

SCHOOLS FORUM - THURSDAY 7TH DECEMBER, 2017

Supplementary papers for items 7a and 7b

7 Towards a National Funding Formula

7a. Consultation responses – supplementary paper (for information)

Outside the consultation on the options, the council has received a number of representations about the application of the increase in DSG (Dedicated Schools Grant) funding allocations to local authorities, which is equivalent to an extra 0.5% per pupil for all schools.

The DfE is increasing funding to local authorities for 2018/19 by 0.5% per pupil compared to the amounts schools received in 2017-18. The result is a provisional increase in funding for Barnet by £1.94m next year. The DfE indicative allocation to Barnet includes £813,257 for growth funding, which is the amount that is funded from the Schools Block of the Dedicated Schools Grant this year (2017-18).

Total growth funding for Barnet schools in 2017-18 was £3.9m. Whilst DSG funding covered £813,257 of this, the council funded the remaining £3.1m from DSG reserves. DSG reserves are funds that have accumulated as a result of careful budget management by the council and use of these reserves until this year has been the council's way of ensuring that the growth in school places does not result in top-slicing of the budgets allocated to schools.

Without these reserves, funding for schools would have been £3.1m lower than the actual funding distributed through the funding formula in 2017-18. The £1.94m increase in funding for 18-19 would then have applied to this lower base and, whilst it would mean school budgets increasing by at least 0.5% per pupil, the actual amount schools would then have in 18-19 would be no more than the amounts indicated in the consultation on the school funding formula.

The council is no longer able to make up the growth funding from DSG reserves, because the reserves have gradually been used up in the last few years (largely to pay for growth funding) and because of growing pressures on the High Needs budget as a result of demographic growth and the impact of the government's SEN reforms (in particular extending funding for pupils with special educational needs from 0 to 18 year olds to 0 to 25 year olds).

The growth funding has to be the first call on the Schools' Block funding allocated by the DfE, which reduces the amount available through the school funding formula.

For all these reasons, the £1.94m allocation does not automatically result in a 0.5% per pupil funding increase and the funding per pupil for all schools will be lower in 2018-19 than it would be if the DSG allocations included the actual cost of growth funding.

Growth funding

The growth funding includes two elements of funding:

- Funding for the one-off costs of setting up new schools, expanding existing schools and temporary 'bulge' classes

- Funding for the additional pupils entering expanded provision in September ahead of the 'lagged' formula funding that kicks in from the following April.

The figures used in the consultation on the funding formula for 2018-19 are provisional figures based on the provisional DSG allocations from the DfE. They also assume the growth funding in 18-19 will need to be at the same level as in 17-18. The position could improve with the final DSG allocations from the DfE and as a result of reviewing the growth requirements for 2018-19, but it is still unlikely to mean increases in per pupil funding for most Barnet schools. It is expected that final DSG allocations will be published shortly before the Christmas break.

The DfE has acknowledged that the current mechanism for calculating growth funding is not sufficiently robust and that further work will be undertaken to rectify this in future.

In the meantime, until the DfE takes on full responsibility for school funding in 2020-21, local authorities have to put in place transitional funding arrangements that cover the actual costs of growth.

7b. 2018/19 Education Services Grant (ESG) (for information)

In 2016-17 the council received Education Services Grant (ESG) funding of £2.8m in relation to the statutory services it must provide to maintained schools (community and voluntary-aided schools, maintained special schools, nursery schools and PRUs). This funding was cut in the current financial year. In place of this ESG funding, the council received transitional funding of £985,000 and a 'school intervention and improvement grant' of £192,000. It is understood there will be no transitional funding in 2018-19 and it is not yet known if the school improvement grant will continue.

The council may request retention of schools block funding to cover some of this loss of ESG income. It chose not to do so in 2017-18, having regard to the transitional funding.

For 2018-19 the council has decided only to ask for de-delegation in respect of the cost of school improvement services currently undertaken over and above what is paid for from the school intervention and improvement grant.

LAs may ask maintained schools to de-delegate funding to supplement any 'school intervention and improvement grant' funding from the DfE. To enable the school improvement service to continue at its current level, the authority will therefore be requesting that maintained schools de-delegate approximately £101,000 towards the cost of these services. This request is set out in agenda item 7c (2018/19 De-delegation).