Central school services block national funding formula: technical note

Contents

Chapter 1: Introduction

1. This technical note provides the detailed methodology for the central school services block (CSSB) national funding formula (NFF) that is used to generate local authority (LA) funding allocations for financial year 2018 to 2019 (denoted "2018-19" for the remainder of this note, with other financial years denoted in similar shorthand).

2. The CSSB provides funding for LAs to carry out central functions on behalf of pupils in state-funded maintained schools and academies in England. LAs' CSSB is split into funding for historic commitments and funding for ongoing responsibilities. In 2018-19, LAs will receive funding for historic commitments based on the baseline exercise whose results were published in August 2017. Funding to LAs for ongoing responsibilities will be allocated according to the CSSB formula set out in Chapter 3.

3. The Isles of Scilly and City of London have been excluded from these allocations, as these LAs receive a central education grant from the government which will include funding for central school services.

Chapter 2: Baseline funding for ongoing responsibilities and historic commitments

4. In April 2017, the Education & Skills Funding Agency (ESFA) conducted an exercise to collect from LAs 2017-18 funding baselines for each block of the dedicated schools grant (DSG)[1]. The starting point for this chapter is LAs' 2017-18 planned spend on the central education services which will be funded through the CSSB from 2018-19.

5. The baselines exercise gives each LA's initial 2017-18 baseline for:

   • CSSB ongoing responsibilities.

   • CSSB historic commitments.

6. Funding previously allocated to LAs for Education Services Grant (ESG) retained duties will be allocated to LAs through the CSSB NFF. Authorities received ESG retained duties funding at a rate of £15 per pupil in 2016-17. In 2017-18 this funding was transferred to the DSG and is therefore included as part of the ongoing responsibilities baselines collected by the ESFA.

7. The national baselines total for ongoing responsibilities and historic commitments is equal to the sum of the ongoing responsibilities and historic commitments baselines across all LAs.

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[1] The baseline tables were published in August 2017: https://www.gov.uk/guidance/pre-16-schools-funding-guidance-for-2018-to-2019#dsg-funding-baselines.

Chapter 3: Funding for ongoing local authority responsibilities

8. This chapter explains how each LA's CSSB NFF allocation for ongoing responsibilities has been calculated. Chapter 4 discusses funding for historic commitments. Each LA's total CSSB allocation is the sum of these two. The provisional allocations for 2018-19 also reflect any transitional protections affecting LAs' funding for ongoing responsibilities, the calculation of which is explained in Chapter 5.

9. The proposed CSSB NFF allocates funding to LAs for ongoing responsibilities using a pupil-led formula. The formula uses 3 factors, a basic per-pupil factor, through which LAs receive the majority of funding, a deprivation factor and an area cost adjustment (ACA). We have used the pupil count from the October 2016 school census to calculate the CSSB ongoing responsibilities rate for each LA.

10. The pupil counts used to calculate CSSB allocations are LAs' schools block pupil counts. That is, pupils in mainstream schools in year groups reception to year 11 inclusive, including pupils occupying places in SEN units. The responsibilities for which this funding is provided relate to all pupils in schools and academies in the LA area, including those in special schools and other non-mainstream institutions. However, LAs' allocations for the CSSB are derived on the basis of the mainstream school pupil count.

3.1: Basic per-pupil factor funding

11. LAs will receive the majority of their CSSB NFF ongoing responsibilities funding through a basic per-pupil rate. This subsection explains how LA funding through this factor has been calculated. This calculation uses, for each LA, a general labour market (GLM) ACA. More information about the ACAs, including the ACA figure for each LA, is provided in the Annex.

12. First, we calculate the total budget to allocate to LAs through this factor. Chapter 2 explains how the national baseline for ongoing responsibilities is calculated. However since the baselines exercise in April 2017, another duty has been added to the CSSB. In 2016-17 a new duty was introduced which requires LAs to write out annually to the parents of Y9 children about schools in the local area with an atypical age of admission, such as UTCs and studio schools. This duty will be covered by the CSSB from 2018-19 and therefore £233,000 will be added to the total national ongoing responsibilities budget.

13. The total budget, taking account of this new duty and the total 2017-18 CSSB ongoing responsibilities baselines, is £241m. 90% of this (£217m) forms the budget to be allocated to LAs through the basic per-pupil factor. The remaining 10%

(£24m) will be allocated through the deprivation factor, as explained in the next subsection.

14. Next a national pupil-weighted GLM ACA is calculated. For each LA, we calculate

     the LA's schools block pupil count as given by the October 2016 school census

     multiplied by

     the LA's GLM ACA.

