

**Agenda Item
6**



Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum – 16th January 2020

Report Title: Dedicated Schools Budget Modelling for 2020-21

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Purpose:

1. To propose the process to all Haringey schools on the 2020-21 schools funding formula.
2. Update on 2019-20 Financial position at period 8.

Recommendations:

1. School forum to decide the preferable model for 2020-21 DSG allocation

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 ‘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.
- 1.3 In light of above each local authority will continue to set a local school’s formula, in consultation with local schools.
- 1.4 The Secretary of State announced that the funding for schools and high needs, compared to 2019-20, will rise by £2.6 billion for 2020-21, £4.8 billion for 2021-22, and £7.1 billion for 2022-23.
- 1.5 This is on top of £1.5 billion provided to fund addition pension costs for teachers.
- 1.6 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.
- 1.7 The report also provides information on indicative DSG block allocation for 2020-21 published on 19 December 2019.
- 1.8 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
- 1.9 The DSG is currently divided into four notional blocks:
 - Schools,
 - High Needs,
 - Early Years, and
 - Central School Services Block.
- 1.10 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 School Funding Formula 2020-21

- 2.1 Following the Schools Forum on 5th December 2019, all schools in Haringey were consulted on the proposed change to the Haringey 2020-21 Schools Funding Formula.
- 2.2 Two models were chosen as the options to be considered by schools as the most appropriate principles to be followed in distributing the 2020-21 Schools Block funding:

Model 1: Minimum Funding Guarantee (MFG)*: Set at 0.74% and capping at 1.84% and High Needs Block Transfer: 0%

or

Model 2: Minimum Funding Guarantee: Set at 0.54% and capping at 0.70% and High Needs Block Transfer: 0.25%

Additionally, that the Education Welfare Service budget of £122k be top sliced from the Schools Block and transferred to the Central Services Block.

**The minimum funding guarantee is a protection for schools against significant year-on-year changes in pupil-led funding. It is a mechanism directed by government to ensure that no school loses a significant amount of funding due to pupil led changes which are beyond its control*

School's Forum are to decide on implementation of either Model 1 or Model 2 and if top slicing from the School's Block to support the Education Welfare Service is to be actioned in the formula funding for 2020/21 School's Budget. (It is possible School's Forum decide a different approach and updates will follow the governance process).

- 2.3 Due to pre-election period final APT was not published until 19th December 2019 for Local Authority to calculate schools funding using October 2019 Census.
- 2.4 The models for MFG were illustrative for the purposes of decision making in agreeing the 2020-21 formula in principle. The actual funding may differ from these allocations due to funding settlement, received on 19th December 2019.
- 2.5 In order to devolve maximum funding to schools, MFG percentage is likely to increase. In principle the decision is still centred on making a to block transfer to HNB.
- 2.6 A revised calculation will be present on 16th January 2019.

3 Consultation Response

- 3.1 Following consultation with the Schools Forum on 5th December 2019, all schools in Haringey were consulted on the proposed changes for 2020-21 to the Council's Schools Funding Formula.
- 3.2 The consultation started on 13th December, with a deadline of 5pm on 20th December 2019 for responses from Head teachers and Chairs of Governors.
- 3.3 An example of consultation survey is supplied Appendix A
- 3.4 The following two tables shows options available and total responses received for all options – based on modelling of the Schools Block with the latest available information – were consulted upon:

TABLE A Options: Which is your preferred option?	Option A MFG: Set at 0.74% and capping at 1.84% & HNB Transfer: 0%	Option B MFG: Set at 0.54% and capping at 0.70% & HNB Transfer: 0.25%	Total Responses Received
Head teacher Votes	26	2	28
Chair of Governors Votes	1	0	1
Schools responded with no option selected	0	0	3
Total Votes	27	2	32

