

Report to: **SCHOOLS' FORUM**

Date: 22 October 2019

Reporting Officer: Tim Bowman – Assistant Director Education
Tom Wilkinson – Assistant Director Finance

Subject: **SCHOOL FUNDING ANNOUNCEMENTS AND UPDATES**

Report Summary: This report provides an update on the Education funding announcements made in September 2019, information on the current consultations schools may want to respond to and other relevant updates.

Recommendations: Members of the Schools' Forum are requested to note the contents of the report.

Corporate Plan: Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supports Aspiration and Hope through learning and moving with confidence from childhood to adulthood.

Policy Implications: In line with financial and policy framework.

Financial Implications: The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.
(Authorised by the statutory Section 151 Officer & Chief Finance Officer)

Legal Implications: This is helpful to set the landscape and framework within which Schools Forum needs to operate.
(Authorised by the Borough Solicitor)

Risk Management: The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.

Access to Information: **NON-CONFIDENTIAL**
This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Information: The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner, Financial Management, Governance, Resources and Pensions

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1. INTRODUCTION

- 1.1 This report provides details of the September 2019 Education funding announcements and some context for the potential impact of the Tameside MBC position. At the time of writing this report, the detailed funding information has not been released.
- 1.2 The detailed information has previously been provided in July but will not be released until October 2019. Therefore this paper does not provide the detailed scenario's we were able to share at the same time last year providing the implications for Tameside Schools.
- 1.3 The figures presented in this report are indicative and should be taken in the context that only high level information has been released and therefore assumptions have had to be made. Once detailed information is released it is likely some of these figures will change. The implications for Tameside MBC will be reported to Schools' Forum at the earliest available opportunity.
- 1.4 This report also provides details on live consultations issued by the Department for Education (DFE) which may impact schools and other relevant funding updates.

2. EDUCATION FUNDING ANNOUNCEMENTS – SEPTEMBER 2019

- 2.1 The government has made a commitment to a £7.1 billion increase in funding for schools by 2022-23. The Schools Resources for the next 3 years is outlined the extract below; the announcement confirmed the increase did not include the teacher's pension increase of £1.5bn, this would be in addition.

Table 2.3: Schools settlement

	£ billion			
	2019-20	2020-21	2021-22	2022-23
Schools Resource DEL excluding depreciation	44.4	47.6	49.8	52.2
of which pensions funding ¹	0.9	1.5	1.5	1.5
of which Spending Round 2019 cash uplift compared to 2019-20 funding levels ²	n/a	2.6	4.8	7.1

¹ The rise in pensions funding from £0.9 billion in 2019-20 to £1.5 billion from 2020-21 onwards reflects that in 2019-20 the government begins paying pensions compensation from September 2019, when the costs start to accrue. From 2020-21 the funding covers the full year cost.

² The core 5-16 schools budget, excluding pensions compensation funding, in 2019-20 is £43.5 billion. Spending Round 2019 cash uplift compared to 2019-20 funding levels is calculated by comparing the schools resource DEL for years 2020-21 onwards, excluding the pensions compensation funding, to this baseline.

- 2.2 As can be seen from the table above, there is a £2.6bn increase in real cash terms for 2020-21. We are not clear if this is all new money, however, a review of the announcements would suggest the £2.6bn is broken down as follows:

Areas of Cash Uplift	£bn
Teachers Pay	0.500
Additional High Needs Funding	0.700
Increase for Early Years	0.066
Implementation of NFF, Inflation & Growth	1.334
Total Cash Uplift	2.600

Teachers Pay

- 2.3 In 2020-21 there is an estimated £501m teachers' pay grant (full year effect) for the 2.75% pay award. This is not mentioned in the announcements so we have assumed this will

come from the £2.6bn. The Teachers Pay Grant will continue to be paid separately in 2020-21 but it is likely this will be put into NFF (therefore DSG) from 2021-22.