15. The sum of the ACA multiplied by the pupil count is taken over all LAs, and the result is divided by their national total October 2016 schools block pupil count. This gives the national pupil-weighted GLM ACA of 1.05.

16. The total budget for the basic per-pupil factor is then divided by the national pupil-weighted GLM ACA to give a 'deflated basic per-pupil factor budget'. This is to ensure overall affordability within the block when the funding for each LA is later reinflated with the appropriate ACA. That budget is then divided by the national total October 2016 schools block pupil count: this gives the 'national basic per-pupil funding rate pre-ACA' of £28.84.

17. Each LA's CSSB NFF funding rate for the basic per-pupil factor is this national rate multiplied by their ACA, and the resulting funding received for ongoing responsibilities through the basic per-pupil factor is then calculated as

     the LA's funding rate for the basic per-pupil factor

     multiplied by

     the LA's schools block pupil count as given by the October 2016 school census.

3.2: Deprivation factor funding

18. The remaining 10% of the national baseline for ongoing responsibilities constitutes the total budget to be allocated to LAs through the deprivation factor (£24m).

19. The pupil counts used for this factor are the LA data of free school meal ever 6 (FSM6) pupils in mainstream schools as indicated on LAs' 2017-18 authority proforma tool (APT) returns, from the January 2016 census. For each school in an LA, the primary and secondary FSM6 proportions are multiplied by the primary and secondary schools block pupil counts respectively, and the results summed across all schools in the LA to derive a total FSM6 pupil count.

20. In a similar approach to the basic factor, a national deprivation pupil-weighted GLM

ACA is calculated. For each LA, we calculate

the LA's FSM6 pupil count as given by their 2017-18 APT

multiplied by

the LA's GLM ACA.

21. The sum of the ACA multiplied by the FSM6 pupil count is taken over all LAs, and the result is divided by their national total 2017-18 APT FSM6 pupil count. This gives the national deprivation pupil-weighted GLM ACA of 1.05.

22. The total budget for the deprivation factor is then divided by the national deprivation pupil-weighted GLM ACA to give a 'deflated deprivation factor budget'. That budget is then divided by the national total FSM6 pupil count: this gives the 'national deprivation funding rate pre-ACA' of £11.99.

23. Each LA's CSSB NFF funding rate for the deprivation factor is this national rate multiplied by their ACA, and the resulting funding received for ongoing responsibilities through the deprivation factor is then calculated as

the LA's funding rate for the deprivation factor

multiplied by

the LA's FSM6 pupil count as given by their 2017-18 APT

3.3: CSSB ongoing responsibilities rate

24. The next step is to calculate the CSSB ongoing responsibilities per-pupil rate for each LA. This rate is a per-pupil average funding rate for each LA and takes account of the allocation through the basic per-pupil factor and the deprivation factor (including ACA).

25. Each LA's CSSB ongoing responsibilities rate is calculated as

the LA's total allocation through the basic per-pupil factor

plus the LA's total allocation through the deprivation factor

then this total is divided by the LA's schools block pupil count as given by the October 2016 school census.

3.4: Transitional protections

26. The transition to the formula for ongoing responsibilities will be gradual, with gains and losses capped each year so that the formula is affordable and the transition is

manageable. LAs that are set to face reductions in per-pupil funding for ongoing responsibilities compared to their 2017-18 per-pupil baseline, as a result of the proposed CSSB NFF formula, will be protected against large losses year-on-year. This year-on-year protection is paid for by placing a maximum on the amount that LAs can gain year-on-year under the formula. The transitional protections operate on an LA's overall CSSB ongoing responsibilities rate.

27. The maximum per-pupil reduction in funding for ongoing responsibilities each LA will receive is 2.5% in each of 2018-19 and 2019-20. Permitted gains in per-pupil funding will be set at the highest level possible that ensures the total CSSB funding does not exceed the available budget. In 2018-19 gains of up to 2.5% per pupil will be allowed. In the 2019-20 illustrative figures, LAs can gain an additional 2.1%, however as these figures are only illustrative they are subject to change.

28. To calculate each LA's 2018-19 CSSB ongoing responsibilities rate we

    a. Compare the LA's CSSB ongoing responsibilities per-pupil rate (before any transitional protections) to the LA's CSSB ongoing responsibilities per-pupil baseline.

    b. If the LA is losing funding (i.e. the LA's CSSB ongoing responsibilities rate is less than the LA's CSSB ongoing responsibilities baseline) then:

        • If the LA's losses are between 0% and 2.5%, this loss is within the maximum loss allowed in 2018-19 and the LA goes straight on to formula in 2018-19. This means the LA's 2018-19 CSSB ongoing responsibilities rate is equal to the LA's CSSB ongoing responsibilities rate (pre any transitional protections).

