

Lewisham Schools Forum			
REPORT TITLE	Dedicated Schools Grant Budget Report 2019/20		
KEY DECISION	Yes	Item No.	6
CLASS	Part 1	Date	6th December 2018

1. Purpose of the Report

- 1.1 The report seeks agreement to the principles on which the Dedicated Schools Grant (Schools Block) will be allocated for 2019/20. This will allow precise calculations to be made when the funding settlement is known in late December 2018. The outcome of the settlement and the impact of the decisions made in this paper will be presented to the Forum on the 17th January 2019 meeting for further consideration and final agreement.

2. Recommendation

- 2.1 Schools Forum is asked to note:

1. The requirement on all Local Authorities to submit their Local Schools Funding to the Department for Education by the 19th January 2019.
2. The funding settlement and associated schools' data will be made available to Local Authorities late December, thus providing an extremely short timescale for undertaking associated work including enabling approval from Schools Forum (meeting date 17th January 2019)
3. Minor increases in the per pupil funding for Primary Schools, £17.63 and Secondary Schools, £45.99.
4. Update with regards Teacher Pay Contributions 2019/20

- 2.2 That Schools Forum agrees the following:- (Voting is for all schools)

1. Continuation of the application of the National Funding Formula principles to determine the 2019/20 Schools Budget Share.
2. PFI factor – It is anticipated that the DFE will uplift the PFI factor by inflation. It is proposed, that should this increase materialize, the increase in funding is passported in full to the PFI factor and thereby the appropriate schools.
3. To receive options for 2019/20 to consider impact if funding were applied to support the pressures in the demand-led High Needs Block. This would be at a maximum of 0.5% (£1m) for 2019/20 only. A report elsewhere on the agenda discusses the High Needs Block pressures arising from this demand-led statutory duty.
4. Minimum Funding Guarantee (MFG) to be the balancing item within the overall affordability of the Schools Block Funding. At the time of writing, there are potential pressures arising from the Final Non Domestic Rates (NDR) and Growth Fund which need to be taken into consideration before a final MFG position can be determined.
5. Agree to the application for a MFG disapplication to allow the withdrawal of split site funding to a school that now operates on one site.

2.3 The Schools Forum agree:- (Voting for Maintained Schools Only)

1. Continuation of de-delegated budgets in line with current levels. This would cover schools' contingency, administration of Free Schools Meals, Trade Union Non-sickness cover (maternity scheme) and school improvement.

3. Approach to Budget Setting

- 3.1 The Dedicated Schools Grant (DSG) budget setting process needs to be completed by 19th January 2019, as the Department for Education (DfE) requires all Local Authorities to make a formal submission determining the Local Authorities funding formula for 2019/20 including determination of each school's budget share. For academy schools, the submission is used to undertake a top slice of the overall DSG (Schools Block). The basis of the local

funding formula is used to determine each academy school's budget share by the ESFA (funding arm of the DfE).

- 3.2 The timelines are incredibly tight as the funding settlement is confirmed to the Local Authority in late December with submission to the DfE/ESFA required by the 19th January 2019. Within this short period, the Local Authority will be required to undertake affordability analysis to ensure the submission is within the funding allocations.
- 3.3 The per pupil rates for primary and secondary pupils for 2019/20 are confirmed as follows:

	2018/19	2019/20	Change
Primary schools	£5024.02	£5041.65	£17.63
Secondary schools	£6676.66	£6722.65	£45.99

This represents minor increases in the funding receivable.

- 3.4 It should be noted that for 2019/20 the DfE is adopting a "soft" formula for the Schools Block, meaning that the funding received will be on the basis of the National Funding Formula. Lewisham elected to adopt the same principles of the National Funding Formula for 2018/19. It is proposed that this approach continues for 2019/20. As such the unit of funding for each factor will continue to mirror the national funding formula.
- 3.5 Funding for some areas remains on historic values including Rates (NDR), split sites and mobility.
- 3.6 Growth funding for 2019/20 will be based on a new method and as a result all London Councils will see a reduction in their overall growth funding. The final growth funding allocations will not be known until the December funding settlement is announced, however we are expecting a reduction of circa £500k based on early indicative information from the DfE. It should be noted that growth funding supports any in year planned growth including expansions and bulge classes.

4. Teachers Pensions Contributions

- 4.1 Employers' contributions to the Teachers' Pension Scheme are to rise from the current 16.48% to 23% in 2019/20. An increase was expected for the 2019/20 financial year and our advice was to budget for an increase to 18%.
- 4.2 The DfE has announced that it intends to fully fund the increase, but as yet no details regarding how this funding will be delivered have been released. Theoretically this is an improvement in schools' situations as, rather than having to find 1.5%, they will now not need to implement any savings to cover this pressure. This does however need to be taken with caution until the final detail is announced by the DfE.

5. Split Site Minimum Funding Guarantee Disapplication

- 5.1 The Minimum Funding Guarantee (MFG) protects schools' funding such that it does not drop below a per pupil threshold. In 2018/19 this threshold was an increase of 0.28%. The previous threshold meant that per pupil funding could not fall more than 1.5%.
- 5.2 There are some instances where changes to a school's situation mean that this protection would be inappropriate and should not apply. In September 2018/19 one of our schools moved from being a 2 site school to a one site school. In response, the ISB formula would remove the £45,400 of split site funding that the school had previously been entitled to. In order to prevent the MFG from protecting this previous entitlement and continuing to fund the school as a split site school, it is necessary to apply to the Secretary of State for a disapplication.
- 5.3 The impact of the disapplication will be limited to the previous split site funding and the 2018/19 funding notification provided in February 2018 included the funding adjustment, so the school will already be budgeting on this basis.
- 5.4 Following Schools Forum's approval an application will be made to the Secretary of State.

6. De-delegation of funds

- 6.1 The DfE guidance enables Local Authorities to provide services centrally which are funded by a process known as de-delegation. This only applies to mainstream schools and not academies. As such funding levels agreed will reduce should any school convert following finalization of the budget process.
- 6.2 The de-delegation process must be agreed every year and supported (by means of voting) by the representative of each phase at Schools Forums. The proposal for 2019/20 delegation are in line with the current de-delegation levels. It is proposed that de-delegation continues in line with current levels and supports the following:
- Schools Contingency – to support costs that should not be reasonably incurred by a governing body.
 - Administration of Free School Meals
 - Trade union and non-sickness supply scheme (Maternity Fund)
 - School Improvement –to support the work of the Lewisham Learning Partnership.

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