

## 7a. The Barnet Schools Budget for 2019-20

### Recommendations:

In this section, the authority is asking that Schools Forum:

- i. Notes the 2019/20 draft budget as shown in Table 1 (all voting members)
- ii. Notes and agrees the 2019/20 formula factor rates used in the APT submission (National Funding Formula rates) as shown in Table 2 (all voting members)
- iii. Agrees the Growth funding criteria as specified above (all voting members)
- iv. Agrees the Split Site criteria as specified above (all voting members)
- v. Should the authority's request for £1.000m Education Functions not be approved, we are requesting Schools Forum agreement in principle to de-delegate at a rate of £6.56 per pupil from maintained schools to establish a Schools in financial difficulties (contingency) fund.

The Schools Budget is mainly funded through the Dedicated Schools Grant (DSG). For 2019-20 this is made up of four main funding streams, also known as blocks, under the National Funding Formula (NFF) arrangements:

- Schools Block
- Early Years Block
- High Needs Block
- Central School Services Block

The Schools Block (SB) allocates funding for pupils in Reception to Year 11 in state-funded mainstream schools and academies. The Early Years block (EYB) funds early education entitlements for 2-, 3- and 4-year-olds in private, voluntary and independent settings, maintained nursery schools and school nursery classes. The funding for 2-year olds is specifically for pupils from households with low incomes. The High Needs Block (HNB) supports provision for vulnerable children and young people, mainly those with special educational needs and disabilities (SEND) from their early years to age 25, enabling both local authorities and institutions to meet their statutory duties under the [Children and Families Act 2014](#). The Department for Education (DfE) created a Central Schools Services Block (CSSB) in 2018-19, using the baseline of the schools block in 2017-18. The CSSB covers funding for historic commitments and funding for ongoing and statutory responsibilities.

The DfE announced allocations of the gross DSG to local authorities on 17 December 2018. The figures confirm the Schools Block and the Central School Services Block. However, the High Needs Block and the Early Years Block are indicative at this stage and will change during 2019.

On the same day, the Secretary of State announced the allocation of an additional £250m of High Needs funding for local authorities 'on top of existing High Needs allocations', with half to be paid in 2018-19 and the rest in 2019-20. The allocation for Barnet is £0.964m in each year for 2018-19 and 2019-20.

Taking account of this injection of additional funding, the council has withdrawn its application to the Secretary of State to approve the transfer of 0.5% of the Schools Block (about £1.260m) to the High Needs Block in 2019-20. This means in effect that there is now £1.260m more for distribution through the local school funding formula than would have been the case had the transfer to the High Needs block taken place.

The council has not yet had a response to its request that the Secretary of State approve the proposal to fund £1.000m of services, previously funded from the Education Services Grant, from the budget shares of maintained primary and secondary schools (see paragraphs above). If this request is not approved, officers will consider alternative ways of making up the budget shortfall.

The Local Authority continues to receive requests from maintained schools to support redundancy costs arising from staff restructuring to achieve cost reductions in schools. Should the authority's request for £1.000m not be approved, we are proposing to set up a contingency fund of £0.200m for maintained schools in financial difficulty.

This would require de-delegation at a rate of £6.56 per pupil from maintained schools. The school level impact of the request for £0.200m de-delegation is shown in Appendix IV. The funding will be allocated on a case by case basis where schools are investing to save on restructuring arrangements, which may include redundancies in the short term and will lead to longer term savings

Voting on this proposal is for representatives of maintained schools on the Schools Forum only.

If Schools Forum agrees this proposal and approval for £1.000m for previous ESG services (£32.79 per pupil) is agreed by the Secretary of State, the authority will not implement this de-delegation of £0.200m for schools in financial difficulties.

Appendix II shows the school level impact if approval is received from the Secretary of State for £1.00m de-delegation for Education Functions.

The indicative DSG budget for 2019-20 by block is set out in Table 1 below.

