

This Appendix to the Schools Budget 2019/20 report has been prepared following receipt of pupil data and Dedicated Schools Grant (DSG) allocation information from the Education and Skills Funding Agency (ESFA) and presents the estimated Schools Budget for 2019/20.

### Summary

On 14 December 2018, the Education and Skills Funding Agency (ESFA) provided the final Schools Block data based on the October 2018 School Census to be used in the calculation of the Schools Budget for 2019/20.

On 17 December 2018, the ESFA issued the 2019/20 Dedicated Schools Grant (DSG) allocations for Lancashire.

### DEDICATED SCHOOLS GRANT (DSG) ALLOCATIONS 2019/20

The ESFA sub-divide the DSG into 4 funding blocks: the Schools Block, High Needs Block, Early Years Block and the Central Schools Services Block (CSSB). These Blocks are all calculated on a formulaic basis.

Information on the 2019/20 DSG allocations is provided below:

#### Schools Block allocation (£745.748m)

The Schools Block allocations for 2019/20 are derived on the basis of illustrative individual Schools National Funding Formula (SNFF) allocations calculated by the Government. These calculations translate into primary and secondary units of funding for 2019/20. These units of funding are multiplied by the number of primary and secondary pupils from the October 2018 census and have a LA level allocation for growth, premises and mobility factors added to provide a final Schools Block allocation.

The 2019/20 Schools Block calculations for Lancashire are provided below:

2019-20 schools block primary unit of funding (£s)	2019-20 schools block secondary unit of funding (£s)	2019-20 schools block primary pupils (headcount) *	2019-20 schools block secondary pupils (headcount) *	2019-20 funding through the premises and mobility factors (£millions)	2019-20 growth funding (£millions)
4,063.52	5,096.98	98,035	64,320	15.293	4.255

This provides a total Lancashire Schools Block allocation for 2019/20 of £745.748m.

This allocation is some £17.893m higher than the equivalent figure in 2018/19, which is largely due to almost 1,800 additional pupils and the planned increase in funding levels attributable to the additional £1.3b nationally announced by the DfE in 2018/19 for core school funding.

## High Needs Block allocation (£117.735m)

The 2019/20 High Needs Block allocation is calculated under the Government's national High Needs funding formula. Key features of the formula include:

- To recognise historic spending patterns through a lump sum equal to 50% of each local authority's current spending on high needs;
- To provide a flat rate of £4,000 per annum for each pupil in special schools or student in special post-16 institutions, ensuring local authorities receive a broadly equivalent basic level of funding for pupils with high needs in both mainstream schools and outside the mainstream sector;
- To channel the remainder of the funding through a number of proxy factors according to the following weightings:
  - 2-18 population 50%;
  - deprivation 20%;
  - low attainment 15%;
  - health and disability 15%.

The formula also includes an import/export adjustment for high needs.

The 2018/19 High Needs Block calculations for Lancashire are provided below:

Actual 2019-20 high needs NFF allocations, excluding basic entitlement factor and import/export adjustments (£millions)	2019-20 ACA-weighted basic entitlement factor unit rate (£s)	Actual 2019-20 number of pupils in special schools/academies (headcount) *	2019-20 import / export adjustments (based on January 2018 school census and February R06 2017/18 ILR.) (£millions)	Mid-2019 age 2-18 ONS population projection**	2019-20 additional high needs funding (£millions)** *
103.436	4,000.00	3,194	-1.086	237,064	2.608

This provides a total Lancashire High Needs Block allocation for 2019/20 of £117.735m, and includes £2.6m relating to the 2019/20 additional high needs funding.

In total, this figure is almost £7m higher than the equivalent figure in 2018/19, due to factors including:

- The 2019/20 additional high needs funding allocation;
- An increase in the number of pupils in special schools/academies;
- The planned increase in funding levels attributable to the additional £1.3b nationally announced by the DfE in 2018/19 for core school funding;
- A reduction in the level of capping applied to gains as the formula transitions to full implementation.

It should be noted that the High Needs Block allocation is a provisional allocation and the gross total includes allocations attributable to funded places that will be deducted and made directly by the ESFA. These are estimated at circa £8.3m.

