

## **Schools Forum – 1 February 2018**

### **7a) The Barnet Schools Budget for 2018/19**

- 7.1 The Schools Budget is mainly funded through the Dedicated Schools Grant (DSG). For 2018/19 this is made up of four notional funding blocks:
- Schools Block
  - Early Years Block
  - High Needs Block
  - Central Block.
- 7.2 The Schools block primarily funds mainstream schools. The Early Years block primarily funds early education provision in private, voluntary and independent settings, maintained nursery schools and school nursery classes and the education of two year olds from households with low incomes. The High Needs block primarily funds pupils with high needs, which are usually pupils with Special Educational Needs (SEN) who have Statements for SEN or Education Health and Care Plans (EHCP) or pupils that are in alternative provision (such as Pupil Referral Units). The DfE has created a new Central Schools Services DSG Block (CSSB) for 2018/19 from existing 2017/18 DSG funding. The CSSB covers funding for historic commitments and funding for ongoing and statutory responsibilities.
- 7.3 It should be noted that the retained duties element of the Education Services Grant (the funding to cover statutory duties in respect of all schools, including Academies and Free Schools) has now been transferred into the DSG central schools services block (£0.856m) and, with Schools Forum agreement, this money will be retained by the council.
- 7.4 The DfE announced allocations of the gross (pre-recoupment) Dedicated Schools Grant funding to local authorities in December 2017. The Schools and Central Blocks are confirmed figures, but the Early Years and High Needs blocks are provisional at this stage and will change during 2018. The allocations and the indicative DSG budget are set out in Table 1 below. At its meeting on 13 February the Policy and Resources Committee will be asked to approve the draft (gross) Schools budget (DSG) of £327.313m, to note the draft Post-16 budget of £5.417m and to agree that any changes to the budget reasonably required as a result of the final 2018/19 DSG and Post-16 settlement are delegated for decision to the Strategic Director - Children & Young People in consultation with the Director of Resources.
- 7.5 The revised allocation for the Schools Block, now based on October 2017 school census data, and a review of the school growth funding required for 2018/19 means it is now possible to ensure that no school has less funding per pupil in 2018/19 than in 2017/18. This can be achieved by setting a Minimum Funding Guarantee of 0%, which means that no school will receive less money per pupil in 2018/19 than it did in 2017/18. To ensure this is affordable, it is proposed to set a cap on gains at +0.24% per pupil for any schools gaining from the phased introduction of the National Funding Formula.

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**Table 1 – DSG allocations (gross) and the indicative Schools Budget**

	Schools Block £m	High needs Block £m	Early Years Block £m	Central Block £m	Total DSG £m
Primary	144.432				
Secondary	97.678				
2017/18 Gross DSG Block Value (Nov 2017)	242.110	48.697	25.701	-	316.508
Moves and changes from 2017/18					
Central Block expenditure (from Schools Block in 17/18)	(2.050)			2.050	-
ARP pupil transfer from HN block to Schools Block	1.160	(1.160)			-
Growth**, premises and NNDR allocation	3.257				3.257
Schools Block growth	4.196				4.196
HN pupil growth		0.592			0.592
EYNFF (pupil growth and full year impact of 30 hrs)			2.691		2.691
Central Block increase (pupil growth)				0.070	0.070
2018/19 Gross DSG Block Value (incl. Post 16)	248.673	48.128	28.392	2.120	327.313
Recoupment	-	(4.320)	-	-	(4.320)
Net DSG block income	248.673	43.808	28.392	2.120	322.993

\*Note: the Growth Fund (£0.840m) is for the one-off costs of setting up new schools, expanding existing schools and temporary 'bulge' classes. Growth funding also includes funding for the additional pupils and this element of growth funding is included in the school funding formula line and amounts to £2.348m.

- 7.6 Schools Forum agreement is needed to transfer any funding out of the Schools block into the High Needs block. A maximum of 0.5% of the schools block may be transferred. Other blocks are not subject to limits on transfers (other than the requirement that 95% of Early Years allocations for 3- and 4- year olds must be passed through to providers). Local Authorities must consult their Schools Forum and providers likely to be affected by any other proposed block transfers.
- 7.7 Many local authorities have sought Schools Forum agreement to transfer money from their Schools block to the High Needs block because of the substantial budgetary pressure they are experiencing in their High Needs block spending. Barnet is not proposing to transfer funding from the Schools block to the High Needs block for 2018/19, despite similar pressures being of increasing significance locally. However, the High Needs block will need even more rigorous management in 2018/19 to prevent it overspending.