<b>Table 1 – 2018/19 DSG Allocations</b>	Schools Block	High Needs Block	Early Years Block	Central Block	Total DSG
	£m	£m	£m	£m	£m
Budget Monitoring as at September 2018	142.040	43.717	29.037	2.120	216.914
Add: Additional Funding		0.964			0.964
<b>Month 9 Monitor (Net)</b>	<b>142.040</b>	<b>44.681</b>	<b>29.037</b>	<b>2.120</b>	<b>217.878</b>
Add: Academy Funding	106.633				106.633
Add: Funding for places at Academies		4.492			4.492
<b>2018-19 Gross DSG as at December 2018</b>	<b>248.673</b>	<b>49.173</b>	<b>29.037</b>	<b>2.120</b>	<b>329.003</b>

<b>Table 1a –2019/20 Indicative Schools Budget</b>	Schools Block	High Needs Block	Early Years Block	Central Block	Total DSG
	£m	£m	£m	£m	£m
<b>Movement from 2018-19</b>					
*Growth Fund, premises and NNDR allocation	4.572				4.572
Pupil growth	0.945	0.803	0.014	0.057	1.820
Add: Additional Funding		0.964			0.964
<b>2019-20 Gross DSG Block as announced</b>	<b>254.190</b>	<b>49.977</b>	<b>29.051</b>	<b>2.177</b>	<b>335.395</b>
Less: Academy Funding (Recoupment - confirmed in March 2019)	(110.614)				(110.614)
Less: Funding for HN places at Academies		(4.771)			(4.771)
<b>2019-20 Net DSG Income</b>	<b>143.576</b>	<b>45.206</b>	<b>29.051</b>	<b>2.177</b>	<b>220.210</b>

\*Note: For the first time in 2019-20, the DfE has used a formula approach to calculate the Growth Fund rather than historic budgets. As a result of this change, the Growth Fund allocation for 2019-20 is £1.722m; this is to cover one-off costs of setting up new schools and diseconomy funding, expanding existing schools and in-year and ongoing temporary 'bulge' classes. The cost of additional pupils in new and growing schools in 2019-20 exceeds £1m (mainly Saracens High and Ark Pioneer Academies). The formula funding allocations to all schools, through the Authority Proforma Tool (APT), is £252.642m after deduction of the Growth Fund.

The allocation for the Schools Block is based on October 2018 school census data. A minimum Funding Guarantee of 0% means that no Primary or Secondary school will receive less money per pupil through the formula in 2019-20 than it did in 2018-19. For maintained schools this is the case before any additional charges to their budgets, as a result of increased de-delegation or for services previously funded from the Education Services Grant. To ensure this level of MFG protection is affordable, it is proposed to set a cap on gains at 0.5% per pupil for any schools gaining from the National Funding Formula.

### **Allocations by block**

**Schools Block** - The 2019-20 SB Income is based on the following rates:

- £4,403.00 Primary unit of funding based on 30,051 primary pupils (October 2018 census)
- £5,713.32 Secondary unit of funding based on 20,532 secondary pupils (October 2018 census)
- £4.572m of funding for Pupil Growth, Premises and Mobility - historic spend/ not Area Cost Adjustment (ACA) adjusted.
- TOTAL = £254.190m

**High Needs Block** - The provisional HNB income for Barnet has been calculated as follows:

- £45.473m - Actual High Needs NFF allocation
- £3.050m - based on a £4,446.45 per pupil Area Cost Adjustment (ACA) weighted base rate \* 686 (pupils in special schools/ academies based on the October 2018 census)
- £0.489m - Import/export adjustment £6,000 \* 81.5 (net imported) pupils
- £0.964m – Additional High Needs Funding
- TOTAL = £49.977m

This represents a minimum 1.0 % increase per head of 2-18 population on baseline funding in 2017-18. The final import/ export adjustment (81.5 net imported pupils in Barnet) data will be amended based on January 2019 school and FE providers' HN pupil census data.

**Early Years Block** – The EYB is estimated using early years numbers taken from the Early Years and Schools census in January 2018. An update to the 2018-19 EYB allocation will be made once the January 2019 Early Years and Schools census numbers are finalised. The requirement Proposed funding rates for 2019-20 remain at £5.17 base rate per hour, £1.53 IDACI rate, giving a notional overall rate of £5.44 per hour per provider.

**Central School Services Block** – The provisional 2019-20 CSSB for Barnet includes the following:

- £1.713m – allocation for ongoing responsibilities (includes retained duties, admissions, licensing and schools forum administration)
- £0.464m – Historic commitments allocation
- TOTAL = £2.177m

**APT submission to the DfE** - The council is required to submit a completed Authority Proforma Tool (APT) to the DfE annually, which shows all the detailed calculations and 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 (ESFA) to calculate academy budgets and recoupment deductions to the gross DSG. Table 2 below shows the Schools' Funding Factor rates that derive from the decision taken last year to phase in the National Funding Formula rather than moving directly to it in 2018-19 and 2019-20.