### Early Years Block allocation (£77.858m)

Allocations for the Early Years Block include:

- funding for the universal 15 hours entitlement for three and four year olds;
- funding for the additional 15 hours entitlement for three and four year old children of eligible working parents;
- funding for the 15 hours entitlement for disadvantaged two year olds;
- funding for the Early Years Pupil Premium (EYPP);
- funding for the Disability Access Fund (DAF);
- supplementary funding for Maintained Nursery Schools (MNS).

The allocations are calculated on a formulaic basis and details of the 2019/20 Early Years Block calculations for Lancashire are provided below:

Funding for the universal 15 hours entitlement for three and four year olds:

2019-20 Early Years National Funding Formula (EYNFF) LA hourly rate for 3 and 4 year olds (£ / hr)	2019-20 Part time equivalent (PTE) 3 and 4 year old child numbers for universal entitlement funding for 2019-20 (PTE)*	2019-20 initial funding allocation for universal entitlement for 3 and 4 year olds (£millions)
4.30	17,881	43.826

Funding for the additional 15 hours entitlement for three and four year old children of eligible working parents:

2019-20 Early Years National Funding Formula (EYNFF) LA hourly rate for 3 and 4 year olds (£ / hr)	2019-20 PTE 3 and 4 year old child numbers for additional 15 hours entitlement for eligible working parents for 2019-20 (PTE)*	2019-20 Initial funding allocation for additional 15 hours entitlement for eligible working parents of 3 and 4 year olds (£millions)
4.30	8,063	19.762

Funding for the 15 hours entitlement for disadvantaged two year olds:

2019-20 LA hourly rate for 2 year old entitlement (£ / hr)	PTE child numbers for 2 year old entitlement funding for 2019-20 (PTE)*	2019-20 initial funding allocation for 2 year old entitlement (£millions)
5.20	3,226	9.562

Allocations are shown below for:

- funding for the Early Years Pupil Premium (EYPP);
- funding for the Disability Access Fund (DAF);
- supplementary funding for Maintained Nursery Schools (MNS).

2019-20 Initial funding allocation for Early Years Pupil Premium (£millions)	2019-20 Initial funding allocation for Disability Access Fund (£millions)	2019-20 Initial allocation for maintained nursery school supplementary funding (£millions)
0.651	0.268	3.789

These allocations provide an aggregate Lancashire Early Years Block allocation for 2019/20 of £77.858m.

This allocation is some £3.7m higher than the equivalent figure in 2018/19. The hourly rates funded in 2019/20 are frozen at the 2018/19 levels. The increased allocation is based on a forecast increase in the number part time equivalent (PTE) children taking up the additional 15 hours entitlement for eligible working parents of 3 and 4 year old children, partly offset by forecast reductions in PTEs for 3 and 4 year old child numbers for the universal entitlement and child numbers for 2 year old entitlement funding.

It should be noted that the 2019/20 early years block allocations are initial, and based on Schools, Early Years and Alternative Provision censuses data from January 2018. These allocations will be updated based on January 2019 and January 2020 census data.

### Central Schools Services Block (CSSB) (£6.592m)

The CSSB is to fund central functions that LA's carry out on behalf of pupils in state-funded maintained schools and academies in England.

The CSSB is split into funding for historic commitments and funding for ongoing responsibilities and details of the 2019/20 calculations for Lancashire are provided below:

2019-20 CSSB unit of funding (£s)	2019-20 CSSB pupils (headcount)*	2019-20 CSSB funding for historic commitments (£millions)
30.16	162,354	1.695

The total Lancashire's CSSB allocation for 2019/20 is £6.592m. This is circa £0.15m higher than in 2018/19, largely due to increased pupil numbers.

### In Year Adjustments

The DSG allocation notified is prior to in year adjustments for:

- Academies recoupment from the schools block;
- Deductions for high needs places in academies and non-maintained special schools;
- Post 16 places;
- Deduction for national copyright licences;
- Updates to the funding for three and four year olds;
- Updates to the funding two year olds;

- Updates to the early years supplementary funding for maintained nursery school;
- Updates to the early years pupil premium;
- Updates to early years Disability Access Fund.

