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 c/o Governor Services  
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## SCHOOLS FORUM

|                        |   |
|------------------------|---|
| <b>MEETING DATE</b>    | <b>29 November 2018</b>   |
| <b>AGENDA ITEM 6</b>   | <b>2019-20 DSG Funding Allocations</b>  |
| <b>RECOMMENDATIONS</b> | <p>That Schools Forum:</p> <p><b>a. Note the estimated 2019-20 DSG funding allocations in the Schools, Central School Services and the High Needs Block</b></p> |

### 1. Summary

- 1.1. This report provides a summary of the 2019-20 DSG allocations across all funding blocks.
- 1.2. On 27<sup>th</sup> July 2018, the DfE published illustrative funding allocations for local authorities against each of the Schools (SB), Central School Services (CSSB) and High Needs (HNB) Blocks and these, including a comparison to 2018-19, can be seen in appendix A.
- 1.3. The Early Years Block will be updated following the January 2019 census and so for the purpose of this report, the funding allocations for 2019-20 remain equal to that of 2018-19.
- 1.4. These published figures are the second year of the transitional arrangements in a move towards a 'hard' National Funding Formula and any changes in funding are reflective of the proposed arrangements.
- 1.5. At the same time as the illustrative figures, the operational guidance for 2019-20 was also released. Within the document, the DfE confirmed that, in order to continue to support a smooth transition, local authorities will continue to operate a 'soft funding formula', in consultation with the schools, for an additional year in 2020-21. This would mean the 'hard' NFF would not come in to full operation until at least 2021-22.

### 2. 2019-20 DSG Estimated Allocations

- 2.1. The calculation of actual funding Islington will receive in 2019-20 will be derived by using both the PUFs and SUFs multiplied by the number of pupils included in the October 2018 census returns. The Education Skills and Funding Agency (ESFA) have not amended the 18-19 unit values to reflect changes in pupil characteristics but it is expected that the PUFs / SUFs are at a sufficient level to cope with minimal changes to the characteristics of pupils within a school. In addition to the funding derived from pupil numbers, Islington will also receive circa £4.6m which relates to the historical spend on the premises factors, plus mobility.
- 2.2. The below table provides a summary of the funding changes and comparisons in the individual blocks. Final DSG allocations will be announced in December, following the October 2018 census.

|  | 2019-20        | 2018-19        | Change        |
|--|----------------|----------------|---------------|
|  | £m             | £m             | £m            |
| Schools Block                          | 130.343        | 131.175        | (0.83)        |
| Central Block – Formula                | 0.982          | 1.007          | (0.02)        |
| Central Block - Historical             | 0.824          | 0.824          | -             |
| <b>Total Schools and Central Block</b> | <b>132.149</b> | <b>133.006</b> | <b>(0.86)</b> |
| High Needs Block                       | 26.061         | 25.483         | 0.58          |
| Early Years Block                      | 20.067         | 20.067         | -             |
| <b>Total DSG before recoupment</b>     | <b>178.277</b> | <b>178.556</b> | <b>(0.28)</b> |
| Academy Recoupment                     | -29.789        | -29.789        | -             |
| <b>Total DSG after recoupment</b>      | <b>148.488</b> | <b>148.767</b> | <b>(0.28)</b> |

## Schools Block

- 2.3. In calculating Islington's SUF for 2018-19, the ESFA made an incorrect assumption about pupil numbers which led to an inflated unit of funding and a windfall to the Schools Block. This ESFA error came to light at the point the illustrative figures were published. The 2019-20 SUF has been calculated using correct pupil numbers but is £167.83 / secondary pupil lower than last year and, at the point of consulting with schools, there was a potential reduction in funding of £1.2m in the School Block compared to 2018-19.
- 2.4. However, continuous dialogue with the ESFA and, ultimately, a meeting with the DfE, has resulted in a one-off cash payment in 2019-20 to mitigate the loss.
- 2.5. The DfE recognised that the treatment of a closing / opening school and the method in which the pupil funding was calculated was flawed. The DfE have agreed to maintain the 2018-19 SUF value but the difference in funding (£167.83) will be multiplied by the October 2018 secondary pupil numbers and will be paid as a one-off payment through the growth fund.
- 2.6. The DfE are unable to commit any additional funding beyond 2019-20 whilst the Spending Review is pending.
- 2.7. Recommendations on the treatment of the 2019-20 cash increase are discussed in the 2019-20 Schools Consultation paper.

