

**Agenda Item**  
**7**



**Report Status**

For information / note ☒  
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For decision ☐

**Report to Haringey Schools Forum – Thursday 18th October 2018**

**Report Title:** Schools funding – Schools Block, High Needs Block and Central School Services Block

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**Purpose:**

To propose the process to all Haringey schools on the 2019/20 schools funding formula

To consult Schools Forum on planned expenditure through the Central School Services Block

**Recommendations:**

1. Schools Forum is asked to note the planned expenditure through the Central School Services Block in 2019-20

## 1. Introduction

- 1.1. Currently Dedicated School Grant (DSG) is divided into four notional blocks: Schools, Central School Services, High Needs and Early Years.
- 1.2. The Central School Services Block will fund local authorities' statutory duties that they hold for both maintained schools and academies. It brings together:
  - a) funding for ongoing responsibilities, such as admissions, previously top-sliced by each local authority from its Schools Block allocation;
  - b) funding previously allocated through the retained duties element of the education services grant (ESG); and
  - c) Residual funding for historic commitments, previously top-sliced by the local authority from the Schools Block.
- 1.3. The policy document which sets out the background and principles of the new National Funding Formula for schools can be found at <https://www.gov.uk/guidance/authority-proforma-tool-apt-information-for-local-authorities#schools-block-dataset-2018-to-2019-technical-specification>
- 1.4. In a written statement, the Government confirmed details of school revenue funding for 2019/20 and planned updates to the national funding formula for schools. This also recognises the important role councils are playing in the implementation of the national funding formula by announcing the continuation of the 'soft formula', which allows councils to continue to set local funding formulae with local schools for a further year to 2020/21. This follows the campaigning of councils and the LGA for local authorities to be able to work with schools to set budgets that reflect local need, and will help schools adapt to the formula in the long term.
- 1.5. As previously confirmed that in 2019-2020, like in 2018-2019, each local authority will continue to set a local schools formula, in consultation with local schools.
  - In 2019 - 2020, the national funding formula will set notional allocations for each school, which will be aggregated, and used to calculate the total schools block received by each local authority.
- 1.6. In line with the approach and commitments set out last year, three key aspects of the schools national funding formula are being updated in 2019-2020.
  - Within the schools block, the government will provide for at least a 1% per pupil increase for each school in 2019-2020 through the national funding formula compared to their 2017-2018 baseline.
  - The national minimum per pupil funding levels have increased to £3,500 for all primary schools and £4,800 for all secondary schools that have pupils in years 10 and 11.)

- The gains cap has increased so that schools can attract gains of up to 6.09% against their 2017-2018 baselines (to note, the minimum per pupil levels are not gains capped).
- 1.7. The additional investment of £1.3 billion for schools and high needs across 2018-19 and 2019-20 announced last year, on top of the schools budget set at Spending Review 2015. This means that real terms per pupil funding will be maintained in 2018-19 and 2019-20, and will be more than 50% higher in 2020 than it was in 2000.
- 1.8. Because of this investment, core funding for schools and high needs have increased between 2018-19 and 2019-20, increasing funding in the Schools and High Needs Blocks. Spending plans beyond 2019-20 will be set out in a future Spending Review.
- 1.9. The schools National Funding Formula is intended to provide for higher core per pupil funding in every local area compared to the funding schools received in 2018/19. These changes are part of the reforms to the funding system intended to strike a balance between fair funding for schools nationally and stability.
- 1.10. The Growth Fund enables local authorities to support schools with significant in-year pupil growth, which is not otherwise immediately recognised by the lagged funding system. Local authorities may also retain a small fund to support schools with temporarily falling rolls. Local authorities will continue to manage their growth funding locally in 2019-20 as they did in 2018-19.
- 1.11. Growth allocations for 2019-20 will be based on pupil data from the October 2018 census. The ESFA have not reflected the new growth approach in the updated illustrative allocations. Instead, to give local authorities the best understanding of the impact of the national funding formula in 2019-20 compared to 2018-19, ESFA have included the amount that local authorities were allocated for growth funding in 2018-19 in their illustrative allocations.
- 1.12. The ESFA will calculate actual growth allocations for 2019-20 after the October census and provide local authorities with the details of their growth allocation as part of their allocation in December 2018. The ESFA will provide local authorities with further information this autumn to support them in predicting what their growth allocation for 2019-20 will be. Technical details on the new growth methodology are set out in the 2019-20 schools national funding formula technical note, which will be published shortly.
- 1.13. The schools block will again be ring-fenced in 2019-2020. Local authorities are able to transfer up to 0.5% of their schools block funding with the agreement of their Schools Forum. Transfers of more than 0.5% may be allowed in

circumstances where the Secretary of State has previously allowed a transfer between blocks and where this is again agreed by the Schools Forum

- 1.14. On 24th July, Secretary of State has also confirmed the 2018 teachers' pay award. To ensure that this is fully affordable to schools, they will be providing a teachers' pay grant of £187m in 2018-19 and £321m to all schools in England in 2019-20. This will cover, in full, the difference between this award and the cost of the 1% award that schools would have anticipated under the previous public sector pay cap. The grant will provide additional support to all maintained schools and academies, over and above the core funding that they receive through the national funding formula.