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- 7.8 **Schools Block** - The 2018/19 Schools Block Income is based on the following rates:
- £4,391 Primary unit of funding based on 30,017 primary pupils (October 2017 census)
  - £5,700 Secondary unit of funding based on 19,934 secondary pupils (October 2017 census)
  - £3.257m of funding for Pupil Growth, Premises and Mobility - historic spend/ not Area Cost Adjustment (ACA) adjusted.
  - TOTAL = £248.673m

- 7.9 **High Needs Block** - The provisional High Needs block income for Barnet has been calculated as follows:
- £44.754m - Actual High Needs national funding formula allocation
  - £2.668m - based on a £4,446 per pupil ACA weighted base rate \* 667 (pupils in special schools/ academies based on the October 2017 census)
  - £0.408m - Import/export adjustment £6,000 \* 68 (net imported) pupils
  - TOTAL = £48.128m

This represents a 0.2% increase on baseline funding in 2017/18. The final import/ export adjustment (68 imported pupils in Barnet) data will be amended to reflect January 2018 special school census data.

- 7.10 **Early Years Block** - The Early Years Block is estimated using early years numbers taken from the Early Years and Schools census in January 2017. An update to the 2017/18 Early Years Block allocation will be made once the January 2018 Early Years and Schools census numbers are finalised. Proposed funding rates for 2018/19 remain at £5.17 per hour, £1.53 IDACI rate, notional overall rate £5.44 on average for hour per provider. The 3p per hour increase in funding has been placed into Early Years contingency to cover pupil growth, new providers, inaccuracies in census data and any possible ESFA clawback of funding. Any overspend as a result of an insufficient level of Early Years contingency may result in a reduction in future years funding rates in order to balance the Early Years block.

- 7.11 **Central Block** – The provisional 2018/19 central block for Barnet includes the following:
- £1.656m – allocation for ongoing responsibilities (includes former ‘retained duties’ Education Services Grant )
  - £0.464m – Historic commitments allocation
  - TOTAL = £2.12m

- 7.12 **APT submission to the DfE** - The council is required to submit a completed Authority Proforma Tool (the APT), to the Department for Education (DfE) annually, which shows all the detailed assumptions underpinning the proposals for allocating budgets to schools. For Academies and Free Schools it captures the data required by the Education and Schools Funding Agency to calculate academy budgets and recoupment deductions to dedicated schools grant allocations. Table 2 below shows the Schools’ Funding Factor rates that derive from the Forum’s recommendation that the 2018/19 Barnet formula be based on option 2 – the National Funding Formula with additional protection.

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**Table 2 - Schools' Funding Factor rates (for the APT submission to the DfE)**

		2017/18 Barnet Formula		2018/19 NFF rates (Area Cost adjusted)	
Pupil Led Factors					
Description		Amount per pupil		Amount per pupil	
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary (Years R-6)	£3,325.75		£3,016.29	
	Key Stage 3 (Years 7-9)	£4,782.86		£4,241.69	
	Key Stage 4 (Years 10-11)	£4,782.86		£4,815.96	
	Description	Primary amount per pupil	Secondary amount per pupil	Primary amount per pupil	Secondary amount per pupil
2) Deprivation	FSM	Not used in 2017/18		£483.13	£483.13
	FSM6	£1,423.56	£505.00	£592.94	£861.95
	IDACI Band F	£0.00	£0.00	£219.61	£318.43
	IDACI Band E	£0.00	£0.00	£263.53	£428.23
	IDACI Band D	£0.00	£0.00	£395.29	£565.49
	IDACI Band C	£880.00	£2,189.44	£428.23	£614.90
	IDACI Band B	£2,100.00	£5,224.80	£461.17	£658.82
	IDACI Band A	£4,000.00	£9,952.00	£631.37	£889.40
3) Looked After Children (LAC)	LAC March 17	£0.00			
4) English as an Additional Language (EAL)	EAL 2 Primary	£530.00		£565.49	
	EAL 2 Secondary		£1,378.00		£1,520.77
5) Mobility	Pupils starting school outside of normal entry dates	£422.90	£618.53	£422.90	£618.53
6) Prior attainment	Low Attainment % old FSP 73	Not used in Barnet 2017/18 Formula		£1,152.93	
	Secondary low attainment (year 7)				£1,701.95
	Secondary low attainment (year 8)				
	Secondary low attainment (years 9 to 11)				

