

## MUNICIPAL YEAR 2017/18 REPORT NO. 24

### MEETING TITLE AND DATE:

Education Resources Group 11<sup>th</sup> Jan 2018 &  
Schools Forum 17<sup>th</sup> Jan 2018

### REPORT of:

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**Agenda – Part: 1**

**Item: 5b**

**Subject: Schools Budget – 2018-19:  
Update**

### 1. EXECUTIVE SUMMARY

This report sets out details of the initial 2018/19 Dedicated Schools Grant (DSG) allocation which was announced on 20th December 2017, together with the October 2017 dataset to be used to calculate formula budget shares for primary and secondary schools.

The report provides updated information on the proposed budget position for 2018/19 for each of the funding blocks. The report also provides information on the proposed schools funding formula will be submitted to the DfE on 19th January 2018 for approval.

The report seeks the approval of Schools Forum to finalise the unit values for the primary and secondary funding formula

### 2. RECOMMENDATIONS

The Schools Forum is asked to note and agree the unit values for the primary and secondary funding formula as set out in Appendix C

The Schools Forum is asked to note

- The 2018/19 DSG settlement and draft budget set out in Appendix B
- The formula allocations to schools based on the proposed formula factors set out in Appendix D

### 3. Dedicated Schools Grant (DSG) Settlement 2018/19

As reported at previous meetings, the Government has confirmed that they will continue with their proposal to implement a National Funding Formula (NFF) for the Schools and High Needs Blocks and the creation of a Central Services Schools Block. DfE Guidance for 2018/19 has confirmed that a 'soft' NFF will be implemented for 2018/19 with the intention to move to a 'hard' NFF from 2020/21. By implementing a 'soft' NFF in 2018/19, the funding provided to local authorities has been calculated using the NFF but authorities have some local flexibility regarding the distribution of these funds.

Enfield's initial 2018/19 DSG settlement was announced on 20<sup>th</sup> December 2017 at £331.541m. Of the High Needs Block allocation, £2.118m will be provided direct by the Education Funding Agency to fund post 16 places in special schools and places in

mainstream academy units and academy special schools. Table 1 below summarises the 2018/19 DSG Allocation.

**Table 1: DSG Allocation 2018/19**

<b>Block</b>	<b>Indicative 1819</b>	<b>Actual 1819</b>	<b>Variance</b>
	£000	£000	£000
Schools	254.35	255.797	1.447
Central Services	2.962	2.972	0.010
Early Years	24.662	26.955	2.293
High Needs	45.641	45.817	0.176
<b>TOTAL</b>	<b>327.615</b>	<b>331.541</b>	<b>3.926</b>

An indicative 2018/19 DSG allocation was provided in the summer based on October 2016 data. The actual 2018/19 allocation reflects the October 2017 dataset. Schools Block funding has increased due to an overall increase in pupil numbers, mainly in relation to new and growing academies. The increase in Early Years Block funding relates to changes in pupil numbers and the full year effect of the 30 hours initiative which was introduced in September 2017.

Adjustments will be made to our DSG allocation during 2018/19 to reflect academy recouplement. The Early Years Block allocations for 2 and 3/4 year olds will be updated during 2018/19 to reflect January 2018 census data.

#### **4.0 Draft Budget and Formula Factors 2018/19**

##### **4.1 Draft Budget**

A draft budget has been produced based on the 2018/19 DSG settlement data and is shown in Appendix B. Due to change in funding arrangements for 2018/19 there is less flexibility regarding the movement of funding between blocks and, other than the agreed 0.5% transfer of funding from the Schools Block to the High Needs Block, expenditure will be contained within the relevant blocks.

##### **4.2 Dataset 2018/19**

At the last meeting, estimated census data was presented in relation to pupil numbers. The DfE dataset information, for October 2017, confirms that there has been a decrease in pupil numbers in primary and an increase in pupil numbers in secondary. There is an overall decrease in eligibility for free school meals. This data is shown in Tables 2 and 3 below.