## 2. Haringey's Dedicated Schools Grant

- 2.1. Table A sets out Haringey's Dedicated Schools Grant allocations for 2017-18, the minimum rebased DSG baseline allocation for 2018-19, the provisional National Funding Formula DSG allocations for 2018-19 and the illustrative National Funding Formula for 2019-20.

**Table A – Haringey's Dedicated Schools Grant**

<b>Dedicated Schools Grant</b>	<b>2017-18 DSG allocations as at March 2018</b>	<b>2018-19 DSG allocations as at July 2018</b>	<b>2019-20 Illustrative NFF</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Schools Block</b>	195.29	195.30	196.04
<b>Central School Services Block</b>	0	3.09	3.01
<b>Early Years Block</b>	18.67	20.29	20.29
<b>High Needs Block</b>	35.85	34.84	35.20
<b>Total DSG</b>	<b>249.81</b>	<b>253.52</b>	<b>254.54</b>

- 2.2. Overall, Haringey received a provisional increase of 0.4% 2018-19 to 2019-20 in its DSG allocation, which is equivalent to £1.02m. This is based on October 2017 census pupil numbers of 33,694.
- 2.3. The Schools Block received an uplift of 0.38%, which is equivalent to £738k.

- 2.4. The Central School Services Block has lost £80k from 2018-19 centrally retained elements that was rebased into 2019-20 which is the maximum possible loss capped at 2.5% from 2018-19.
- 2.5. The High Needs Block received an increase of 1% on its funding from 2018-19 to 2019-20 which equates to £360k.

### **3. Schools Block**

- 3.1. In September 2017, the ESFA confirmed the introduction of national funding formulae for schools, high needs and central school services from 2018-19 and set out the details of the formulae for 2018-19 and 2019-20. Resources are now being distributed according to a formula based on the individual needs and characteristics of every school in the country.
- 3.2. In light of this progress and in order to continue to support a smooth transition, local authorities will continue to determine local formulae in 2020-21. Given the steps that local authorities have already taken in their local formulae towards the national funding formula, the DfE will continue progress towards fairer funding for all schools, in every part of the country.
- 3.3. It is DfE's long-term intention that schools' budgets should be set based on a single, national formula (a 'hard' national funding formula). However, the DfE recognise that this represents a significant change, and the importance of stability for schools was a consistent theme during both stages of the consultation. Therefore, as confirmed to parliament in July 2019-20 the schools formula will continue with the 'soft' approach.
- 3.4. Under a 'soft' system, the DfE use the National Funding Formula to set notional budgets for each school. These are aggregated to give the total Schools Block. For the next two years, Haringey will continue to set a local formula to distribute their Schools Block Funding, in consultation with schools, academies and Schools Forum.
- 3.5. As the ESFA announced last year, that they are updating elements of the formulae for 2019-20. The ESFA are also making some small technical improvements: in particular, by way of introducing a new approach for allocating funding to local authorities to support schools with significant in-year pupil growth, which brings this funding into the formula rather than allocating it on a historical basis.
- 3.6. The ESFA recognise that the introduction of the national funding formula represents a significant change. To provide stability for local authorities and schools through the transition, they have previously confirmed that in 2018-19 and 2019-20 each local authority will continue to set a local schools formula, in

consultation with local schools. These local formulae determine individual schools' budgets in their areas.

- 3.7. The Schools Block unit funding is £5,001 for a primary pupil and £6,859 for a secondary pupil in Haringey.
- 3.8. The actual 2018-19 funding through the growth allocated, premises and mobility factors in Schools Block is £3.06m.
- 3.9. Provisional National Funding Formula 2019-20 Schools Block funding on 33,694 pupils is £192.98m.
- 3.10. Schools Block funding has been ring-fenced from 2018-19. Local authorities have limited flexibility to transfer funding to other areas. Transfers are limited to 0.5% of the total Schools Block and can only be made with the agreement of the Schools Forum.
- 3.11. Haringey Council is proposing to go out for consultation with all Haringey schools and academies for 2 weeks in November 2018 to determine preferred options for 2019-20 for consideration to movement of SB to HNB. The outcomes will be presented to the Schools Forum Schools Funding Review Group in Oct/Nov. 2018.

