|  |
| --- |
| **AGENDA ITEM 03** |

**Title of report: Schools Block Strategy 2019-20**

**Author of the paper: Steve Worth / Sailesh Patel**

**Officer to present the paper to Schools Forum: Steve Worth**

**Details on who has been consulted with on this paper to date:**

|  |
| --- |
| **Executive Summary.**  The report sets out the proposed use of the Schools Block of the Dedicated Schools Grant for 2019-20 and covers:   1. The outcome of the consultation with schools on the proposed schools funding formula for 2019-20. 2. The proposed transfer of £0.9m from the Schools Block to the High Needs Block. 3. Changes to the Growth Fund for 2019-20. 4. The proposals for de-delegation of:    1. Delegated funding.    2. Former Education Services Grant (ESG) general duties elements. |

|  |
| --- |
| **Recommendations.**  Forum is asked to:   1. Note the response to consultation and the intention to proceed with Model 3, subject to further consultation with Forum in January. 2. Note the proposal to transfer £0.9m to the High Needs Block for 2019-20 only. 3. Note the changes to the Growth Fund methodology for 2019-20. 4. Note the de-delegation proposals set out in Table 3 and Section4. |

**Report.**

1. **Tower Hamlets Schools Funding Formula 2019-20**
   1. The report ‘School Funding Formula’ presented to Forum at its meeting of 18th October 2018 set out the background to the National schools Funding Formula (NFF) and options for the local funding formula for 2019-20. Following that meeting schools were consulted on the options with Option 3 being the one recommended by the Authority.
   2. The recommended option, Option 3, implemented the factors and values of the NFF. As the funding available to Tower Hamlets in 2019-20 will be significantly higher than the NFF the balance was allocated to schools through the Minimum Funding Guarantee (MFG), which in the model had a positive value of 0.42%, allowing all schools to gain compared with 2018-19. The position for individual schools is set out in Appendix 2. Please note that the allocations are indicative based on October 2017 pupil numbers and will be revised to take account of the October 2018 census and final Dedicated Schools Grant (DSG) allocations.
   3. The consultation with schools ran from 19 October to 12 November. A total of 10 schools responded all supporting Option 3. No comments other than in support of the option were received.
   4. Based on the outcome of the consultation the Authority plans to proceed with implementing Option 3 subject to further consultation with the Forum in January.
2. **Transfers from the Schools Block.**
   1. The report to the last Forum also sets out the background to a £0.92m reduction in charges in National Non-Domestic Rates (NNDR) in 2019-20 that will feed through to a reduction in the DSG in 2020-21. Because of the one-off nature of this saving the ‘School Funding Formula’ report proposed that it was transferred to the High Needs Block (HNB) to help relieve the pressure faced by that block.
   2. A transfer of £0.92m represents 0.35% of the Schools Block; this is within the 0.5% transfer tolerance allowed by the School and Early Years Finance Regulations.
   3. Regulations[[1]](#footnote-1) require that before Forum makes a final decision on this the Authority must consult with schools. Schools Forum is asked to note this proposal and that a final decision will be required in January once schools have been consulted.
3. **Retained Growth Fund.**
   1. The only centrally retained items allowed within the Schools Block are the contingencies for the Growth Fund and Falling Rolls Fund. The latter is to protect schools rated outstanding or good that face a temporary fall in pupil numbers. Tower Hamlets did not have a Falling Rolls Fund in 2018-19 and is not proposing to create one for 2019-20.
   2. The Growth Fund in 2018-19 was £2.47m. The criteria for allocation have been agreed by Forum and are set out in **Appendix 2**.

* 1. For 2019-20 the DfE will introduce a nationally determined growth fund based on lagged pupil number growth. For each pupil the LA will be allocated £1,370 per primary and £2,050 per secondary pupil. We have not been given an estimate of the fund by the DfE, but modelling suggests that this method will not provide sufficient funding for pupil growth.
  2. The allocation within the NFF will be announced in mid-December and the implications of this will be assessed and a recommendation of the sum to be retained will be brought to Forum in January

1. **De-Delegation of Delegated Funding.** 
   1. Regulations require the delegation to schools and academies of specified DSG funded services formerly retained by Local Authorities (LAs). A LA wishing to continue to provide one of these services centrally can request Forum to de-delegate the funding for that service. De-delegation is restricted to maintained primary and secondary schools and representatives of each phase vote separately on the issue each year.
   2. The services Tower Hamlets wishes to retain are:
      1. Contingency for Schools in financial difficulty. This covers changes in formula allocation, or changes in other costs covering, rents, NNDR and legal.
      2. FSM Eligibility. This is a checking service provided by the welfare and benefit teams.
      3. Licences that are not covered by the national ESFA Scheme, such as British Pathé.
      4. Trade Union Facilities. This fund the salaries of officials of the various unions representing staff in maintained schools, see Appendix 3.
      5. Behaviour Support and Anti-Bullying. This funds the high incidence support team’s work with maintained schools.
   3. The amounts de-delegated in 2018/19 are set out in Table 3. It is proposed that the same amounts per pupil are retained for 2019-20. De- delegation is not an option for Nursery Schools, Special Schools, PRUs or Academies.

