

MUNICIPAL YEAR 2017/2018 REPORT NO. 10

MEETING TITLE AND DATE:

Education Resources Group – 12 September 17
Schools Forum – 20 September 2017

REPORT OF:

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Item: 4d

Subject:

School Funding Arrangements – 2018/19

Wards: All

1. EXECUTIVE SUMMARY

- 1.1. This report provides a brief summary of the latest guidance on schools funding arrangements for 2018/19 published by the DfE.

2. RECOMMENDATIONS

- 2.1 Members are asked to note and comment on the contents of this report.

3 INTRODUCTION

- 3.1 In August 2017, the Government confirmed that they would continue with their proposals for implementing a national funding formula (NFF) for the Schools and High Needs Blocks.

The DfE's guidance document indicates, for 2018/19, a 'soft' NFF will be implemented with the intention to move to the full 'hard' NFF from 2019/20. The implementation of a 'soft' NFF means that the funding provided to local authorities will be calculated using the NFF, but there is local flexibility to either as far as possible to continue with local funding formulae or move partly / fully to the NFF. In addition to the formula factors described in the DfE's consultation document published in December 2016, the guidance also details:

- Additional funding to support the Schools and High Needs blocks,
- New or changes factors to support the NFF,
- Requirements for managing and seeking approvals for implementing the local arrangements.

The DfE have published a summary of local authorities' 2017 to 2018 baselines for the Schools, HNB and CSSB of the DSG, attached at appendix A. This information will be used to support minimum guaranteed funding, however, there isn't sufficient information to fully understand and assess the impact of the proposals locally. The DfE have stated that further information including illustrative models detailing likely funding local authorities will be allocated for their Schools and High Needs blocks will be published during September. It is assumed that this information will be published before Parliament is in recess later in September. When it is published, officers will review and develop proposals to support local implementation.

3.2 Principles

In 2013, when the current School Funding Reforms were implemented locally, as well as considering what was the best for Enfield in considering distribution of the funding into the three Dedicated Schools Grant blocks, the key principles for individual schools were:

- Stability,
- Least turbulence.

With the major changes being introduced, it is suggested when the illustrative models and allocations are published by the DfE; these are assessed as to what would be best for Enfield for 2018/19, and going into 2019/20 when the full NFF is implemented and being mindful of the principles listed above.

- 3.3 The remainder of this report provides a brief summary of the information the DfE published on the funding arrangements for 2018/19.

4. DfE GUIDANCE

4.1 To support the implementation, the Government have confirmed an additional £1.3b across 2018/19 and 2019/20 is planned to be made available for schools and high needs block to fund:

- an increase in the per pupil amount over the two years;
- 3% gain a year per pupil for underfunded schools;
- 0.5% a year per pupil cash increases for schools & reflected in the Authority level Schools block allocation;
- a minimum of £4,800 per pupil for every secondary school that have Year 10 & 11 pupils in 2019/20
- 0.5% increase in funding for 2018/19 through the High Needs NFF;
- The Schools block, High Needs block (HNB) and Central School Services block (CSSB) protected against the planned spend in 2017/2018 (Appendix A).

The additional money will be funded from savings and efficiencies and these include delivering 30 of the 140 planned new free schools through the local authority route rather than the free schools route. These will most likely be to support basic needs and so require pre and post start-up costs to be met through the local authority processes.

There is an expectation and emphasis for schools to continue to seek efficiencies with references to improved procurement and use of National Deals.