### **Forecast total DSG income for 2019/20**

The provisional Lancashire DSG allocations for 2019/20 across the 4 funding blocks are shown below:

<b>Forecast DSG Income</b>	<b>£m's</b>
Schools Block	745.748
High Needs Block	117.735
Early Years Block	77.858
Central Schools Services Block	6.592
<b>Gross Total forecast DSG Income</b>	<b>947.933</b>
Total deductions for direct high needs payments made by the ESFA	(8,277)
<b>Net Total forecast DSG Income</b>	<b>939.656</b>

The equivalent DSG income figure for 2018/19 was £919.226m. The 2019/20 figure is some £28m higher than the previous year, for the reasons set out under each funding block above.

### **Other Funding Stream**

In addition to DSG funding, other school funding streams are expected to continue in 2019/20. Information is provided below:

#### ***Pupil Premium Grant***

The Pupil Premium Grant (PPG) is to support disadvantaged pupils, who continue to underachieve compared with their peers.

The DfE have indicated that the funding rates for 2019/20 will be held at 2018/19 levels, as set out below:

<b>Disadvantaged pupils</b>	<b>Pupil premium per pupil</b>
Pupils in year groups reception to year 6 recorded as Ever 6 free school meals except where the pupil is allocated the LAC or post-LAC Premium	£1,320
Pupils in year groups 7 to 11 recorded as Ever 6 free school meals except where the pupil is allocated the LAC or post-LAC Premium	£935
Looked-after children (LAC) defined in the Children Act 1989 as one who is in the care of, or provided with accommodation by, an English local authority	£2,300
Children who have ceased to be looked after by a local authority in England and Wales because of adoption, a special guardianship order, a child arrangements order or a residence order	£2,300

<b>Service children</b>	<b>Pupil premium per pupil</b>
Pupils in year groups reception to year 11 recorded as Ever 6 service child or in receipt of a child pension from the Ministry of Defence	£300

Actual PPG allocations are based on January census data so no formal allocation has yet been received for 2019/20, but in 2018/19 Lancashire received circa £45m.

### ***Teachers Pay Grant***

The Teachers pay grant will continue in the academic year 2019/20.

This grant is to cover the difference between the teachers' pay award and the cost of the 1% award that schools would have anticipated under the previous public sector pay cap.

No 2019/20 allocation has yet been received, but Lancashire received £3.2m in 2018/19. The 2019/20 figure is expected to be higher, as the 2018/19 allocation is calculated on a part year figure from September 2018, which coincides with the implementation of the increased teachers pay rates.

### ***Universal Infant Free School Meals (UIFSM)***

The grant for universal infant free school meals (UIFSM) continues at a meal rate of £2.30 for the 2019/20 academic year.

Further details will be available in 2019, but Lancashire received circa £13.8m in 2018/19.

### ***Free School Meals Supplementary Grant***

The free school meal supplementary grant will continue in 2019/20. This grant is to support the costs of providing free meals to additional eligible pupils related to the transitional protections associated with the Universal Credit rollout.

The Conditions of Grant document for this grant will be published alongside the allocations in February 2019.

### ***Year 7 Catch-Up Premium***

The year 7 catch-up premium continues in financial year 2019/20.

Further details are expected in February 2019.

## SCHOOLS BUDGET 2019/20

The latest Individual School Budgets (ISB) across all phases has been constructed using the final datasets made available from the ESFA and our latest local Early Years and High Needs data.

This Schools Budget estimate has been calculated following the outcome of consultations with schools and early years providers and discussions with the Schools Forum.

### **Budget Summary - Before headroom/shortfall in funding**

The table below summarises the budgets to be allocated from each of the DSG funding blocks

	£m's
Schools Block	741.989
Early Years Block	77.858
High Needs Block (HNB)	113.539
Central Schools Services Block (CSSB)	6.270
<b>Total of Allocations</b>	<b>939.656</b>

Further details about each block are provided below.

### **Schools Block**

Following a consultation with schools and the Schools Forum as part of the 2018/19 Schools Budget setting cycle, it was agreed to use the Government's National Funding Formula (NFF) methodology as the local Lancashire funding model.

The NFF methodology will continue to apply in 2019/20 for calculating allocations to Lancashire schools, and will incorporate the minor amendments to the national formula introduced by the DfE for 2019/20, including increased minimum per pupil funding (MPF) levels (£4,800 minimum per pupil funding level for secondary schools and £3,500 minimum per pupil funding level for primary schools).