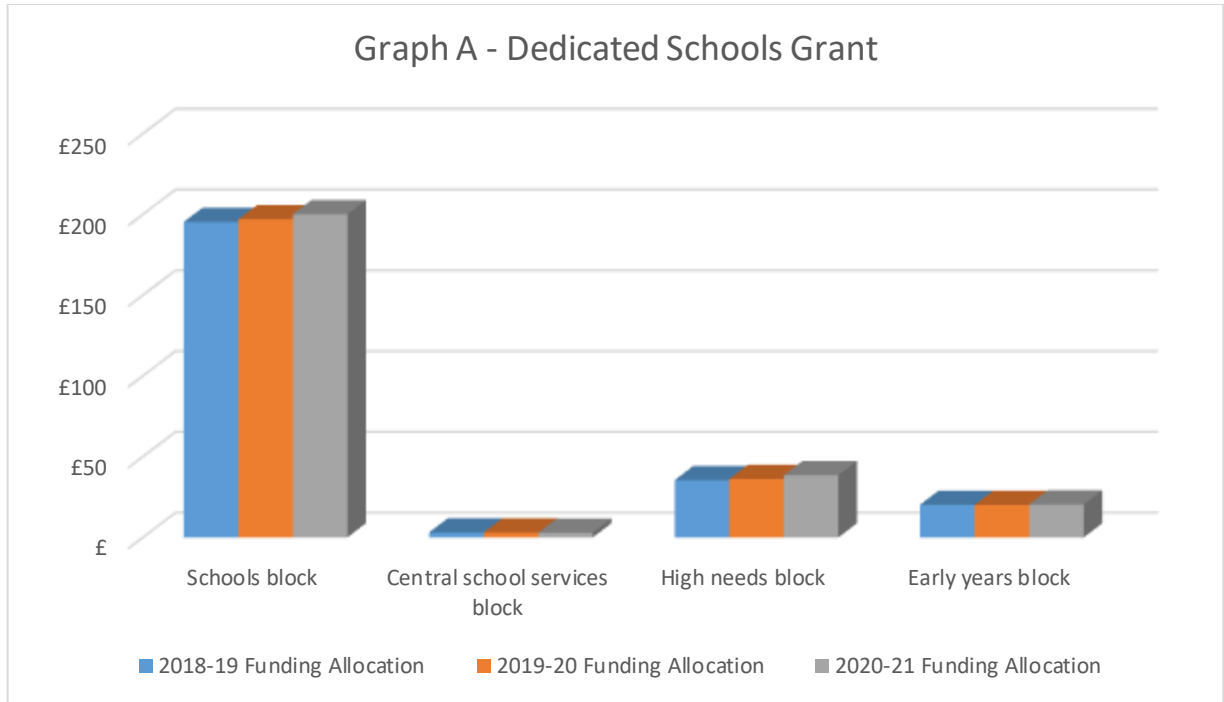
TABLE B Question: Which is your preferred option?	Move Education Welfare budget to Central Block before the individual schools' budget allocation to ensure all schools and academies have contributed on a fair amount to fund the services for the year 2020-21.
Yes	24
No	3
Total Votes	27

Recommendation 1

- 3.5 The returns showed a preference in favour of Option A, which recommends 2020-21 Schools Funding Formula with 0% block transfer to High Needs Block.
- 3.6 Recommend the block transfer of £122,000 Education Welfare Services budget to Central block, because it provides a maximum increase in school budget.
- 3.7 Growth fund to be maintained at £932,000 for the financial year 2020-21
- 3.8 The Schools Forum Schools funding review group has also recommendation of selecting Option A and block transfer for Education Welfare Services.

4 Dedicated Schools Grant Allocation

- 4.1 The graph A represents funding allocation compared year on year for each block.



4.2 Dedicated schools grant (DSG) allocation for financial year 2020 to 2021, prior to academy recoupment and after high needs deduction.

Funding Breakdown	Amount (£)
Schools block	£200,151,485
Central school services block	£2,945,886
High needs block	£38,475,244
Early years block	£20,363,172
DSG Total Allocation	£261,935,787

Recommendation 2

- 4.3 Schools Forum members are asked to consider and approve the de-delegation of:
- a) Contingency for Schools in Financial Difficulty (£179,000)
 - b) Trade Union Facilities Time (£117,000)

5 Analysis of Dedicated Schools Grant 2019-20

- 5.1 The predicted DSG forecast financial position for the financial year 2019-20 at period 8 is a £7.204m deficit. In the last financial year, the HNB was the main material pressure to the DSG.
- 5.2 A detailed report on HNB and EYB will be presented by the services.

2019-20 DSG Budget Forecast	Schools Block (£m)	High Needs (£m)	Early years (£m)	Central (£m)	Total (£m)
Schools Block DSG funding settlement	130,242.51	33,773.56	20,089.39	3,026.04	187,131.50
Schools Block to High Needs Block (0.25%)	(0.49)	0.49	0	0	0.00
Growth Fund	(0.92)	0	0	0.92	0.00
Additional SEN funding	0	0.63	0	0	0.63
Total funding Allocation	130,241.10	33,774.68	20,089.39	3,026.96	187,132.13
Projected Expenditure	130,241.10	39,243.65	19,595.13	3,026.96	192,106.84
In year Position	0	(5,469)	494	0	(4,975)
B/fwd Balances	0	(2,229)	0	0	(2,229)
Net Position	0	(7,698)	494	0	(7,204)

- 5.3 Period 9 will be presented in February 2020 to Schools Forum.

6 Dedicated Schools Grant (DSG) deficit recovery plans

- 6.1 All local authorities that have a cumulative DSG deficit of 1% or more at the end of a financial year are required to submit a recovery plan.
- 6.2 The 1% calculation will be based on the latest published total DSG allocations for 2019 to 2020, gross of recoupment, as at the end of the 2019 to 2020 financial year and excludes maintained school balance.
- 6.3 The plan outlines how council will bring its deficit position back into balance within in a three-year time frame by 30th June in the following financial year.
- 6.4 Haringey is required to produce a Deficit Recovery Plan for 2019-20 due to the fact collective reserve of all blocks at 31 March 2020 is expected to be above the threshold.
- 6.5 Recovery plans will be discussed with Schools' Forums and be signed off by the local authority's chief financial officer (CFO) before the plans are submitted to the DfE.

Action	Deadline
Deadline for submission of DSG deficit recovery plan	June
Review of DSG deficit recovery plans	July – Sep
Deadline for submission of CFO assurance statement	Mid-September