4.2 The DfE have advised for 2018/19,

- NFF will determine funding allocated to local authorities' Schools block, HNB and CSSB;
- Local authorities will set a local formula to distribute funding. As part of the process:
 - All schools must be consulted on any proposed local formula or funding changes;
 - Following consultation with schools, and as required, the agreement of the Schools Forum and a final sign-off of the local arrangements by the Cabinet Member;
- Schools block will be ring-fenced, but Local Authorities are able to transfer up to 0.5% of Schools block funding out with the agreement the Schools Forum;
- Local formulae – changes include:
 - new factor: a transitional per pupil amount to support the move towards per pupil amount being at least £4,800 for all secondary schools;
 - Deprivation: use of both current and Ever6 free school meals numbers;
 - Looked-after children: not included in the NFF, but a higher rate will be applied through the Pupil Premium.
- At least 80% of funding must be delegated using the per pupil factors. Items 1-6 listed in the attached Appendix A which provides full details of the allowable formula factors.
- High Needs Place Funding in mainstream schools:
 - Mainstream Individual schools budget will be based on all pupils on roll including those in Additionally Resourced Provision (APRs) and Specialist Units (SU);
 - Place funding will be set at £6k per place where the place is occupied, plus top up funding;
 - Where places not filled and confirmed by Local Authority, places to be funded at £10k;
 - Financial adjustments between the HNB & Schools blocks will be made to reflect these changes;

4.3 Changes to Other Funding from the Schools Block for 2018/19:

(a) Growth funding: Funded on provided on an historical basis & allocated on agreed criterion.

Consider whether the local arrangements need to be reviewed for 2018/19

(b) Minimum Funding Guarantee

The change for 2018/19 is local flexibility to set an MFG between 0 and -1.5%.

Consider whether the local arrangements need to be reviewed for 2018/19

(c) Falling rolls fund

A small fund to support good/outstanding schools with falling pupil roll and where local planning data shows surplus places will be needed within the next three financial years.

Consider whether the local arrangements need to be reviewed for 2018/19

(d) Movements between Blocks

The DfE have acknowledged there is likely to be movement of funding from the Schools block a result of pressures on the HNB. As detailed elsewhere, the DfE have highlighted that the Authority received a grant to support a review of local special provision and to develop a strategic plan to support future high needs and this should inform local decisions.

Consider whether the local arrangements need to be reviewed for 2018/19

(e) Central School Services Block (CSSB) – NEW BLOCK

The CSSB will fund the Authority's statutory duties held for both maintained schools and academies. The CSSB brings together:

- funding previously allocated through the retained duties element of the Education Services Grant (ESG);
- funding for ongoing central functions, such as admissions;
- residual funding for historic commitments;

(f) Services to Maintained Schools

The regulations enable local authorities to fund services previously funded from the general element of the ESG for maintained schools only and from their school budget shares with the agreement of maintained school members of the Schools Forum. The allocation of this funding would operate in a similar way to a de-delegated service.

Information on both CSSB and services to maintained schools to be considered by Schools Forum

1 School Improvement

As part of the removal of the ESG, schools improvement receives funding either from a grant to support statutory intervention functions and monitoring and commissioning or de-delegated.

A £140 million Strategic School Improvement Fund to support schools where there is a need to drive up standards, use resources effectively and deliver more good or outstanding school places, but this fund cannot be accessed by the School Improvement Service.

Information regarding de-delegation to be considered by the Schools Forum

2 HNB

The 0.5% increase for HNB planned to be spent on high needs in 2017/2018 will be subject to:

- Baseline adjustment to reflect the funding changes for ARPs and SUs mainstream schools;
- An adjustment to reflect changes between the 2016-17 & 2017-18 academic years in the number of pupils in maintained special schools, special academies, non-maintained special schools and special post-16 institutions (SPIs). This change is to support the £4k in respect of each pupil in these type of specialist provision;
- inter-authority movement would an adjustment of £6,000 per pupil/student in the high needs national funding formula

- 4.2 Separately, the Government have confirmed that the Physical Education and Sports Premium for primary schools will be doubled. Recent notification from the DfE confirmed that the lump sum would increase from £8k to £16k and per pupil amount increase from £5 to £10. This funding will be provided over the academic year 2017/18.

