

## MUNICIPAL YEAR 2017/18 REPORT NO. 18

### MEETING TITLE AND DATE:

Education Resources Group  
30<sup>th</sup> November 2017  
Schools Forum  
13<sup>th</sup> December 2017

REPORT of:  
Director of Finance, Resources & Customer  
Services

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Agenda – Part: 1

Item: 4c

Subject: Schools Budget: Update 2018-19

### 1. EXECUTIVE SUMMARY

The government funding settlement for 2018/19 is expected in mid to late December. A draft budget has been prepared based on initial projections of Dedicated Schools Grant (DSG) and estimated pupil data; this is subject to the actual settlement and dataset in order to finalise allocations. Further reports will be presented to Schools Forum early in 2018 to agree the application of the DSG for 2018/19, including finalisation of the Schools Funding Formula.

### 2. RECOMMENDATIONS

- 2.1 The Schools Forum is asked to note the draft budget position for the Schools Block and the High Needs Block for 2018/19 as summarised in Tables 3 and 4.
- 2.2 The Schools Forum is asked to agree the following recommendations:
- Sector representatives are asked to make a decision regarding the options for services that have previously been de-delegated as detailed in paragraph 7.
  - Forum is asked to agree the continuation of the growth fund for 2018/19 at a cost of £0.800m.
  - Forum is asked to agree a 0.5% transfer from the school's block to the high needs block to support the current arrangements for exceptional needs pupils in mainstream schools;
  - Forum is asked to agree an MFG disapplication request so that secondary schools becoming all through schools are not protected at the higher secondary rate.

### 3. Schools Budget – Monitoring Position 2017/18

The DSG budget monitoring position as at the end of October 2017 is detailed in a separate report and Appendix A. A summary of the position is shown in **Table 1** below and indicates a projected overspend of £4,505k.

**Table 1: Summary Monitoring Position 2017/18**

	‘£000
DSG Deficit Balance 01/04/17	1,903
1617 High Needs Contingency	-1,650
<b>TOTAL FUNDING AVAILABLE</b>	<b>253</b>
Schools Block	-227
High Needs Block	4,479
<b>TOTAL NET PRESSURES 17/18</b>	<b>4,252</b>
<b>NET MONITORING POSITION 17/18</b>	<b>4,505</b>

At this stage, it has been assumed that the Early Years Block will have a net balanced position. Further detailed work is being carried out by officers to confirm this position.

The monitoring position will continue to be closely monitored for the remainder of the financial year and updates will be present to the Forum at future meetings.

#### **4. Schools Budget 2018/19**

##### **4.1 Indicative DSG Allocation 2018/19**

As reported at the last meeting, the DSG settlement and datasets will not be announced until mid to late December, following which the funding formula and budget allocations will be reviewed and reported back to Schools Forum in January 2018. Indicative DSG funding allocations for 2018/19 were published by the EFA in September and are summarised in Table 1 below. This information indicated a net increase in funding of nearly £7m across the schools and high needs blocks.

**Table 1 – Indicative DSG Allocation 2018-19 (EFA Sept 2017)**

Blocks	Initial Allocation for 2017/18	Baseline for 2018/19	Transfer from High Needs for Planned Places	Revised for 2018/19	Indicative Allocation for 2018/19	Variance
	(a)	(b)	(c)	(d) = (b) + (c)	(e)	(e) - (d)
	£	£	£	£	£	£
Schools	254.467	248.363	0.457	248.820	254.350	5.531
High Needs	41.515	44.604	-0.457	44.147	45.641	1.494
Early Years *	24.662	24.662	-	24.662	24.662	-
CSSB	In Schools block	3.014	-	3.014	2.962	-0.053
Total	320.643	320.643	-	320.643	327.615	6.972

Draft data from the October 2017 census is now available and has been used to update these indicative allocations as shown in Table 3 below.

##### **4.2 Pupil Number Data**

**Table 2** shows the variance in pupil numbers between October 2015 and October 2017. The 2017 census data is estimated at this stage.

**Table 2: Pupil Number Data (Gross Census Nos)**

Sector	OCT 2015	OCT 2016	Variance	Estimate OCT 2017	Variance
PRIMARY	31,862	32,333	471	32,309	-24
SECONDARY	17,896	18,160	264	18,510	350
<b>TOTAL</b>	<b>49,758</b>	<b>50,493</b>	<b>735</b>	<b>50,819</b>	<b>326</b>

The data indicates that whilst secondary numbers continue to increase, there has been an overall decrease in primary numbers.

Primary numbers in growing academies have increased by 282 between Oct 16 and Oct 17 but this increase is offset by a decrease of 306 pupils across other primary schools.

In secondary the increase in numbers largely relates to an increase of 309 for Heron Hall and Ark John Keats with the balance of 41 being the net increase across other secondary and all through schools.

