

2019/20 School Funding Arrangements - Update

Introduction

The briefing note presented to the Governor Forums held in October 2018 summarised the Authority's consultations on proposals for formula funding arrangements for the 2019/20 financial year for primary and secondary schools and academies, high needs providers and early years settings.

These consultations have been completed and the Schools Forum made its final recommendations on 9 January 2019. These were presented to Council on 21 February. The detailed budget information for each maintained school, with guidance, is now published on [Bradford Schools Online](#). Additional guidance is also published to aid schools in their budget setting, which accompanies the template that maintained schools are required to use to submit their approved budgets for 2019-2022 to the Local Authority by 15 May.

2019-2022 Budget Challenge

The vast majority of schools have taken positive action to manage their budget positions. However, schools may find that the action they have already taken and / or have agreed to take based on their previous indicative 3-5 year planning is not sufficient to deliver a balanced budget across 2019-2022. Critically, schools must look again in detail at their budgets, focusing especially on their 'in year' positions i.e. the extent to which their expenditure in year may exceed their income in year.

Financial pressure across all sectors has been driven primarily by salary costs rising whilst values per pupil of formula funding, high needs funding, and other grants such as Pupil Premium have remained broadly static ('cash flat'). This is a pressure that school budgets must absorb before responding to other changes, such as changes in pupil numbers, the impact of national funding formula and early years funding reform, and the growth in the needs of children. This is also a pressure that is expected to continue to increase across 2019-2022 as salary costs continue to rise.

Critically, there are a number of uncertainties that add to the challenges that schools face in their budget planning. It is important that schools retain an awareness of these going forward:

- Two key matters, which are expected to quite significantly affect school spending in 2019/20, are still to be confirmed. Firstly, the pay award for teachers at September 2019 (estimated at 2%). Secondly, the final confirmed rate of employer's contribution to teacher pensions from September 2019 (indicatively to increase from 16.48% to 23.60%) alongside the details of the DfE's additional grant to be allocated in support of this cost. Schools will need to review their budget assumptions, when these two matters are confirmed during 2019, and take necessary action to manage any adverse impact.
- Looking slightly further into the future, the support staffing (NJC scale) pay award at April 2020 is not yet known nor is the extent of any change in employer's contributions to the Local Government (West Yorkshire) Pension Fund for these staff, which is anticipated from April 2020.
- Education and school funding nationally from April 2020 is to be determined by the Government's spending review at autumn 2019. At this time, we have no confirmed insight into how school funding will develop; this includes the further transition to National Funding Formula, the continuation of existing grants including Pupil Premium Grant, early years and high needs funding, and the Minimum Funding Guarantee for primary and secondary schools. The autumn 2019 spending settlement could result in quite significant changes in the funding framework. For example, Pupil Premium could cease as a separate grant and be merged into formula funding from April 2020.
- A critical uncertainty for maintained nursery schools is whether the protection that they currently receive through the DSG (protecting on average a 1/3rd of their funding for the 3&4 year old entitlement delivery) will continue after 2019/20. The Authority has begun discussions with the maintained nursery schools on this issue.

- The DfE has announced that two additional grants will be allocated to schools in 2019/20 to support staffing cost increases a) the Teacher Pay Grant, which is already confirmed and is allocated purely to support the full year cost of the September 2018 teachers' pay award and b) an additional grant to support the increase in the cost of the employer's contribution to teacher pensions from September 2019. This latter grant is still to be confirmed. We do not currently know whether these two grants will continue after April 2020 or, if they do, the form they will take.

Schools should take the time now to assess the implications of different scenarios, for example, to identify how much an additional x% in pay award or pensions would cost, and should begin to explore options for managing variations where the assumptions made about costs in 2019/20 and beyond may need to be revised. For example, how would you manage the scenario during 2019/20 where your cost of teachers increases at September 2019 by 1% or 2% more than you have originally planned for? What action would you take within your 2020/21 budget where your cost of support staff increases at April 2020 by 1% or 2% more than you have originally planned?