**Table 3: Proposed De-Delegation of Delegated Funding.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Component** | **£/Pupil Pri** | **£/Pupil Sec** | **Pri** | **Sec** | **Total** |
| Pupil Numbers – October 2017 |  |  | 20,240 | 10,357 | 30,597 |
|  |  |  | £000 | £000 | £000 |
| Contingencies (not growth). | 14.93 | 14.93 | 302 | 155 | 457 |
| Free school meal eligibility | 3.86 | 3.86 | 78 | 40 | 118 |
| Licences/subscriptions | 0.80 | 0.80 | 16 | 8 | 24 |
| Trade Union Facilities | 6.00 | 6.00 | 121 | 62 | 184 |
| Behaviour Support /anti-bullying. | 2.84 | 4.44 | 57 | 46 | 103 |
| **Total** | 28.43 | 30.03 | 575 | 311 | 886 |

* 1. The representatives of primary and secondary maintained schools are asked to note the proposals that will be recommended for agreement at the January meeting.

1. **De-Delegation of Former Education Services Grant (ESG) General Duties.**
   1. Various education services that were not directly pupil related were funded through the ESG. In 2016-17 the ESG had been £3.739m but the grant was phased out in 2017-18. Some of it, for duties that cover both maintained schools and academies, was transferred into the Central School Services Block (CSSB) of the DSG. The amount transferred was £0.63m and for 2018-19 Forum agreed that it could be retained centrally. A request to do so again is dealt with in the separate report on the CSSB.
   2. This still left a funding gap of £3.1m and LAs were allowed to seek forum’s permission for further de-delegation from maintained schools for services the LA provided for them. These services are set out in Appendix 4.
   3. The Regulations expect contributions to come from all maintained schools, except nursery schools, and allow for differentials between mainstream schools, special schools and PRUs.
   4. For 2018-19, Forum agreed the Authority’s request to de-delegate £0.841m from mainstream schools but no request was made in respect of special schools and the PRU. Given the considerable loss in funding entailed in the ending of the ESG the Authority is seeking to retain the same amount from mainstream schools but also to de-delegate from special school and PRU budgets.
   5. The proposed de-delegation in mainstream schools is £27.50 per-pupil, as in 2018-19. Special schools and PRUs are funded differently to mainstream schools and Guidance[[2]](#footnote-2) sets out differentials of up to 4.25. The Authority is proposing a lower differential of 3.0 for special schools and the PRU giving a deduction of £80, deductible from the £10,000 place funding.
   6. The proposed de-delegated and centrally retained contributions still cover only 41% of the former grant. The current budgets for former ESG services and the proposed contributions are set out in Table 4.

**Table 4: Former ESG Budgets and Proposed CSSB and De-Delegated Contributions.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Category | Total | CSSB | De-delegated | General Fund |
|  | £000 | £000 | £000 | £000 |
| Statutory and regulatory Duties | 1,553 | 358 | 303 | 892 |
| School Improvement | 366 | 0 |  | 366 |
| Education Welfare | 1,243 | 229 | 207 | 807 |
| Asset Management | 419 | 43 | 39 | 337 |
| Central Support services | 480 |  | 106 | 374 |
| Redundancy & Early Retirement | 1,481 | 0 | 245 | 1,236 |
| Total | 5,542 | 630 | 901 | 4,011 |

* 1. Maintained school representatives are asked to note the proposals to de-delegate £27.50 per pupil in mainstream schools and £80 per special school and PRU place. The proposals will be recommended for agreement at the January meeting.

**Appendix 2: Criteria for Schools Accessing Pupil Growth Contingency**

The criteria that will be used and applied to allocate funding to schools under Tower Hamlets Council, Education, Social Care & Wellbeing Growth Policy.

In particular funding will be allocated on four criteria.

a) Where there are planned permanent expansions (i.e. the school’s admission and the building capacity has been permanently increased specifically to meet additional pupil number growth) the contingency fund will meet the cost of any additional pupils on the October or January census date, compared to the previous admission number for that year group. For instance, a school that already started to move from 2 forms of entry (60 places) to 3 forms of entry (90 places), may have actual pupil numbers in Year 2 of 85, in the first year that the expansion affects Year 2. If there were 85 pupils on the October census, the school would get ((85-60) x AWPU x 7/12) or 3/12 for a January start. A minimum 20 pupils per class (or 10 for ½ a form entry) is calculated to ensure both staffing and teaching resources are covered for this provision i.e. a class of 30 pupils that has only 19 pupils at the October or January census date would be entitled to 20 x 7/12ths x AWPU rate. These arrangements apply for only the first year that any new admission places for a year-group are offered.

b) Where there is only a temporary one-off expansion in a single year group (bulge class), the maintained school or Academy will receive an extra £200 per pupil towards the cost of additional resources over and above the AWPU. These arrangements apply for only the year of opening of the class.

c) Where planned expansion of the maintained school or Academy is by at least 2 forms of entry, the Local Authority will provide additional Leadership and Management funding worth £40,000 per year over the first three financial years in recognition of the increase in management costs associated with significant expansion. (Year 1 of this funding is the school year before opening if that is agreed by the school and LA – i.e. to reflect the planning ahead requirement for the change).

d) Permanent expansions are generally implemented over time by admitting the additional pupils at Reception or Year 7 only until the additional capacity fills. Where a school has specific facilities management or ICT contract arrangements which provide services as though an expanding school were full, the contingency fund will provide proportionate support for individual schools on the basis of the year groups which are operating below full capacity. For instance, a four form of entry school offering 5 year groups is expanding to a five form of entry school. Before the expansion, there were 600 places available in total and, after the expansion there will be 750 places in total. In the first year after the expansion, however, there will be (150 x 4 + 30) = 630 places with 120 unfilled places. The contingency fund would pay for 120/750ths of the annual cost of those contracts.

**Appendix 4 Former Education Services Grant –Attachment**

1. School and Early Years Finance Regulations. [↑](#footnote-ref-1)
2. Schools revenue funding 2019 to 2020

   Operational guide [↑](#footnote-ref-2)