

The ESFA released its operational guidance for the 2018/19 schools revenue funding arrangements in August. A summary of the changes from the 2017/18 arrangements are as follows:

Key summary of Operational Guidance for 2018/19

- (i) The central school services block (CSSB) has been created.** This will comprise funding for ongoing responsibilities and a cash sum for historic commitments. **The DSG therefore now comprises four blocks: schools, high needs, early years and the new central school services block.**
- (ii) Each of the four blocks of the DSG will be determined by a separate national funding formula.** National funding formulae will determine local authorities' schools, high needs and central school services¹ blocks for the first time in 2018 to 2019. Funding for early years has been allocated through a national funding formula since 2017 to 2018.
- (iii) Baselines have been adjusted to take account of local authorities' most recent spending patterns.** DfE have undertaken an exercise with local authorities to 're-baseline' the blocks of the DSG for each local authority. This enables the Department to ensure that the national spend on each block in 2018 to 2019 (the totals distributed through the schools, high needs and central school services formulae) reflects the pattern of 2017 to 2018 planned spending by local authorities within their overall DSG allocation, and that local authorities are protected against what they planned to spend in 2017 to 2018 on each block.
- (iv) Within the schools block, the Government will provide for at least a 0.5% per pupil increase for each school in 2018 to 2019 through the national funding formula.** Local authorities' schools block allocations will be calculated by aggregating schools' notional allocations under the national funding formula, and these notional allocations will reflect these increases. Schools block allocations will be expressed as separate per pupil primary and secondary rates for each local authority. They will also include funding at local authority level for premises, mobility and growth, based on historic spend.
- (v) The formula will provide local authorities with per pupil funding of at least £4,800 for all secondary schools that have pupils in years 10 and 11 by 2019/20.** A new factor will be allowed in local authority formulae so they can set a transitional amount of per pupil funding in 2018 to 2019, as a step towards £4,800 in 2019 to 2020.

¹ For the ongoing responsibilities element of the block only.

- (vi) **Within the high needs block, the Government will provide for at least a 0.5% overall increase in 2018 to 2019 through the high needs national funding formula.** The high needs block will be protected against 2017 to 2018 baselines, subject to some adjustments..
- (vii) **The minimum funding guarantee (MFG) for schools will continue, but local authorities will have the flexibility to set a local MFG between 0% and minus 1.5% per pupil.** In past years, the MFG has been set at minus 1.5% per pupil. In 2018 to 2019, we're introducing flexibility for local authorities to set a local MFG between 0% and minus 1.5% per pupil. Local authorities can use the flexibility to offer higher levels of protection locally.
- (viii) **The schools block will be ring-fenced from 2018 to 2019, but local authorities will be able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum.** Local authorities will be expected to demonstrate to their schools forum that they have consulted locally with all maintained schools and academies when seeking agreement to transfer any funding out of the schools block. There will be an exceptions process, which will require Secretary of State approval, for considering transfers above the 0.5% limit and/or where the schools forum is opposed to the transfer. Whilst the other blocks are not subject to limits on transfers, local authorities will be strongly encouraged to consult their schools and agree with their schools forum any other proposal to move funding between blocks.

Specific changes to the factors used in the calculation of schools individual budgets:

- (i) local authorities can now use both current free school meals and "ever 6" free school meals measures within their deprivation factors (previously they have been able to use one of these measures, but not both).
- (ii) Pupil Premium Plus rates will increase for 2018 to 2019 rather than including a looked-after children factor in the national funding formula. Local authorities will want to consider whether they reflect this in their local formulae.
- (iii) there will no longer be a deduction to schools block pupil numbers for high needs places in mainstream schools. Instead, the school's budget share (or the equivalent academy funding) will be determined on the basis of the total number of pupils on the roll of the school, including those in the special unit or resourced provision. An adjustment has been made between the high needs block and schools block for each local authority to reflect this change. The balance of funding for this kind of special provision will come from the place funding decided in accordance with the local authority's commissioning decisions, and the

top-up funding for individual pupils. The place funding will be £6,000 per place where the place is occupied by pupils in years reception to 11 on the roll of the school at the time of the October school census return. Places not filled by such pupils will still be funded at £10,000.

Full details of the ESFA 2018/19 operational guidance is available by following this link [click here](#).

In North Tyneside we have always undertaken a wide consultation with schools and other stakeholders in the borough. The timeline for submitting the 2018/19 APT remains unchanged from 2017/18 and is due in January. It is proposed that we continue with the initial consultation stages following the release of Phase 2 consultation response, due late September early October. The time frame for consulting with schools would be determined when Phase 2 consultation response is released.

Last year a sub group met to consider the responses of the consultation and undertake any financial modelling dates, dates for future meetings will be arranged following the release of Phase 2 consultation.

The table below sets out some of the key dates and the recommended approach to considering the funding formula for 2018/19:

Date	Activity
13 September	Schools Forum consider this report
September / October	DfE Phase two consultation response released
September / October	ESFA issue allocation for schools, central school services and high needs block
October / November	Local consultation documents issued to stakeholders
November	Deadline for consultation responses
November	Sub-group convenes and discusses findings – financial modelling undertaken as required
Autumn 2017	High Needs funding guide for 2018/19 issued
15 November	Schools Forum considers sub-group findings
13 December	Schools Forum considers further work (if required)
Mid-December	ESFA issues APT populated with pupil data and factors DSG blocks (schools and high needs) issued
10 January	Schools Forum formally considers funding arrangements, including agreeing block transfers, centrally retained items and de-delegated items
19 January	Deadline for submission of final APT to ESFA
28 February	Deadline for confirmation of schools budget shares to maintained schools (in North Tyneside the intention is to issue in advance of this deadline)

Recommendations for the Forum

The Forum is asked to:

1. Note current update in relation to National funding formula
2. Agree the proposed timetable
3. Agree membership of the funding sub-group