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- 7.13 The proposed funding rates for 2018/19 financial year based on the recommended option for the Barnet transitional funding formula for schools in 2018/19 (the NFF with additional protection) are shown in table 2 above, along with the current factors in the Barnet funding formula for 2017/18. Although some elements appear to indicate reduced levels of funding per pupil, the actual budgets schools received will be based on the aggregation of all the factors. The application of a 0% Minimum Funding Guarantee will mean no school will have less funding per pupil than in the current year.
- 7.14 The APT was due for submission on 19 January 2018. The CELS Committee met on 16 January and approved the submission on the basis of Option 2 from the consultation with schools on the Barnet School Funding Formula for 2018/19 – the National Funding Formula with additional protection and with the provision for a Minimum Funding Guarantee of 0%, which means that no school will receive less money per pupil in 2018/19 than they did in 2017/18, while any schools gaining from the phased introduction of the National Funding Formula will have their gains capped at +0.24% per pupil. The CELS papers can be viewed at: <http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=697&MId=8695&Ver=4>
- 7.15 In addition to the rates submitted in the APT as shown in Table 2, the authority also has to clarify the funding criteria used when allocating growth and split site funding; the criteria for these factors is as previously agreed by Schools Forum and has been submitted as described below:

### Growth:

- *Bulge classes opened at the request of the local authority - £10,000 one-off start-up grant plus £48,000 for a primary class of 30 opening in September £61,000 for a secondary class of 30 opening in September*
- *Permanent expansions approved by the local authority - £48,000 for a primary class of 30 opening in September, £61,000 for a secondary class of 30 opening in September*
- *Independent schools transferring to VA status - Allocation based on funding formula pro-rata for months open, based on previous actual pupils on roll, plus permanent expansion funding if appropriate*
- *Newly established schools for which the LA is responsible to provide start-up up funding - Start-up funding of £220,000 primary/ £300,000 secondary in LA financial year of opening.*
- *New school phases (expansions to All-through status): New phase start-up funding of £50,000 primary/ £90,000 secondary in LA financial year of opening.*
- *Diseconomies of scale funding will be available to new basic needs academies and maintained schools opening new phases until there are pupils in every year group. No diseconomies of scale funding will be available to independent schools which become maintained. Diseconomies of scale per empty year group, paid from year after opening until pupils in all year groups. Academies are paid these rates in the current financial year with a further 5/12ths payment to cover the full academic year.*

### Split site funding

*School buildings on split sites are funded as follows (excludes sports and play areas, premises used for nurseries and sixth forms only and all-through schools where each site is used solely for either primary or secondary phases):*

- *The funding rate for a school on a split site is currently £29,958 (primary) or £99,412 (secondary).*
- *All through schools receive the primary split site allocation (£29,958) if they have primary year groups on more than one site, and £19,882.40 per secondary year group (£99,412/5) located across more than one site. This is pro-rata'd for part year as schools expand.*

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- *Secondary schools on split sites also receive an allowance for staff travel between sites, depending on how far apart the two sites are. The rate is £53,492. If the buildings are very close and simply separated by a public road this rate is multiplied by 0.2. If further apart the multiplier is 1.4*

- 7.16 Appendix A shows the indicative MFG and school factors funding allocations for individual schools and the variance in funding per pupil compared with 2017/18 for each school. These may be subject to data corrections and will be verified by the DfE before final confirmation to schools. The figures do not include Post-16, early years or SEN funding.
- 7.17 For ease of comparison with the quarter 3 2017/18 budget position reported in item 6a, Appendix B is provided for Schools Forum members giving the 2018/19 draft budget income and expenditure at headline level, but also at Section 251 level showing the block to which each line item relates.
- 7.18 The schools block income for 2018/19 as shown in item 7.8 above is £248.673m. The draft 2018/19 schools block expenditure as submitted on the APT is broken down as follows:

Split site, lump sum and NNDR allocations	£16.703m
Formula funding and MFG allocations	£231.130m
Growth funding	£0.840m
<b>Total Schools Block expenditure</b>	<b>£248.673m</b>

### Recommendations:

That the Schools Forum:

- (ii) Notes the council's decision to implement the school funding formula contained in this report, in line with option 2 from the consultation on the Barnet School Funding formula – the National Funding Formula with additional protection.
- (iii) Approves the proposal for a Minimum Funding Guarantee of 0% and a gap on gains of +0.24% in per pupil funding.
- (iv) Approves the proposed allocations of High Needs budgets as set out in Appendix B and the SEN and PRU funding arrangements set out in more detail in the separate paper on High Needs funding.
- (v) Approves the proposed central expenditure on early years as set out in Appendix B (S251 line 1.3.1) subject to a further report on early years funding arrangements, once the DSG allocation is confirmed (based on the January 2018) census.
- (vi) Approves the proposed other central expenditure allocations as set out in Appendix, including the contributions to combined budgets, school admissions, servicing of schools forum, pupil growth, other items (£2.108m) and former ESG retained duties.
- (vii) Notes that the council's Policy and Resources Committee at its meeting on 13 February will be asked to approve the draft (gross) Schools budget (DSG) of £327.313m, to note the draft Post-16 budget of £5.417m and to agree that any changes to the budget reasonably required as a result of the final 2018/19 DSG and Post-16 settlement are delegated for decision to the Strategic Director - Children & Young People in consultation with the Director of Resources.