Additional High Needs Funding

- 2.4 The £700m promised for 2020/21 equates to an 11% funding increase. It is currently unclear how this will be allocated but there are a number of methods the DFE may choose to use to allocate. Local Authority Officers have looked into two possible methods that could be used which suggest Tameside MBC could receive between £2.3m and 2.9m of the £700m promised. This allocation would contribute to closing the gap on the high needs pressure but will not resolve the projected overspend position or in meeting the continuing demand. This is discussed further in another agenda item.

Increase for Early Years

- 2.5 A further £66m has been announced to increase the hourly rate paid to childcare providers through the government's free hours offers. There are 4 elements within the early years' so it is very difficult to predict how this will be allocated. A very rough estimate based on current total allocations for Tameside MBC could deliver an additional £0.300m.

Implementation of NFF, Inflation and Growth

- 2.6 The announcement suggests that there will be a 4% nominal terms increase in funding for 2020-21, directly to schools. The remaining allocation of £1.3bn is broadly in line with this.

- 2.7 There is a promise of at least a 1.84% inflationary rise for all schools. The government have also announced the minimum per pupil funding levels will be set at £3,750 for primary schools and £5,000 for secondary schools. This will increase to £4,000 for primary schools in 2021-22.

- 2.8 It should be noted that minimum per pupil funding rate is not equivalent to the basic entitlement. It includes a number of different elements of the funding formula. In the 2019-20 formula allocations for Tameside schools only 13% from both sectors are below this level based on 2019-20 figures. It is unclear if those schools above this threshold will get the same level of increase and without the detailed workings it is difficult to quantify what this will look like for Tameside Schools. If the allocations were broadly in line with 2019-20 we could see a £6m increase in the Schools Block. It is likely this £6m would have to fund any pupil growth as well as inflation. This figure is heavily caveated.

- 2.9 Other changes announced for 2020-21 NFF and the funding formula include:

- There will be no NFF gains cap, however, LAs will still be able to use a cap locally and this is a mechanism which could be used to produce a balanced budget.
- A new formulaic approach to the mobility factor is to be introduced. This is not a factor that is used for Tameside schools but the changes may impact on the way we are funded as an LA.
- Local authorities will have the freedom to set Minimum Funding Guarantee (MFG) in their formula between +0.5% and +1.84%. Therefore all schools would see a minimum of 0.5% increase in their pupil-led funding. Again it should be noted that this is a mechanism which could be used to produce a balanced budget.

- 2.10 The announcements refer to the DFE implementing the Hard Formula (which has previously been put back indefinitely) but it won't be implemented for 2020-21. This change could bring with it different rates in funding factor amounts which could materially change the allocation basis across authorities.

- 2.11 Within the minister's speech there was discussion regarding the potential for schools in more affluent areas to be better off as a result of these changes and funding moving away from deprived areas. Until the detailed information is provided we cannot comment on

whether or not this is likely or give any certainty on the impact of the direct schools funding. For context purposes our increase between 2017-18 and 2018-19 in school block funding was £4m.

- 2.12 The ESFA have confirmed the indicative funding models will be released to us in early October and they will hold briefing sessions with us in October for question and answer sessions. We will have the final announcements in December 2019.

Other Announcements of Interest

- 2.13 The government is also making a £400m investment in Further Education in 2020-21. There is £190 million to increase core funding increasing base rate from £4,000 to £4,188. There is a further £210 million of funding in targeted interventions such as high-cost programmes, English and Maths resits, T Levels, the Advanced Maths Premium and workforce investments.

- 2.14 There are a number of other areas of investment with no funding details provided which are listed below:

- Consultation on increased OFSTED inspection for schools previously rated outstanding an additional £2.2m has been separately identified for this.
- Funding to Strong Academy Trusts to enable them to expand and deliver on schools improvement in all schools.
- Increase funding for the DFE Resource Management advisor to work with all schools.
- Increase in pay for NQT's increasing starting salaries to £30k by 2022/23
- £10m for National Behaviour Hubs

- 2.15 The funding for these areas is not clear so there could potentially be a top slice from the funding discussed in 2.1 to 2.10.