The year on year change in numbers varies significantly between schools but for schools losing pupil numbers this will have a significant impact on the budget allocations for 2018-19.

#### 4.3 Schools Block

Based on the indicative pupil data from the October 2017 Census the Schools Block DSG Allocation has been estimated as shown in Table 3 below.

**Table 3: Pupil Number Data (Gross Census Nos)**

Sector	Prim	Sec	TOTAL	Prim	Sec	TOTAL
Pupil Nos	32,333	18,160	50,493	32,309	18,510	50,819
Unit of Funding	4,416	5,647		4,416	5,647	
<b>TOTAL</b>	<b>142,792,443</b>	<b>102,550,697</b>	<b>245,343,140</b>	<b>142,686,451</b>	<b>104,527,170</b>	<b>247,213,621</b>
Premises, Growth & Mobility			9,007,339			9,007,359
<b>TOTAL Schools Block</b>			<b>254,350,479</b>			<b>256,220,960</b>
Growth Fund			800,000			800,000
0.5% to HNB			1,217,751			1,281,105
<b>TOTAL through Funding Formula</b>			<b>252,278,726</b>			<b>254,139,855</b>

The estimated 2018/19 Schools Block DSG funding is higher than the baseline information provided by the EFA due to an overall increase in numbers. It should be noted that the actual allocation for 2018/19 may vary due to

- Final validated Oct 17 Census Nos
- Confirmation of Primary and Secondary Units of Funding

Of the total Schools Block Allocation received

- £800,000 will be retained centrally for the ongoing requirements of the primary expansion programme
- 0.5%, equating to £1,281k, will be transferred to the High Needs Block to fund the additional £6ks for schools with a higher than average level of SEN pupils

The balance of funding will be allocated via the funding formula based on the chosen model following the outcome of the consultation exercise with schools. The model may have to be tweaked due to affordability and to fully utilise the funding available. Schools should note that their actual formula funding allocation for 2018-19 may vary from the consultation models due to

- Change in pupil nos between Oct 16 and Oct 17
- Variation in percentage of pupils attracting funding through other factors
- Final formula unit rates

Officers will be updating models with local data prior to the October 17 dataset being issued by the EFA in mid-December. It should be noted that the funding for rates and PFI shortfall is within the premises allocation which is based on historical costs. The 2018-19 allocations will be assessed as part of the budget setting process and may vary from the funding allocation.

#### **4.5 MFG Disapplication**

As in previous years we have applied to the EFA to disapply the MFG for secondary schools who are becoming all through schools. This is to prevent the primary element of the school funding being protected at the secondary funding level. The EFA provide a calculation template so that the methodology applied is consistent. We are awaiting the outcome of our application from the EFA but this is expected to be agreed.

#### **4.6 Growth Fund**

The estimated cost of funding pupil growth in 2018/19 based on the methodology previously agreed by School's Forum is £0.800m, which is a saving of £0.2m from 2017/18. This saving largely relates to primary school expansions programmes that have now been completed. Schools Forum are asked to agree to the continuation of the Growth Fund at this level for 2019/19.

### **5. High Needs Block**

#### **5.1 Indicative DSG Allocation 2018/19**

In September 2017, the EFA published an indicative High Needs Block allocation for 2018/19 of £45.641m. This allocation is based on new formulaic methodology based on pupil nos and other factors and replaces the previous method based on historic spend. This amount may change when the allocations for 2018/19 are confirmed in December.

High Needs expenditure for 2018/19 has been estimated based on current expenditure, new developments and ongoing pressures. A summary of the position is shown in Table 4 below.

**Table 4 – Indicative High Needs Block 2018/19**

	2017/18		2018/19
	£000	£000	£000
Estimated HNB DSG	41,515		45,641
Trf from Schools Block	1,945		1,281
<b>TOTAL HN FUNDING</b>			<b>46,922</b>
Delegated HN Funding	24,608	1,143	25,752
Placement Funding	11,303	3,434	14,736
HN Contingency	1,665	-1,115	550
Commissioned & Central Services	5,884	0	5,884
<b>TOTAL EXPENDITURE</b>	<b>43,460</b>	<b>3,462</b>	<b>46,922</b>
<b>Deficit Balance b/f</b>			<b>4,505</b>

### 5.2 Delegated High Needs Funding 2018/19

The increase in delegated high needs funding mainly relates to the development of additional in borough provision in 2018/19. The details of this additional provision is shown in Table 5 below.

