3 Bulge Classes Leaving**

Hertfordshire has applied to the DfE and received approval to reduce the budget shares of schools where bulge classes will be leaving in Summer 2020, in order to reflect the reductions in the number of pupils on roll. The saving that would result is shown.

### **4.4 Strategy Development Fund**

The balance of the 2019-20 budget for the SEN Strategy Development fund is taken as a saving to fund the high needs budget.

### **4.5 Reduction in special unit places**

A saving in per place funding resulting from the reduction of place numbers in a speech and language unit.

### **4.6 Appeals**

A saving resulting from the introduction of changes to maintained schools for the administration of admission appeals. These changes are being introduced to comply with DfE requirements to treat academies and maintained schools on the same basis.

### **4.7 Saving to be identified**

Further savings are required to balance the early years budgets.

## **5 Adjustments to match budget to DSG available**

### **5.1 Headroom**

The headroom is calculated as the resource available after taking account of budget pressures and savings. It is intended to transfer the remaining balance of the headroom amount in the high needs budget to the SEN Strategy Development Fund.