3. CONSULTATIONS

Implementing mandatory minimum per pupil funding levels

- 3.1 This consultation was launched on 10 September 2019 and is most relevant to local authorities, who hold responsibility for the funding formulae, and maintained schools and academies, as recipients of the funding. The government have announced that they intend to make the minimum per pupil funding levels a mandatory factor to use. This is discussed in 2.7 and 2.8 of this report.

- 3.2 The DFE is consulting on how to implement the minimum per pupil funding levels in the NFF on a mandatory basis in 5 to 16 school funding and the questions cover:

- The methodology used to calculate the minimum per pupil levels in local funding formulae;
- The circumstances in which local authorities can request to disapply the use of the minimum per pupil funding levels;
- Any other considerations for delivering this change at a local level;
- With regard to the public sector equality duty, the impact of the proposals on different groups of pupils, particularly those with protected characteristics.

- 3.3 As mentioned above, there may be circumstances in which LAs can request to disapply the minimum per pupil funding levels. If the result of the consultation confirms this should be a mandatory factor, the LA might have to request a disapplication in order to allow a movement from Schools Block to High Needs.

- 3.4 The LA is responding to this consultation further to discussion at the School Funding Group. The deadline for responses is 11.45pm on 22 October 2019 and the full

consultation document can be found at <https://consult.education.gov.uk/funding-policy-unit/mandatory-minimum-per-pupil-funding-levels-in-5-16/>.

Extending the Academies Risk Protection Arrangement (RPA) to Local Authority Maintained Schools (LAMS)

- 3.5 This consultation was launched on 9 September 2019 and is relevant to Local Authorities and all schools (particularly maintained schools) including Academies.
- 3.6 The context of the consultation is around extending the RPA of self-insurance currently operational for academy trusts to LAMS. The RPA has realised significant savings to the academies sector and therefore the DFE believe can also realise savings for LAMS.
- 3.7 The LA intends to provide a consultation response from the LA perspective further to discussions between the Finance department and the Insurance department. The deadline for responses is 4 November 2019 and the full consultation document can be found at <https://consult.education.gov.uk/risk-protection-arrangement-team/extending-the-academies-risk-protection-arrangement/>

4. OTHER ANNOUNCEMENTS / UPDATES

- 4.1 **Schools Financial Value Standard (SFVS) 2019-20** – The DFE have launched an updated return for completion for 2019-20. This now includes the checklist (similar to previous years) and, in addition, a benchmarking return which must be completed prior to submitting it to the LA. Schools will still be required to complete the return annually and the deadline will continue to be 31 March. Schools should submit the return to the LA usual way and the returns will be collated and submitted by the LA to the DFE.
- 4.2 **Teachers' Pension Grant** – This grant comes into operation from September 2019. The funding will be allocated using a per pupil formula and there is a supplementary fund which schools will be able to apply to if their pension grant falls short of their actual pension cost increase by more than 0.05%. The DFE have published information on the methodology of the grant and full details can be found at <https://www.gov.uk/government/publications/teachers-pension-employer-contribution-grant-tpecg>
- 4.3 **Teachers Pay Grant** – On 22 July 2019 the Education Secretary announced acceptance of all the recommendations from the independent School Teachers' Review body (STRB) to raise the upper and lower boundaries of all pay ranges by 2.75%. The increase will be supported by an additional £105m through the Teachers' Pay Grant on top of the £321m already announced for the 2019-20 financial year. At the time of writing this paper the Government have yet to announce how and when the additional 0.75% will be allocated to LAs. Tameside MBCs HR Team will provide further advice on when the revised pay scales have been approved locally and when the pay award will be paid in teachers' salaries.

5. RECOMMENDATIONS

- 5.1 As set out at the front of the report.