        • If the LA's losses are greater than 2.5%, the LA receives some transitional protection funding. This means the LA's 2018-19 CSSB ongoing responsibilities rate is equal to 97.5% of the LA's CSSB ongoing responsibilities baseline.

    c. If the LA is gaining funding (the LA's CSSB ongoing responsibilities rate is greater than the LA's CSSB ongoing responsibilities baseline) then:

        • If the LA's gains are between 0% and 2.5%, this gain is within the maximum gain allowed in 2018-19 and the LA goes straight on to formula in 2018-19. This means the LA's 2018-19 CSSB ongoing responsibilities rate is equal to the LA's CSSB ongoing responsibilities rate (pre any transitional protections).

        • If the LA's gains are greater than 2.5%, the gains cap applies. This means the LA's 2018-19 CSSB ongoing responsibilities rate is equal to 102.5% of the LA's CSSB ongoing responsibilities baseline.

29. Each LA's 2018-19 CSSB ongoing responsibilities rate is fixed. It is the actual per pupil rate that will be used to allocate funding to LAs in 2018-19. To calculate total 2018-19 ongoing responsibilities funding we will multiply the actual 2018-19 CSSB ongoing responsibilities rate by the pupil count from the October 2017 school census.

Chapter 4: Funding for historic commitments

30. LAs' 2017-18 baseline returns indicate that they have planned to spend £224m on historic commitments in 2017-18. CSSB historic commitments funding in 2018-19 for each LA will be equal to their 2017-18 baseline amount.

31. For our illustrations of CSSB historic commitments funding in 2019-20 and for a fully implemented NFF we have also set funding to equal the CSSB historic commitments baseline from 2017-18.

32. Funding for historic commitments will be based on the actual cost of the commitment. There will be no protection for historic commitments in the CSSB.

Chapter 5: 2018-19 CSSB funding allocations

33. We have published provisional CSSB allocations for 2018-19. In December 2017 these provisional allocations will be updated to take account of the latest schools block pupil count from the October 2017 school census.

34. Each LA's total 2018-19 CSSB allocation will be calculated as follows

    a. The total 2018-18 funding for ongoing responsibilities will be equal to the 2018-19 CSSB ongoing responsibilities rate per-pupil (detail set out in paragraph 28) multiplied by the schools block pupil count from the October 2017 census. See section 3.4 for a full description of how each LA's transitional protections are calculated.

    b. The total 2018-19 funding for historic commitments will be equal to the 2017-18 CSSB historic commitments baseline.

    c. The total 2018-19 funding through the CSSB will be equal to the total 2018-19 funding for ongoing responsibilities plus the total 2018-19 funding for historic commitments.

35. Each LA's provisional total 2018-19 CSSB funding, actual 2018-19 CSSB ongoing responsibilities rate and actual 2018-19 CSSB histoiric commitments funding can be found in the LA level NFF summary table.

    https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/644723/NFF_Summary_Table.xlsx

    We have also published a step-by-step explanation of the NFF CSSB calculation for each LA.
    https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/644761/Impact_of_the_Central_School_Services_Block_NFF.xlsx

36. We have also published illustrative allocations for 2019-20 and if the NFF was implemented in full and without transition. These illustrative allocations use the same input data as the 2018-19 provisional allocations and do not represent actual allocations for any year. CSSB allocations for 2019-20 and beyond will be based on updated data.

Annex – Area cost adjustments

37. As explained above, as part of the NFF CSSB ongoing responsibilities calculations we apply ACAs to take account of the relative difference in labour costs in different areas of the country. The ACA used is the General Labour Market ACA for 2013/14 produced by the Department for Communities and Local Government and used for local government settlements. The ACA value for each LA is given in the table below.

38. The GLM ACA will be determined solely by the Labour Cost Adjustment (LCA), with no adjustments. The ACA will apply to all of the CSSB ongoing responsibilities budget.

39. For the five LAs with part of their area on the London fringe (Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex), the GLM ACAs for the fringe and non-fringe parts of the authority have been weighted together based on their schools block pupil count in October 2016 to produce a single ACA for the LA.