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

		2018-19 Barnet Formula		2019-20 NFF rates (Area Cost adjusted)	
<b><u>Pupil Led Factors</u></b>					
Description		Amount per pupil		Amount per pupil	
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary (Years R-6)	£3,016.29		£3,016.29	
	Key Stage 3 (Years 7-9)	£4,241.69		£4,241.69	
	Key Stage 4 (Years 10-11)	£4,815.96		£4,815.96	
	Description	Primary amount per pupil	Secondary amount per pupil	Primary amount per pupil	Secondary amount per pupil
2) Deprivation	FSM	£483.13	£483.13	£483.13	£483.13
	FSM6	£592.94	£861.95	£592.94	£861.95
	IDACI Band F	£219.61	£318.43	£219.61	£318.43
	IDACI Band E	£263.53	£428.23	£263.53	£428.23
	IDACI Band D	£395.29	£565.49	£395.29	£565.49
	IDACI Band C	£428.23	£614.90	£428.23	£614.90
	IDACI Band B	£461.17	£658.82	£461.17	£658.82
	IDACI Band A	£631.37	£889.40	£631.37	£889.40
3) Looked After Children (LAC)	LAC March 17	Not a Factor under NFF		Not a factor under NFF	
4) English as an Additional Language (EAL)	EAL 2 Primary	£565.49		£565.49	
	EAL 2 Secondary		£1,520.77		£1,520.77
5) Mobility	Pupils starting school outside of normal entry dates	£422.90	£618.53	£444.74	£648.90
6) Prior attainment	Low Attainment % old FSP 73	£1,152.93		£1,122.19	
	Secondary low attainment (year 7 - 9)		£1,701.95		£1,701.95
	Secondary low attainment (years 10 to 11)				

The proposed funding rates for 2019-20 financial year are shown in table 2 above, along with the current factors in the Barnet funding formula for 2018-19. 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 primary or secondary school will have less funding per pupil than in the current year on pupil led factors. Indicative Funding allocations for schools in 2019-20 are shown in Appendices I - IV

The APT is due for submission on 21 January 2019. The main purpose of this tool is:

- to allow local authorities to model different options for their 2019 to 2020 schools block funding formulae and at the same time act as the proforma which local authorities will submit in January 2019; it is also the mechanism by which we provide the schools block dataset to local authorities
- to capture all the data required by Education and Skills Funding Agency (ESFA) to calculate academy budgets, including information on the number of occupied high needs places at special units and resourced provision in mainstream academies to determine the place funding rate
- to enable ESFA to check that the formula has been applied reasonably and in compliance with regulations and conditions of grant, and that central budgets are being allocated in line with regulations
- to enable ESFA to check that at least 99.5% of funding allocated through the schools block element of the DSG is passed through the funding formula set by the local authority, or allocated to the growth fund or falling rolls fund.
- to collect data on maintained schools' schools block budgets for publication
- to use the notional allocations for academies for recoupment purposes; recoupment will continue to take place on the basis of the budget, including the minimum funding guarantee, that the academy would have received as a maintained school
- to give ESFA information about which academies and future converters are judged by the local authority as meeting the criteria to qualify for exceptional factors or MFG exclusions so that these can be taken into account in their funding allocations

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 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*
- *Temporary accommodation costs incurred as a direct result of LA approved expansions*

- *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 increased by part year fractions as schools expand across sites.*
- *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*

The schools block income for 2019-20 as shown in paragraph 1.34 above is £254.190m. The draft 2019-20 schools block expenditure as submitted on the APT is broken down as follows:

Split site, lump sum and NNDR allocations	£17.093m
Formula funding and MFG allocations	£235.550m
Growth funding	£1.547m
<b>Total Schools Block expenditure</b>	<b>£254.190m</b>

The appendices show the indicative MFG and school factors funding allocations for individual schools and the variance in funding per pupil compared with 2018-19 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.

Appendices I – IV show the modelling options as described below:

- Appendix I. School level baseline calculations and the MFG protection proposed for 2019/20.
- Appendix II. School level funding if the Secretary of State approves the proposal to fund £1.000m of services, previously funded from the Education Services Grant.
- Appendix III. School level funding based on existing de-delegation, as agreed.
- Appendix IV. School level funding if Schools Forum agree the proposal for a £0.200m Schools in financial difficulties fund.

### **Recommendations:**

We are asking that Schools Forum

- i. Notes the 2019/20 draft budget as shown in Table 1 (all voting members)
- ii. Notes and agrees the 2019/20 formula factor rates used in the APT submission (National Funding Formula rates) as shown in Table 2 (all voting members)
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