Gateshead Council

Item 7

TITLE OF REPORT: Growth Funding and Schools Block Top Slice

Purpose of the Report

The purpose of the report is to update Schools Forum on the estimated Growth Funding that Gateshead will receive and to approve the proposal to topslice the Schools Block (SB) of the Dedicated Schools Grant (DSG) to support the High Needs Block (HNB) of the DSG. This report is supported by information in Item 6.

Background

As part of transition to a national funding formula (NFF) the Department for Education (DfE) has changed the methodology for calculating the growth funding factor. Previously this was just part of our overall funding allocation and it was a local decision on how much to allocate towards the growth fund and how to distribute this fund to schools. It will still be a local decision on how to distribute growth funding to schools.

The initial estimate provided by the DfE was for growth funding for 2019/20 was £35,000 as this was the amount detailed in the 2018/19 authority proforma tool (APT). With the introduction of the new growth funding methodology the DfE has provided local authorities (LAs) with a tool to estimate the amount of growth funding they will receive. The calculation is based on pupil number movements at middle super output area (MSOA) level, and only increases in pupil numbers are used to calculate the estimated funding.

Primary pupil growth has been estimated at 117 pupils and secondary pupil growth at 285. The increase in secondary pupil numbers is inflated by the movement of pupils form Thomas Hepburn to other Gateshead secondary schools.
Pupil movements at MSOA are included in appendix 1.

The estimated amount of funding is £398,008 (appendix 2). We only have 2 primary schools eligible for growth funding with an estimated allocation of £35,000 each. This will leave a surplus of growth funding of £328,008.

As the growth funding is outside the primary and secondary units of funding, if the estimated growth funding is allocated through the mainstream formula it has the potential distort mainstream funding and Gatesheads transition towards the NFF.

With the October pupil numbers an estimate of the SB of the DSG has been undertaken. The estimated SB for 2019/20 including the additional growth funding above requirements is £110,186,670 which is an increase of £1,277,892m. A 0.5% top slice of the SB DSG is estimated at £550,933 which is just £222,925 more than the unrequired growth funding.

Proposal

It is proposed that Schools Formum notes the estimated growth fund allocation from the DfE and notes the estimated demands for growth funding, and approves the 0.5% top slice of the SB of the DSG. If Schools Forum approves the top slice then all schools will be consulted on the top-slice proposal.

Recommendations

That School Forum notes the estimated growth fund allocations from the DfE and approves the top-slice of the SB to support the HNB for 2019/20.

For the following reason(s):

To enable Gateshead to apply to the Secretary of State to disapply the Schools and Early Years Finance Regulations and move funding from the SB to the HNB of the DSG.

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Appendix 1

Pupil Movement at MSOA

Middle Super Output Areas (MSOA) [b]	Oct17 Primary NOR [c] = all primary pupils in the MSOA & LA 2016 (Table A [h])	Oct17 Secondary NOR [d] = all secondary pupils in the MSOA & LA 2016 (Table A [i])	Oct18 Primary NOR [e] = all primary pupils in the MSOA & LA 2017 (Table B [i])	Oct18 Secondary NOR [f] = all secondary pupils in the MSOA & LA 2017 (Table B [j])	Primary Growth [g] = [e] - [c]	Secondary Growth [h] = [f] - [d]	Primary Eligible Growth [i] = [g] if positive, zero otherwise	Secondary Eligible Growth [j] = [h] if positive, zero otherwise
390Gateshead 011	303	0	297	0	-6	0	0	0
390Gateshead 010	705	0	716	0	11	0	11	0
390Gateshead 028	259	0	250	0	-9	0	0	0
390Gateshead 003	725	0	731	0	6	0	6	0
390Gateshead 020	415	923	419	1010	4	87	4	87
390Gateshead 021	603	1204	578	1215	-25	11	0	11
390Gateshead 026	848	1263	861	1245	13	-18	13	0
390Gateshead 025	379	0	381	0	2	0	2	0
390Gateshead 013	391	646	384	739	-7	93	0	93
390Gateshead 002	988	774	979	834	-9	60	0	60
390Gateshead 024	605	0	582	0	-23	0	0	0
390Gateshead 009	782	0	773	0	-9	0	0	0
390Gateshead 004	667	0	665	0	-2	0	0	0
390Gateshead 005	349	1218	374	1217	25	-1	25	0
390Gateshead 019	960	0	959	0	-1	0	0	0
390Gateshead 012	555	0	539	0	-16	0	0	0
390Gateshead 015	1151	1022	1137	1027	-14	5	0	5
390Gateshead 014	137	0	143	0	6	0	6	0
390Gateshead 001	399	0	407	0	8	0	8	0
390Gateshead 007	420	0	414	0	-6	0	0	0
390Gateshead 008	493	0	494	0	1	0	1	0
390Gateshead 016	990	0	1031	0	41	0	41	0
390Gateshead 018	468	413	455	194	-13	-219	0	0
390Gateshead 017	419	1278.5	419	1307	0	28.5	0	28.5
390Gateshead 023	514	0	505	0	-9	0	0	0
390Gateshead 022	277	0	245	0	-32	0	0	0
390Gateshead 027	198	0	193	0	-5	0	0	0
Total							117	284.5

Appendix 2

Growth factor values

Primary unit value	£ 1,370
Secondary unit value	£ 2,050
New school lump sum	£ 65,000

Transitional funding levels

Floor rate (% of schools block DSG)	-0.5%
Cap rate (% of 2018-19 growth allocation)	50%
Scaling rate	50%

LA name [a]	Growth factor calculation before the application of floor protection, capping and scaling									Application of floor protection, capping and scaling							Illustrative total growth allocation	
	Observed primary growth [c] = sum of positive primary growth for all MSOAs in the LA (Table C [i])	Observed secondary growth [d] = sum of positive secondary growth for all MSOAs in the LA (Table C [j])	ACA (pupil weighted for fringe LAs) [e]	Allocation for primary growth [f] = [c] * [e] * £1,370	Allocation for secondary growth [g] = [d] * [e] * £2,050	Number of new schools [h] (Table B [h])	ACA weighted number of new schools (based on school location for fringe LAs) [i] = sum of ACAs for all new schools in LA (Table B [m])	Allocation for new schools [j] = [i] * £65,000	Total growth allocation before the application of floor protection, capping and scaling [k] = [f] + [g] + [j]	2018-19 growth allocation [l]	2018-19 schools block [m]	Change in growth funding as % of SB DSG [n] = ([k] - [l])/[m]	Growth allocation after applying floor [o] = [l] - Floor rate * [m] if [n] < Floor rate, [k] otherwise.	Increase allowed by cap [p] = Cap rate * [l] if positive and growth increasing, zero otherwise	Increase allowed by scale above cap [q] = ([k] - [l] - [p]) * Scaling rate if growth is over the cap, zero otherwise	Increase allowed by cap and scale combined [r] = [p] + [q]	Illustrative total growth allocation, following floor protection, capping and scaling [s] = [o] if growth decreasing, min([o], [l] + [r]) if growth increasing	Change to 2019-20 growth funding as % of SB DSG [t] = ([s] - [l])/[m]
Gateshead	117	284.5	1	160290	583225	0	0	0	743515	35000	108908778.7	0.006506	743515	17500	345507.5	363007.5	398007.5	0.00333