

**Agenda Item
6**



Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum – 5th December 2019

Report Title: Dedicated Schools Budget Modelling for 2020-21 and Central Schools Services Block allocation for 2020-21

Author:

Paul Durrant
Head of Finance & Business Partnering
Email: Paul.durrant@haringey.gov.uk

Muhammad Ali
Schools Finance Business Partner
Telephone: 020 8489 4491
Email: Muhammad.Ali@haringey.gov.uk

Kristian Bugnosen
Principal Accountant (DSG)
Telephone: 020 8489 4491
Email: Kristian.bugnosen@haringey.gov.uk

Purpose:

1. To propose the process to all Haringey schools on the 2019/20 schools funding formula
2. To consult Schools Forum on planned expenditure through the Central School Services Block

Recommendations:

1. Preferable model for 2020-21 DSG allocation
2. Consultation with schools with the proposed modelling
3. Central School Services Block Budget breakdown for 2020-21

1 Introduction.

- 1.1 In July 2017, DfE announced the introduction of the national funding formula (NFF) which was supported by additional investment in 2018-19 and 2019-20. The additional funding over the last two years, has enabled the council to maintain per-pupil spending on the schools and high needs blocks.
- 1.2 The paper sets out a summary analysis of DSG's four blocks' financial position for the financial year 2019-20 and the strategy for DSG formula for Schools Budget Share allocations for the financial year 2020-21.
- 1.3 The report also provides information for changes in the minimum funding level for schools and additional funding for High Needs Block for 2020-21.
- 1.4 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/government/uploads/system/uploads/attachment_data/file/648532/national_funding_formula_for_schools_and_high_needs-Policy_document.pdf
- 1.5 The DSG is currently divided into four notional blocks:
 - Schools,
 - High Needs,
 - Early Years, and
 - Central School Services Block.
- 1.6 The 'soft' formula was originally planned for 2018-19 and 2019-20 only, with a 'hard' formula, without local input, to be implemented in 2020-21. However, the DfE has announced that there will be no changes for 2020-21.
- 1.7 The DfE has not committed to the future arrangements, but the expectation is that a 'hard' NFF will be introduced – i.e. without a local formula applied - from 2021-22. (although "soft" formula may continue for another year, subject to DfE confirmation).

2 Changes in funding level for 2020-21.

- 2.1 Planned changes to minimum school funding for 2020-21
- 2.2 There has been a significant commitment for 2020-21. The per pupil funding a school received has gone up with the rise in inflation rate of 1.8%.
- 2.3 The Chancellor announced: “the government will ensure that per pupil funding for all schools can rise in line with inflation (1.8%)” and “for schools already on their National Funding Formula allocation, the per pupil values in the formula will increase by at least 4%” in cash terms.
- 2.4 An increase in the minimum funding that primary and secondary schools receive per pupil.

- 2.5 The government announced an increase in 2020-21 from the current minimum per pupil amount of £3,500 to £3,750 in primary schools, and from £4,800 to £5,000 in secondary schools, with a further increase in the primary school's minimum to £4,000 in 2021-22.
- 2.6 It is not clear if this is the AWP of Minimum Funding Guarantee amounts. The table below illustrates any indicative financial impacts on Haringey Schools funding:

2020-21	Government Increase Per Pupil.	LBH Current Per Pupil (19-20)	Difference	Impact
MFG - Primary	3,750	5,342	(1,592)	No change.
MFG - Secondary	5,000	6,877	(1,877)	No change.

2021-22	Government Increase Per Pupil.	LBH Current Per Pupil (19-20)	Difference	Impact
MFG - Primary	4,000	5,342	(1,342)	No change.
MFG - Secondary	5,000	6,877	(1,877)	No change.

- 2.7 To re-iterate these figures are indicative but in MFG terms Haringey Schools are already funded at a higher rate. An update will be provided at next School's Forum once further ESFA guidance has been provided.
- 2.8 The government has also announced additional £700 million extra for children with Special Educational Needs and Disabilities (SEND) in 2020-21.

3 Schools DGS formula 2020-21

- 3.1 The consultation in November 2018 with all maintained and academy schools, Schools Forum agreed the following principles for the local funding formula in 2019-2020
- (a) Growth Fund to estimate at £922k
 - (b) The transfer 0.25% out of the Schools Block into the High Needs Block
 - (c) Set the MFG at +0.2% per pupil

An agreement from School's forum is sought to keep this in methodology – * but with the Growth Fund recalculated based on current needs. This will be presented at next School's Forum once Admission data has been provided.

