**Report to Hartlepool Schools’ Forum 26 November 2019**

**From Amanda Whitehead – Assistant Director Education**

**Item 4: Indicative School Block Budgets 2020/21**

1. **Introduction**
   1. Schools’ Forum considered a report at their meeting on 8 November 2019 relating to indicative school block budgets for 2020/21.

* 1. At their meeting on 15 November 2019, Schools’ Forum voted to support a disapplication to the Secretary of State for a block transfer of £0.550m from the schools block to the high needs block in 2020/21. Children’s Services Committee agreed to submit a disapplication request at their meeting on 19 November 2019.
  2. The tables contained in this report assume that the block transfer of £0.550m is agreed under disapplication.

1. **Background**
   1. Local authorities retain the right to apply a local Minimum Funding Guarantee (MFG) and cap under the regulations.
   2. Applying an MFG and / or cap can help to smooth out any year on year fluctuations in funding and ensure a minimum increase across all schools.
   3. The regulations allow an MFG of between +0.50% and +1.84% in 2020/21.
   4. For 2019/20, an MFG of +0.35% and a cap of 1.70% were applied.
   5. Within the national funding formula, the government applies an MFG of +1.84%. This is before any local adjustments are applied.
2. **2020/21 Budget Model Options for Consideration**
   1. Using the assumption that the £0.550m disapplication request is approved, two options for setting a local MFG / cap have been modelled.
   2. Appendix A provides the two options for consideration. Option 1a shows the impact of a +1.36% MFG, with no cap.
   3. This option is below the government’s formula funding floor of +1.84%. This option does not apply a cap to the highest gainers. Percentage increases range from 1.41% to 5.67%.
   4. Option 1b illustrates the impact of applying the maximum MFG of +1.84%.This would require a cap of 3.72%. This MFG is in line with the national funding formula gain set by government. The cap of 3.72% in this option is significantly higher than the cap applied in 2019/20 (1.7%) so although the highest gainers contribute towards an MFG, the cap allows such schools to retain up to 3.72% of their budget increase (compared to retaining only a 1.7% increase in 2019/20).
   5. Each option is compared to the school budget in 2019/20 before deductions for Education Services Grant (ESG) and De-delegated services.
   6. Following concerns raised at Schools’ Forum on 15 November 2019, an analysis of the financial impact on small schools has been undertaken. Small schools are generally protected against the impact of the planned £0.550m block transfer to high needs owing to the local MFG. This protection for small schools is greater if option 1b were approved, as in the majority of small schools there is no difference between the annual budget allocation under the nil transfer of funding to the high needs block and a £0.550m transfer to the high needs block.
   7. It is important to note that the budget models presented are indicative only and are currently based on October 2018 pupil numbers. Indicative allocations will be updated and published by government in December 2019.
   8. Please note that the school number used in the original report appendices on 8 November 2019 are unchanged in Appendix A to this report.

**4.** **Recommendations**

4.1 Forum is asked to:

a) Consider the 2 options presented in appendix A to this report;

1. Vote on their preferred option for 2020/21 indicative school budgets (either option 1a or option 1b)

**Please note: Only school representatives are eligible to vote on this item.**