

# **LATE BUSINESS SHEET**

**Report Title: Addendum**

**Committee/Sub etc.: Cabinet Member Signing**

**Date: 18 January 2018**

## **Reason for lateness and reason for consideration**

The Council is legally required to set the local schools funding formula and must submit this to the ESFA by 19th January 2018. However, the local authority is required to consult with maintained schools and academies in the borough, and with Schools Forum, in order to determine the local funding formula. Consultation with all schools and Schools Forum has been at the heart of our approach, though this has been made significantly more difficult by the timeframe imposed by the ESFA and the constantly changing picture in relation to the Dedicated Schools Grant allocations and school's dataset. ESFA provided a minimum DSG baseline allocation on 4th August 2017; provisional National Funding Formula funding on 14th September 2017 and a final funding allocation on 19th December 2017. Indeed, ESFA have written out to local authorities with an error in the school's dataset used to determine 2018-19 schools funding allocations on 11th January 2018, after the main report was published on 10<sup>th</sup> January 2018. The final funding allocation was increased, leading to the modelling being updated and the recommended changes to the local schools funding formula being changed, as compared with those in the main report.

## **Update from the consultation with maintained schools and academies in Haringey, completed on 17<sup>th</sup> January 2018**

On 15<sup>th</sup> January all maintained schools and academies were e-mailed the final set of options, including the recommended option copied below, and their comments sought by a deadline of 1 pm 17<sup>th</sup> January 2018. The responses were 16 votes in favor of the recommended option (copied below) and 1 for another option.

## **Update from the Schools Forum Meeting held on the 17<sup>th</sup> of January 2018**

Schools Forum heard the response to the consultation and voted in favour of the recommended option below.

## **Changes to the recommendations:**

The recommendation in the main report has been updated as follows: -

The Cabinet Member is asked to agree the following changes to the local schools funding formula for the 2018-19 financial year:

- (a) Minimum Funding Guarantee (MFG) to increase from -1.5% to +0.5% per pupil
- (b) Operate a cap of +0.5% per pupil increase at a scaling rate of 100% on schools gaining compared with the 2017-2018 local funding formula
- (c) Set 2018-2019 Growth Fund at £985,369.96
- (d) No transfer from Schools Block to High Needs Block in 2018-2019
- (e) Transfer £488,247.75 which is +0.25% of 2018-2019 Schools Block DSG from Schools Block DSG Reserves to High Needs Block

### Alternative options considered

Five options have been modelled. These are summarised below.

#### Option A (i)

Current formula with the following changes: - +0.5% MFG - +0.5% CAP 100% Scaling - 2018-19 Growth Fund set at £497,122.21 - +0.25% transferred to High Needs Block	
2018-19 Schools Block Dedicated Schools Grant allocation	£195,299,098.60
Transfer 0.25% from Schools Block to High Needs Block	-£488,247.75
Growth Fund for 2018-19	-£497,122.21
Funding available for Schools Block Formula	£194,313,728.64

#### Option A (ii) (Recommended option)

Current formula with the following changes: +0.5% MFG +0.5% CAP 100% Scaling 2018-19 Growth Fund set at £985,369.96 Do not transfer from Schools Block to High Needs Block in 2018-19 Transfer equivalent of 0.25% of 2018-19 Schools Block DSG from Schools Block DSG Reserve to High Needs Block	
2018-19 Schools Block Dedicated Schools Grant allocation	£195,299,098.60
Do not transfer from Schools Block to High Needs Block in 2018-19	£0
Growth Fund for 2018-19	-£985,369.96

Funding available for Schools Block Formula	£194,313,728.64
Transfer equivalent of 0.25% of 2018-19 Schools Block DSG from Schools Block DSG Reserve to High Needs Block	-£488,247.75

### Option B (i)

Current formula with the following changes: - +0.25% MFG - +0.25% CAP 100% Scaling - 2018-19 Growth Fund set at £1,103,708.99 - +0.25% transferred to High Needs Block	
2018-19 Schools Block Dedicated Schools Grant allocation	£195,299,098.60
Transfer 0.25% from Schools Block to High Needs Block	-£488,247.75
Growth Fund for 2018-19	-£1,103,708.99
Funding available for Schools Block Formula	£193,707,141.87

### Option B (ii)

Current formula with the following changes: - +0.25% MFG - +0.25% CAP 100% Scaling - 2018-19 Growth Fund set at £1,103,708.99 - +0.25% transferred to High Needs Block - +0.25% MFG difference to be released as cash from 2017-18 Schools Block DSG Reserves	
2018-19 Schools Block Dedicated Schools Grant allocation	£195,299,098.60
Transfer 0.25% from Schools Block to High Needs Block	-£488,247.75
Growth Fund for 2018-19	-£1,103,708.99
Funding available for Schools Block Formula	£193,707,141.87
Release cash equivalent of 0.25% difference from Option A (i) and Option B (i) from Schools Block DSG Reserves to all Schools in 2017-18	£606,586.77

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### Option C

Current formula without changes:	
<ul style="list-style-type: none"> <li>- -1.5% MFG</li> <li>- +2.5% CAP 40% Scaling</li> <li>- 2018-19 Growth Fund set at £1,426,910.25</li> <li>- +0.25% transferred to High Needs Block</li> </ul>	
2018-19 Schools Block Dedicated Schools Grant allocation	£195,299,098.60
Transfer 0.25% from Schools Block to High Needs Block	-£488,247.75
Growth Fund for 2018-19	-£1,426,910.25
Funding available for Schools Block Formula	£193,383,940.70

Options A and B stick closest to the principles agreed at Schools Forum on 7th December 2017 by providing schools with a +0.5% MFG and transferring 0.25% to the High Needs Block.