## Central School Services Block

- 2.8. The CSSB replaced the previous Education Services Grant and is funded in two parts. The first is for ongoing responsibilities such as Admissions and the second is for historic commitments previously agreed with Schools Forum.
- 2.9. For 2019-20 the funding for ongoing responsibilities is to remain broadly in line with 2018-19 and will be subject to a pupil-led formula model consisting of a base-rate and deprivation factor. The DfE amalgamates the total ongoing responsibilities pot, nationally, and then reapportions based on the two factors.
- 2.10. Islington sees a small decrease in the ongoing responsibilities pot; £25k
- 2.11. For the historic commitments funding, there is no anticipated change for 2019-20 although the DfE expects to see funding reduce over time as contracts and other commitments reach their end points.
- 2.12. From 2020 to 2021, the DfE will start to reduce the historic commitments element of the CSSB where local authorities' expenditure has not reduced.

## High Needs Block

2.13. Funding for the HNB is calculated using the following:

- £4,000 / pupil in special schools adjusted for ACA
- 50% based on historical spend
- 25% based on population
- 25% based on a range of deprivation factors
- Additional funding for LAs providing hospital education and
- Adjustments for Imports / Exports
- *Detailed calculations for the HNB can be seen in Appendix B*

2.14. For 2019 to 2020, the funding formula includes a funding floor that provides a minimum 1.0% increase to the amount of its DSG that it planned to spend on high needs in 2017 to 2018 on a per head of population basis. This will apply to every local authority that is not receiving more than that level of increase under the rest of the formula.

2.15. Furthermore, the gains cap will increase to 6.09% compared to 2017 to 2018 baselines.

2.16. Islington is set to receive an estimated £578k net increase to the High Needs Block. Recommendations on how this funding will support increasing pressures will be discussed in the Schools Funding Consultation paper.

## Contact

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Appendix A – 2019-20 DSG Estimations compared to 2018-19 DSG funding (Nov 18)