- 3.2 In December, each local authority received an email which provided details of how to access their Authority Proforma Tool (APT). The December APT will be populated with schools block data for 2020 to 2021, primarily drawn from the October 2019 schools census.
- 3.3 Authority Proforma tool is the mechanism by which ESFA provide the schools block dataset to local authorities but local authorities will submit APT in January 2020 following schools forum approval.

3.4 Since last School's Forum School's Finance took the following actions:

- Re-instated the NFF Working Group. The previous membership was Will Wawn (Bounds Green), Mike McKenzie (Heartlands Academy) and Tony Hartney (Gladesmore Community School). Martin Doyle (Riverside) and Eveleen Riordan (AD School's and Learning have also attended a presentation on workings.
- School's Finance created Models for nine different scenarios.
- Presented out-comes of models to the Working group.

These models are for illustrative purposes to aid in decision making of agreeing the 2020-21 formula. The actual funding may differ from these allocations once we have received the final APT from the ESFA. Which is expected in the first week of December.

For each "model" the following have been entered into the ESFA APT tool:

- October 2018 Census figures.
- MFG rate.
- Capping factor.

MFG and Capping have to be fixed for both Primary and Secondary at the same level. The modelling will change these factors based on last School's Forum Proposals.

The APT tool limits the range for MFG to be between 0.5% and 1.84%. The maximum Capping of 1.84% has been applied in all scenarios. To ensure School's gain maximum funding levels for 2020-21.

The only local factors used in the formula is the adjustable factors are Business Rates. The latest rates from Rates Team have been used.

3.5 Nine Separate models were produced and there are two models that are being put to the forum for consideration. The criteria is to aim for a maximum devolvement to Schools via the formula.

Please review Appendix 1 – For the details.

3.6 The consultation of the funding formula will start on 13th of December after the General Election up to the 20th of December. All Head Teachers and Governors will be sent a link via e-mail to register their intentions.

The questions to be consulted are:

a) Agreement to set 2020/21 School's Budget using either:

Model 1 Version 3 - MFG set at 0.74% and capping at 1.84%, with no HNB Block Transfer. Maximum has been devolved to Schools via the formula.

or

Model 2 Version 1 – MFG set at 0.54% and capping at 0.70%, with 0.25% devolved to HNB Block.

b) Consideration to top slice Education Welfare Budget to ensure all School's including Academies share the cost of the Education Welfare Service. Currently

Academies don't pay for this. Based on consultation decision this will be factored in to the formula.

- 3.7 NFF Formula Hard vs Soft: ESFA extended the soft formula approach to prepare schools and authorities for the move to hard funding. The hard formula funding was to be implemented this year.
- 3.8 Haringey is as close to the hard formula as possible with Business rates the only local factors used in 2018-19 (subsequently used in 2019-20 as part of the request to maintain last year's base formula). Schools should then be able to plan accordingly any future issues.
- 3.9 Where schools have split sites and are eligible for split site funding of £60k in the DSG formula. Nurseries with split sites do not receive this funding. It is proposed to ensure fairness across all mainstream settings a similar split site funding is provided to nurseries. (In Haringey there is only a single Nursery with a split site).

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 2020/21 is based on the following factors:
 - a) LA level pupil numbers - these are 2019-20 pupil numbers. These will be updated using the October 2019 school census when we allocate funding to LAs in 2020-21;
 - b) actual historic commitments funding, equivalent to the 2019-20 funding which was based on spending levels reported by LAs in the 2018-19 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:
 - c) funding for ongoing responsibilities, such as admissions, previously top-sliced by each local authority from its Schools Block allocation;
 - d) funding previously allocated through the retained duties element of the education services grant (ESG); and
 - e) residual funding for historic commitments, previously top-sliced by the local authority from the Schools Block.
- 4.3 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.
- 4.4 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 2020-21 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.

- 4.5 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.
- 4.6 Haringey's provisional Central School Services Block allocations for 2020-21 is £2.950m. This is made up of an actual per-pupil rate of £87.11 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.
- 4.7 The published provisional allocations use the October 2018 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 2019 pupil count.
- 4.8 Provisionally Haringey's Central School Services Block has lost £76k in 2020-20. This is the maximum loss, capped at 2.5%.
- 4.9 The allocation for each individual budget line has been given below for agreement with the 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.