LA code	LA name	GLM ACA
202	Camden	1.303368
203	Greenwich	1.303368
204	Hackney	1.303368
205	Hammersmith and Fulham	1.303368
206	Islington	1.303368
207	Kensington and Chelsea	1.303368
208	Lambeth	1.303368
209	Lewisham	1.303368
210	Southwark	1.303368
211	Tower Hamlets	1.303368
212	Wandsworth	1.303368
213	Westminster	1.303368
301	Barking and Dagenham	1.108130
302	Barnet	1.167058
303	Bexley	1.108130
304	Brent	1.167058
305	Bromley	1.108130
306	Croydon	1.108130
307	Ealing	1.167058
308	Enfield	1.108130

LA code	LA name	GLM ACA
309	Haringey	1.108130
310	Harrow	1.167058
311	Havering	1.108130
312	Hillingdon	1.167058
313	Hounslow	1.167058
314	Kingston upon Thames	1.167058
315	Merton	1.167058
316	Newham	1.108130
317	Redbridge	1.108130
318	Richmond upon Thames	1.167058
319	Sutton	1.167058
320	Waltham Forest	1.108130
330	Birmingham	1.012202
331	Coventry	1.012202
332	Dudley	1.012202
333	Sandwell	1.012202
334	Solihull	1.012202
335	Walsall	1.012202
336	Wolverhampton	1.012202
340	Knowsley	1.004047
341	Liverpool	1.004047
342	St. Helens	1.004047
343	Sefton	1.004047
344	Wirral	1.004047
350	Bolton	1.019715
351	Bury	1.019715
352	Manchester	1.019715
353	Oldham	1.019715
354	Rochdale	1.019715
355	Salford	1.019715
356	Stockport	1.019715
357	Tameside	1.019715
358	Trafford	1.019715
359	Wigan	1.019715

LA code	LA name	GLM ACA
370	Barnsley	1.000000
371	Doncaster	1.000000
372	Rotherham	1.000000
373	Sheffield	1.000000
380	Bradford	1.000584
381	Calderdale	1.000584
382	Kirklees	1.000584
383	Leeds	1.000584
384	Wakefield	1.000584
390	Gateshead	1.000000
391	Newcastle upon Tyne	1.000000
392	North Tyneside	1.000000
393	South Tyneside	1.000000
394	Sunderland	1.000000
800	Bath and North East Somerset	1.052789
801	Bristol, City of	1.052789
802	North Somerset	1.052789
803	South Gloucestershire	1.052789
805	Hartlepool	1.000000
806	Middlesbrough	1.000000
807	Redcar and Cleveland	1.000000
808	Stockton-on-Tees	1.000000
810	Kingston upon Hull, City of	1.000000
811	East Riding of Yorkshire	1.000000
812	North East Lincolnshire	1.000000
813	North Lincolnshire	1.000000
815	North Yorkshire	1.000000
816	York	1.000000
821	Luton	1.056620
822	Bedford	1.056620
823	Central Bedfordshire	1.056620
825	Buckinghamshire	1.105999
826	Milton Keynes	1.103584
830	Derbyshire	1.000000

LA code	LA name	GLM ACA
831	Derby	1.000000
835	Dorset	1.000000
836	Poole	1.000000
837	Bournemouth	1.000000
840	County Durham	1.000000
841	Darlington	1.000000
845	East Sussex	1.006111
846	Brighton and Hove	1.006111
850	Hampshire	1.051229
851	Portsmouth	1.051229
852	Southampton	1.051229
855	Leicestershire	1.000000
856	Leicester	1.000000
857	Rutland	1.000000
860	Staffordshire	1.000000
861	Stoke-on-Trent	1.000000
865	Wiltshire	1.025902
866	Swindon	1.025902
867	Bracknell Forest	1.148417
868	Windsor and Maidenhead	1.148417
869	West Berkshire	1.125480
870	Reading	1.125480
871	Slough	1.148417
872	Wokingham	1.125480
873	Cambridgeshire	1.046368
874	Peterborough	1.046368
876	Halton	1.013103
877	Warrington	1.013103
878	Devon	1.000000
879	Plymouth	1.000000
880	Torbay	1.000000
881	Essex	1.034981
882	Southend-on-Sea	1.012789
883	Thurrock	1.078316

LA code	LA name	GLM ACA
884	Herefordshire	1.000000
885	Worcestershire	1.000000
886	Kent	1.013324
887	Medway	1.002550
888	Lancashire	1.000000
889	Blackburn with Darwen	1.000000
890	Blackpool	1.000000
891	Nottinghamshire	1.009989
892	Nottingham	1.009989
893	Shropshire	1.000000
894	Telford and Wrekin	1.000000
895	Cheshire East	1.013103
896	Cheshire West and Chester	1.013103
908	Cornwall	1.000000
909	Cumbria	1.000000
916	Gloucestershire	1.022748
919	Hertfordshire	1.101363
921	Isle of Wight	1.051229
925	Lincolnshire	1.000000
926	Norfolk	1.000000
928	Northamptonshire	1.011864
929	Northumberland	1.000000
931	Oxfordshire	1.080158
933	Somerset	1.000000
935	Suffolk	1.000086
936	Surrey	1.148417
937	Warwickshire	1.025307
938	West Sussex	1.023747

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