#### **4. Central School Services Block**

- 4.1 The Central School Services Block will fund local authorities for the statutory duties that they hold for both maintained schools and academies. Provisional NFF CSSB funding in 2019/20 brings together:
  - a) LA level pupil numbers - these are 2018-19 pupil numbers. These will be updated using the October 2018 school census when we allocate funding to LAs in 2019-20;
  - b) actual historic commitments funding, equivalent to the 2018-19 funding which was based on spending levels reported by LAs in the 2017-18 baselines exercise.
- 4.2 The Central School Services Block will fund local authorities for the statutory duties that they hold for both maintained schools and academies. It brings together:
  - a) funding for ongoing responsibilities, such as admissions, previously top-sliced by each local authority from its Schools Block allocation;
  - b) funding previously allocated through the retained duties element of the education services grant (ESG); and

- c) residual funding for historic commitments, previously top-sliced by the local authority from the Schools Block.
- 4.3 Funding will cover two distinct elements which will be handled separately within the formula:
  - a) ongoing responsibilities; and
  - b) historic commitments.
- 4.4 Funding for ongoing responsibilities to local authorities using a simple formula, which distributes 90% of funding according to a per-pupil factor and 10% of funding according to a deprivation factor. Both elements will be adjusted for area costs.
- 4.5 Funding for historic commitments will be allocated based on evidence, with the expectation that these commitments will unwind over time, for example because a contract has reached its end. The ESFA will monitor historic spend year-on-year and will challenge Section 251 returns where spend is not reducing as expected.
- 4.6 The transition to the formula for ongoing responsibilities will be gradual – with gains and losses capped each year so that the formula is affordable and the transition is manageable. A protection will continue in 2019-20 to ensure that limits reductions to 2.5% per-pupil a year. The level of gains will be set annually and will depend on the precise composition of the Central School Services Block in each year.
- 4.7 Funding for historic commitments will be based on the actual cost of the commitment. Funding will reduce as commitments cease. There will therefore be no protection for historic commitments in the Central School Services Block.
- 4.8 Haringey's provisional Central School Services Block allocations for 2019-20 is £3.01m. This is made up of an actual per-pupil rate of £89.34 for ongoing responsibilities, based on the Central School Services Block national formula and an actual fixed cash amount for historic commitments, based on authorities' historic spend.
- 4.9 The published provisional allocations use the October 2017 pupil count to calculate the provisional total for ongoing responsibilities. In December, final allocations will be calculated by multiplying the actual per pupil rate by the October 2018 pupil count.
- 4.10 Provisionally Haringey's Central School Services Block has lost £80k in 2018-19. This is the maximum loss, capped at 2.5%.

- 4.11 The Council must consult Schools Forum but can ultimately determine how the Central School Services Block funding is allocated. The operational guide also sets out restrictions on how the Council can spend the allocation, whilst giving the Council flexibility to move money from Central School Services Block into other blocks if desired.
- 4.12 In summary, the Council proposes to maintain existing funding levels for the following areas in 2019-20:
- a) Admissions - £300k
  - b) Governor support services – £130k
  - c) Servicing Schools Forum - £10k
  - d) LAC placements - £800k
  - e) Music and performing arts - £168k
  - f) Support costs - £192k
  - g) Early Help - £350k
  - h) LA Copyright Licenses (Deducted by ESFA from DSG) - £166k
  - i) ESG transferred to DSG - Other Statutory and Regulatory Duties - £378k
  - j) ESG transferred to DSG - Statutory Education Welfare Service - £172k
- 4.13 The Council also proposes to reduce the funding for school standards by £80k from £424k to £344k to meet the overall reduction in the Central School Services Block.
- 4.14 From 2020-21, ESFA expect to start to reduce the historic commitments element of the central school services funding block where authorities' expenditure has not reduced. They do not believe it is fair to maintain significant differences in funding indefinitely between local authorities, where these differences reflect historic decisions

## **5. Overall deficits on local authorities' DSG accounts**

- 5.1 The DfE's announcement in July of its intention that with effect from 2019-20, the department intends to tighten the rules governing deficits in local authorities' overall DSG accounts, under which local authorities have to explain their plans for bringing DSG account back into balance. They will require a report from any local authority that has a DSG deficit of more than 1% as at 31st March 2019. They will be consulting with local authority representatives during the autumn of 2018 about the detailed implementation of these new rules.



**5.2 Recommendation:**

**Schools Forum are asked to consider the proposed funding in the Central School Services Block ahead of budget decisions at Schools Forum in December 2018.**