|  | 2019-20 Estimate<br>(16/11/18) |               |                    | 2018-19 Current DSG<br>(16/11/18) |               |                    | Change       |               |                  | Change           |
|--|--------------------------------|---------------|--------------------|-----------------------------------|---------------|--------------------|--------------|---------------|------------------|------------------|
|  | Pupil<br>Nos                   | Unit<br>value | DSG<br>Funding     | Pupil<br>Nos                      | Unit<br>value | DSG<br>Funding     | Pupil<br>Nos | Unit<br>value | DSG<br>Funding   |                  |
| <b>Schools Block:</b>                    |                                |               | £                  |                                   |               | £                  |              |               | £                | £                |
| Primary Pupils                           | 13,602                         | 5,250.48      | 71,417,029         | 13,784                            | 5,235.12      | 72,160,894         | -182         | 15.36         | - 743,865        | - 743,865        |
| Secondary Pupils                         | 7,452                          | 6,962.29      | 51,882,985         | 7,410                             | 7,130.11      | 52,834,115         | 42           | -167.82       | - 951,130        | - 951,130        |
| Growth                                   |                                |               | 783,554            |                                   |               | 1,170,903          |              |               | - 387,348        | - 387,348        |
| One-off Cash Payment relating to SUF     | 7,452                          | 167.82        | 1,250,595          |                                   |               | 0                  |              |               | 1,250,595        | 1,250,595        |
| Premises                                 |                                |               | 4,995,596          |                                   |               | 4,995,596          |              |               | -                | -                |
| Mobility                                 |                                |               | 13,456             |                                   |               | 13,456             |              |               | -                | -                |
| <b>Total Schools Block</b>               | <b>28,506</b>                  | <b>4,572</b>  | <b>130,343,216</b> | <b>21,194</b>                     | <b>6,189</b>  | <b>131,174,965</b> | <b>-140</b>  | <b>5,941</b>  | <b>- 831,749</b> | <b>- 831,749</b> |
| <b>Central School Services Block:</b>    |                                |               |                    |                                   |               |                    |              |               |                  |                  |
| Ongoing Duties                           | 21,054                         | 46.63         | 981,748            | 21,194                            | 47.53         | 1,007,351          | -140         | -0.90         | - 25,603         | - 25,603         |
| Historic Commitments                     |                                | 38.88         | 824,000            |                                   | 38.88         | 824,000            |              | 38.88         | -                | -                |
| <b>Total CSSB</b>                        |                                | <b>85.77</b>  | <b>1,805,748</b>   |                                   | <b>86.41</b>  | <b>1,831,351</b>   |              |               | <b>- 25,603</b>  | <b>- 25,603</b>  |
| <b>Total School &amp; Central Blocks</b> | <b>28,506</b>                  | <b>4,636</b>  | <b>132,148,964</b> | <b>21,194</b>                     | <b>6,276</b>  | <b>133,006,315</b> | <b>7,312</b> | <b>-1,640</b> | <b>- 857,352</b> | <b>- 857,352</b> |
| <b>High Needs Block:</b>                 |                                |               |                    |                                   |               |                    |              |               |                  |                  |
| High Needs Block                         |                                |               | 28,321,375         |                                   |               | 27,743,617         |              |               | 577,758          | 577,758          |
| EFA Funded places                        |                                |               | - 2,260,167        |                                   |               | - 2,260,167        |              |               | -                | -                |
| <b>Total High Needs Block</b>            |                                |               | <b>26,061,208</b>  |                                   |               | <b>25,483,450</b>  |              |               | <b>577,758</b>   | <b>577,758</b>   |
| <b>Early Years Block:</b>                | <b>PTE</b>                     | <b>£/hour</b> |                    | <b>PTE</b>                        | <b>£/hour</b> |                    | <b>PTE</b>   | <b>£/hour</b> |                  |                  |
| 3&4 Year Old                             | 2,980.17                       | 7.83          | 13,300,797         | 2,980.17                          | 7.83          | 13,300,797         | -            | -             | -                | -                |
| 3&4 Year Extended                        | 834.75                         | 7.83          | 3,725,573          | 834.75                            | 7.83          | 3,725,573          | -            | -             | -                | -                |
| 2 Year Old                               | 671.93                         | 6.50          | 2,489,501          | 671.93                            | 6.50          | 2,489,501          | -            | -             | -                | -                |
| EYPPG                                    | 548.33                         |               | 162,933            | 548.33                            |               | 162,933            | -            |               | -                | -                |
| MNS                                      |                                |               | 328,723            |                                   |               | 328,723            |              |               | -                | -                |
| DAF                                      |                                |               | 59,655             |                                   |               | 59,655             |              |               | -                | -                |
| <b>Total Early Years Block</b>           |                                |               | <b>20,067,181</b>  |                                   |               | <b>20,067,181</b>  |              |               | <b>-</b>         | <b>-</b>         |
| <b>Total DSG before Recoupment</b>       |                                |               | <b>178,277,353</b> |                                   |               | <b>178,556,946</b> |              |               | <b>- 279,594</b> | <b>- 279,594</b> |
| <b>Academy Recoupment:</b>               |                                |               |                    |                                   |               |                    |              |               |                  |                  |
| Schools Block                            |                                |               | - 29,789,140       |                                   |               | - 29,789,140       |              |               | -                | -                |
| <b>Total DSG after Recoupment</b>        |                                |               | <b>148,488,213</b> |                                   |               | <b>148,767,806</b> |              |               | <b>- 279,594</b> | <b>- 279,594</b> |

**Appendix B – High Needs Block calculations**

| Provisional NFF high needs funding in 2019-20       |  |  |   |                                  |   |                                |  |   |
|---|--|--|---|----------------------------------|---|--------------------------------|--|---|
| LA name<br>(alphabetical<br>order within<br>region) | High needs NFF<br>2019-20<br>allocations,<br>excluding basic<br>entitlement<br>factor,<br>import/export<br>adjustments and<br>hospital<br>education<br>funding | High needs NFF basic entitlement factor provisional<br>allocations for 2019-20 |   |                                  | High needs NNF provisional<br>import/export adjustments 2019-20   |                                | Hospital education funding   | High needs NFF<br>provisional<br>allocations for<br>2019-20 |
|   |  | Number of pupils<br>in special<br>schools/academies<br>*                       | ACA-weighted basic<br>entitlement unit rate<br>(£4,000 per pupil) | Basic<br>entitlement<br>factor * | Net number of<br>imported<br>pupils/students<br>(based on January<br>2018 school census<br>and February R06<br>2017/18 ILR)* (from<br>[j] in 'Import Export<br>Adjustments Data') * | Import/export<br>adjustments * | 2017-18 Hospital<br>education spending with<br>uplift (from column [c] in<br>'HospitalEducationFunding<br>Baselines') ** |   |
|   | [a]  | [b] *  | [c]   | [d] = [b] x [c] *                | [e]*  | [f] = [e] x<br>£6,000*         | [g] **   | [h]=[a]+[d]+[f]+[g]   |
| Islington   | £26,716,757  | 383  | £4,823  | £1,844,618                       | -40   | -£240,000                      | £0   | £28,321,375   |