**Table 5: Additional In-Borough Provision 2018/19**

Special Provision	£000	Description
West Lea School	563	Addit 30 places wef Sept17
St Marys (Russet House)	300	Addit ASD provision – 7 places wef Feb18 increasing to 14 Sept18
Waverley Early Years Provision	58	Full Year Effect of new provision offering 24 addit places
Durants	100	Addit £1,000 per place to reflect increased need of pupils
Fern House (formerly Aylands)	100	Addit 4 places wef April 18
<b>TOTAL In-Borough Provision</b>	<b>1,121</b>	
ARP Funding	-478	Reduction in place funding to reflect the £4k that will now be allocated via formula funding
Exceptional Needs	400	Estimated increase in Top Up funding
PRU	100	Addit allocation to reflect in year admissions
<b>TOTAL Delegated HN Funding</b>	<b>1,143</b>	

### 5.3 Placement Funding

The estimate for placement funding for 2018/19 is based on current projections for 2017/18. It is expected that the number of pupils being placed in outborough schools and establishments will gradually reduce as additional in borough provision is developed over the next 2 to 3 years. The projected outturn position for the current year will continue to be closely monitored and the 2018/19 budgets will be revised if required.

The position regarding post 16 SEN learners is still being finalised as students continue to enrol over the autumn term and funding negotiations with local colleges continue. At this stage, it is assumed that costs will remain within current budget provision.

#### 5.4 Contingency

The general high needs contingency had been reduced to enable a balanced in year budget position for 2018/19. With a significantly reduced contingency there will be minimal additional funding to address any in year overspends. Once the contingency amount has been utilised, any deficit will add to accumulated deficit position.

#### 6. Central School Services Block

The Central Schools Services Block is a new block effective for 2018/19 and is detailed in a separate report.

#### 7. Services provided by the Local Authority from de-delegated budgets

Under the Schools and Early Years 2012 regulations, certain services can be provided centrally if the Schools Forum, on behalf of the maintained schools in a phase, gives agreement to the de-delegation of part of their budget to fund the service. This approval for de-delegation is required on an annual basis. It should be noted that academies are not required to agree to this process, but may buy back services from the Local Authority from their allocated budget share.

The Table of De-delegated Services below has been prepared on the same basis as previous years

**Table 6: De-delegated Services 2018-19**

Budget	Sector	Total Budget	Allocation per pupil / FSM *
		£	£
Licenses & Subs - CLEAPPS	Prim & Sec	6,098	0.12
Staff Advertising	Prim & Sec	15,246	0.30
Primary Pool	Primary	18,416	0.57
Union Duties	Prim & Sec	154,998	3.05
Free School Meals Eligibility	Prim & Sec	54,908	6.40
School Improvement Service	Primary	385,769	11.94

Budgets would be delegated on a per pupil basis except for the Free School Meal Eligibility assessment budget, which will be allocated on FSM eligibility. The per pupil allocations shown above are based on indicative data from the October 2017 census and will be revised once the DfE dataset has been received but the changes are expected to be minimal.

For each of these services there are various options for 2018/19 as follows

**Option 1** – Continue to delegate this funding and operate these services on a de-delegated basis

**Option 2** – Delegate this funding to schools and offer services on an SLA basis where this is appropriate

**Option 3** – Delegate funding to schools with no de-delegation/SLA

Please note that that 2 new areas of de-delegation are being proposed from the Central Schools Services Block and these are detailed in a separate report.

## **8. Early Years Block**

We are awaiting the outcome of the consultation exercise for the Early Years National Funding Formula and our own LA consultation exercise. An update on the position will be presented at the next meeting.

## **9. Other Schools Funding**

### **9.1 Pupil Premium**

The general Pupil Premium rates for 2018/19 have not been published by the DfE at this stage, other than to confirm that the amount for Looked After Children will increase by £400 to £2,300. We assume that Pupil Premium rates for Ever6, Service Children and Post LAC will be provided at the same unit rates as 2017/18. Over the last 3 years there has been a decrease in the overall level of funding provided through this grant and we are expecting this trend to continue in 2018/19, reflecting the year on year decrease in the percentage of pupils eligible for FSM.

### **9.2 Sixth Form Funding**

Funding arrangements for the 2018/19 academic year will be in line with 2017/18.

### **9.3 Other Grants**

It is expected that the following grants will continue in 2018/19 and further information is expected to be announced as part of the funding settlement in December 2017

- Primary PE & Sport Premium
- Universal Infant Free School Meals Funding
- School Improvement Monitoring and Brokering Grant

## **10. Risks and Uncertainties**

The latest budget projections for 2018/19 and based on the latest information available at this time which includes raw October 2016 census data and assumptions regarding the level of DSG funding we will receive. This means that there are several risks and uncertainties surrounding the budget projections which could affect the final 2018/19 budget position. The risks and uncertainties include

- Increase in SEN outborough placement costs
- Final 2017/18 outturn position
- Final DSG settlement for 2018/19
- DfE dataset from October 2017 census

Updates on these issues will be included in future reports to the Forum as soon as information becomes available.