Option A (ii) is recommended over Option A (i), Option B (i) and Option B (ii) because the application of +0.5% MFG preserves future years increases for individual schools whilst allowing Haringey to maintain the Growth Fund at a significant level to address growth and bulge classes in future years.

Option C is not recommended. Whilst some schools would receive higher budgets in this model because the cap is higher and scaling is lower, this does not allow all schools to benefit from a +0.5% increase and the MFG turns negative with a floor of -1.5%. This runs counter to the principles agreed at Schools Forum.

### Legal comments

The School and Early Years Finance (England) Regulations 2018 were laid before Parliament on 15<sup>th</sup> January 2018, and come into force on 5<sup>th</sup> February 2018. They will govern local authorities' financial arrangements in relation to the funding of maintained schools in England for the financial year 2018-2019.

Regulation 9 of these Regulations places a duty on the local authority to consult its Schools Forum and schools maintained by it about any proposed changes to its local

school funding formula for the 2018-2019 financial year, in relation to the factors and criteria taken into account, and the methods, principles and rules adopted.

Those Regulations require the local authority to obtain the authorization of its Schools Forum (or if such authorization is not provided, the authorization of the Secretary of State), when setting the amount of the total growth fund within the Schools Block, and when transferring funding from the Schools Block to the High Needs Block. The local authority is permitted to transfer up to 0.5% of their Schools Block funding into another block.

The current proposals differ from all the proposals previously consulted on (options A to D in the main report) and arguably there is a fundamental difference between them and all of options A to D. Therefore, it is arguable there needed to be further consultation on the current proposals with all maintained schools and academies in the borough, and with Schools Forum.

The further consultation by the Council with all maintained schools and academies in the borough on the recommended changes to its school funding formula for the 2018-2019 financial year only gave them 2.5 days in which to respond. However, given the deadline of 19<sup>th</sup> January 2018 by which the Council is required to submit its schools funding formula to the ESFA, given the ESFA only confirmed the correct final funding allocation for the Council on 11<sup>th</sup> January 2018, and given the previous consultation, there are strong arguments that in the circumstances 2.5 days was sufficient time for schools and academies, and for Schools Forum, to respond to the current proposals.

## Finance Comments

Since the publication of the Cabinet Member signing report on the 10<sup>th</sup> January 2018, the ESFA informed Haringey Council on the 11<sup>th</sup> January 2018 that there had been an error in the Schools Block data supplied to all local authorities in the Authority Proforma Tool. In order to rectify this error, they issued updated Free School Meals data.

A new dataset was released by the ESFA on 12<sup>th</sup> January 2018. As a consequence to the revision of Haringey schools' dataset, a sum of £114,786 was left unallocated in the original proposed schools budget allocation.

In attempting to protect Haringey individual schools funding for 2019-20 where the ESFA have proposed a 1% increase in 2019-20 funding from previous year, it is in Haringey schools' interests to maximize the +0.5% increase in Minimum Funding Guarantee in 2018-19.

It is also in Haringey schools' interests that Growth Fund is protected as much as possible as it is a fixed sum based on previous year allocation in the Schools Block. If we reduce Growth Fund in 2018-19 we could potentially lose funding for this in future years.

In attempting to deliver a Schools Funding Formula as close as possible to Schools Forum specification of:

- Transferring 0.25% of Schools block to high Needs Block
- Maximise MFG as much as possible to +0.5% to protect individual schools funding for future years
- Maximise Growth Fund for Haringey Schools to protect future years Schools Block funding

Schools Forum agreed the following:

- (a) increase Minimum Funding Guarantee (MFG) from -1.5% to +0.5% per pupil
- (b) Operate a cap of +0.5% per pupil increase at a scaling rate of 100% on schools gaining compared with the 2017-2018 local funding formula
- (c) Set 2018-2019 Growth Fund at £985,369.96
- (d) No transfer from Schools Block to High Needs Block in 2018-2019
- (e) Transfer £488,247.75 which is +0.25% of 2018-2019 Schools Block DSG from Schools Block DSG Reserves to High Needs Block

**Concurrence of the Democratic and Scrutiny Services Manager to the submission of this late information and change to recommendations in accordance with Part 5 Section D – Protocol for Decision-Making - Paragraph 1.4.**