| 2017-18 Baseline and Minimum Amount for 2018-19 | | |
|---|-----|-----------------|
| Schools block total baseline | £m | 248.36 |
| Central school services block total baseline | £m | 3.01 |
| Central school services block baseline detail: Of which, funding for ongoing functions in 2017-18 | £m | 2.10 |
| Central school services block baseline detail: Of which, funding for historic commitments in 2017-18, which cannot be more than the amount in 2016-17 | £m | 0.91 |
| High needs block total baseline | £m | 44.60 |
| High needs block baseline detail: Of which, hospital education funding | £m | 0.39 |
| High needs block baseline detail: Of which, other high needs funding | £m | 44.22 |
| | | |
| Transfer of funding from high needs block to schools block for core funding for pupils in SEN units or resourced provision | £m | 0.46 |
| | | |
| Schools block adjusted baseline | £m | 248.82 |
| Central school services block total adjusted baseline | £m | 3.01 |
| High needs block adjusted baseline | £m | 44.15 |
| | | |
| Schools block adjusted baseline | £m | 248.82 |
| Schools block pupil count in 2017-18 (headcount) | Nos | 50,493 |
| Schools block guaranteed minimum amount per pupil for 2018-19 (£ per pupil) | £ | 4,927.81 |
| | | |
| High needs block minimum amount | £m | 44.15 |

Below are the allowable factors for the schools' local funding formula. All factors are optional with the exception of items (1) basic entitlement and (2) deprivation funding.

Table 1: Summary of Allowable Factors for Local Formula

| Factor | Further information |
|---|---|
| 1. Basic entitlement A compulsory factor | Per Pupil funding: the number of pupils on roll based on October Census. <ul style="list-style-type: none"> KS 1 & 2: must be at least £2k KS 3 & 4: must each be a minimum of £3k Key difference ability to increase the pupil numbers where schools previously had higher reception pupil numbers in January 2017 than in the October 2016 census Schools will not be financially disadvantaged in the NFF calculations as the funding will remain in their baselines. |
| 2. Deprivation A compulsory factor | Funding based on either one or both of: <ul style="list-style-type: none"> No of pupil's eligible for free school meals in the previous Oct Census and/or Ever6 FSM (pupils entitled to free meals at any time in the last 6 years) at the previous January census. If both used then a single rate per pupil will be applied; No of pupils in any of the 6 bands allowed. The 'per pupil' rate can vary for primary and secondary in each band. Need to consider whether to change local formula to include Ever6 |
| 3. Prior attainment | Primary pupils not achieving the expected level of development in the early years foundation stage profile (EYFSP) Secondary pupils not reaching expected standard in KS2 for either English or maths. A new separate weighting for new year 7 pupils with low prior attainment. |
| 4. Looked-after children (LAC) | A rate per pupil using the LA SSDA903 return at 31 March 2017 and the January pupil census. NFF: funding will be through an increased Pupil Premium Plus rates. Need to consider whether to include this factor in local formula for 2018/19. |
| 5. English as an additional language (EAL) | Pupils having a mother tongue other than English may attract funding for up to three years after they enter the statutory school system. Funding based on October Census. |
| 6. Pupil mobility | Pupils admitted during the last three academic years, but did not start in August or September (or January for reception pupils). Funding allocated to the proportion of pupils above a 10% threshold. |
| 7. Lump sum | Maximum lump sum allowed is £175k for all phases. Rates for sectors can vary. |
| 8. Split sites | Allocation based on an objective criterion to support schools that are on different sites. Need to consider whether the local arrangements need to be reviewed for 2018/19. |
| 9. Rates | Based on actuals with arrangements for adjustments. |
| 10. Private finance initiative (PFI) contracts | To support schools that have unavoidable extra premises costs because they are a PFI school and/or to cover situations where the PFI "affordability gap" is delegated and paid back to the local authority. |
| 11. Exceptional premises factors | The exceptional factors must relate to premises costs and apply the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the authority's area. |
| 12. Minimum level of per pupil funding for secondary schools | The NFF 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 to 2020. The purpose of this new factor is to allow local authorities to implement this policy locally. It will allow them to set a transitional minimum amount of per pupil funding in 2018 to 2019, as a step towards £4,800 in 2019 to 2020. Where local authorities choose to use this factor, any capping and scaling cannot take the school below the minimum value set in the local formula. Need to consider whether and how this factor is used in local formula |
| 13. Sparsity 14. London fringe | Not relevant Not relevant – only used by Bucks, Essex, Herts, Kent and West Sussex |