The calculation reveals a 2019/20 Schools Block expenditure requirement of £741,988,279.

As noted in the main report, the Schools Forum have agreed a transfer of circa £3.7m (0.5%) from the Schools Block to the High Needs Block to help mitigate the impact of pressures on that block. In accordance with the DfE Guidance, this decision will need to be discussed further with the Schools Forum in light of the additional high needs allocations announced by the Education Secretary. The outcomes of these discussions will be included in the Forum's recommendations, which will be tabled as Appendix 'B' to the report.

If the transfer remains as originally agreed, a significant contribution of the £3.7m transfer can be met from the increased growth fund allocation received in 2019/20 which minimises any impact on individual school budgets. It will be possible for all the NFF factors and rates to be applied in full, including updated MPF rates, but some

adjustments will need to be made to the baselines, capping and Minimum Funding Guarantee (MFG) levels to generate the full contribution.

### Early Years Block

The County Council has previously consulted on the implementation arrangements for the Early Years National Funding Formula (EYNFF), and, as required by the DfE Operational Guidance, is proposing to introduce a Universal Base Rate in 2019/20.

Ring-fenced supplementary funding for Maintained Nursery Schools (MNS) continues to be available in 2019/20, but no information is available about this funding for subsequent years.

As referred to earlier, the Early Years Block DSG allocation is illustrative and the final allocation will be adjusted based on January 2019 and January 2020 census data.

The LA has forecast the Early Years provision as set out below:

	<b>2 year olds £</b>	<b>3&amp;4 year olds £</b>
Early Years Block 3/4 year olds		66,452,760
Early Years Block 2 year olds	10,131,990	
Early Years Pupil Premium (EYPP)		651,095
Early Years Disability Access Fund (DAF)		267,525
SEN Inclusion Fund		354,656
<b>Total</b>	<b>10,131,990</b>	<b>67,726,036</b>

The calculation of the forecast means that a Universal Base Rate of £4.13 will be allocated in 2019/20.

The overall Early Years Block is estimated to be on budget of £77,858,026.

### High Needs Block

The High Needs Block expenditure for 2019/20 is estimated in the table below:

	<b>Place funding £</b>	<b>Top-up funding £</b>
Special Schools	26,072,500	28,360,135
PRU/Alternative Provision	7,400,000	3,964,912
Mainstream HNB top up		7,841,080
FE HNB		6,070,635
DfE High Needs place adjustment	460,106	
Estimated increase in demand		4,837,000
HNB costs on a commissioned basis		28,532,922
<b>Total</b>	<b>33,932,606</b>	<b>79,606,684</b>

The total forecast HNB expenditure in 2019/20 is some £113,539,290.

This figure estimates a circa £4m HNB overspend in 2019/20.

### **Central Schools Services Block (CSSB)**

The estimated CSSB expenditure in 2019/20 is £6.270m.

In order to comply with the DfE's 2019/20 Operational Guidance some reductions are proposed to the Historic Commitments element of this Block, which generates a circa £0.3m surplus in 2019/20, which can be used to contribute to pressures in the High Needs Block.

Going forward, the Historic Commitments allocation within the CSSB is expected to reduce, and careful consideration will be needed around any ongoing commitments that the County Council must meet from the Schools Budget.

### **Funding Shortfall**

Figures discussed above for the forecast DSG income, and the estimated Schools Budget expenditure against each funding block calculate an ongoing budget shortfall for the High Needs block of £4m in 2019/20. This is after taking into account the additional £250m national High Needs funding and after taking reductions to expenditure into account.

As mentioned above, Schools Forum have initially agreed to transfer 0.5% (£3.7m) of the schools block plus the surplus on the Central Schools Services Block (£0.3m) meet this High Needs deficit meaning that the overall budget is in balance.

The table below has taken the aggregate figures discussed above for the forecast DSG income, and the estimated Schools Budget expenditure against each funding block to calculate the overall 2019/20 budget position.

### **Calculation of the final funding position**

	<b>£m's</b>
<b>Net Total forecast DSG Income 2019/20</b>	<b>939.656</b>
<b>Total Forecast DSG Allocations 2019/20</b>	<b>939.656</b>

Recommendations from the Schools Forum meeting to be held on 15 January 2019 will be provided for the Cabinet as Appendix 'B'.