**Table 2: Pupil Number Data**

<b>Sector</b>	<b>GROSS Census Nos</b>	<b>ADD Academy Growth</b>	<b>NET Funded Pupil Nos</b>
<b>PRIMARY</b>			
October 2016	32,333	184	32,517
Est October 2017	32,309	150	32,459
October 2017	32,296	150	32,446
Variance 2016 to 2017	-37	-34	-71
<b>SECONDARY</b>			
October 2016	18,160	175	18,335
Est October 2017	18,510	176	18,686
October 2017	18,445	176	18,621
Variance 2016 to 2017	285	1	286

**Table3: FSM Data**

	FSM Nos	Pupil Nos	% Eligibility
October 2016	8,579	50,852	16.9%
October 2017	8,315	51,067	16.3%
Variance	-264	215	-0.6%

#### 4.3 Proposed Formula Factors and Unit Rates 2018/19

Formula factors for 2018/19 and associated unit values are set out in Appendix C. The NFF will allocate funding against all factors so for 2018/19 this has also been reflected in our local funding arrangements.

Following consultation, it was agreed to allocate funding on a model that moved approximately 50% towards NFF unit values and indicative funding allocations were calculated on this basis using October 2016 data. Following receipt of the October 2017 dataset, the formula has been recalculated on this basis. Due to changes in pupil numbers and other factors the planned unit rates did not utilise all the funding available so the unit values for prior attainment, Ever 6 FSM and IDACI reflect a higher percentage move towards NFF unit values as detailed in the Appendix C.

Key points to note with the new funding formula arrangements are

- No adjustment to pupil numbers for pupils in ARPs. Schools with units will now receive the first £4k funding for the number of ARP pupils on roll via the formula. The £6k balance of place funding and the Top Up will continue to come from the High Needs Block
- In addition to the move towards the NFF AWPU rates, £10.34 had been added to the AWPU to reflect new de-delegation for Support for Schools in Financial Difficulties and Data Protection (GDPR). This ensures a net nil effect for schools
- The formula includes a 0% Minimum Funding Guarantee and 3% funding cap. This means that for pupil led funding, schools will receive at least the same per pupil rate as 2017/18

#### **Recommendation: Schools Forum is asked to note and agree:**

- the formula factors and unit rates detailed in Appendix C which will be submitted to the DfE by their prescribed deadline of 19th January 2018.

#### 4.4 Rates

The 2018/19 budget projections for rates reflect the full year effect of 2017/18 academy conversions, where rates liability is reduced to 20%. For all other schools, the budget reflects the 2017/18 actuals at this stage but we are hoping that information will be available from the Business Rates Team to enable us to update this information for the Schools Forum meeting.

#### 4.5 Schools Formula Budget Shares

The application of the formula factors in Appendix C and the October 2017 dataset issued by the DfE in December produces the school's formula budget shares as set out in Appendix D. It should be noted that these figures exclude any allocations from the Growth Fund, Early Years or High Needs Blocks.

Following confirmation of the unit rates by the Schools Forum on 17<sup>th</sup> January 2018, indicative formula funding allocations for 2018/19 will be circulated to schools. This early notification will enable schools to develop and finalise their budget planning to address their key school development and improvement priorities and also known

budget pressures for the coming year. As well as the known budget pressures, schools will also now need to consider future and not confirmed pressures such as:

**Table 4: Budget Pressures from 2018/19**

Area	2018/19	2019/20	2020/21	2021/22
Teacher – Pay Award				
Teachers – Pension contributions				
Support Staff – Pay Award				
Support staff – Pension contributions	0.5%	0.4%	Subject of a review	

#### 4.6 MFG Disapplication

In response to our application the EFA has confirmed that we can 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 adjustment will be based on an EFA calculation template which ensures that consistent methodology is applied between authorities.

We are awaiting the outcome of a second application to allow a 0.5% funding transfer from the Schools Block to the High Needs Block which was agreed at the last meeting but we are expecting this to be authorised.

#### 5.0 Services provided by the Local Authority from De-Delegated Budgets

Table 4 details the services that are being offered for de-delegation in 2018/19. This approval for de-delegation is required on an annual basis and was agreed for these services at the December meeting.

**Table 5: De-delegated Services 2018/19**

Budget	Sector	Total Budget	Allocation per pupil / FSM *
		£	£
Licenses & Subs - CLEAPPS	Prim & Sec	6,128	0.12
Staff Advertising	Prim & Sec	15,320	0.30
Primary Pool	Primary	18,494	0.57
Union Duties	Prim & Sec	160,348	3.14
Free School Meals Eligibility	Prim & Sec	53,222	6.40
School Improvement	Primary	387,402	11.94
Support for Schools in Financial Difficulty	Prim & Sec	220,096	4.31
GDPR	Prim & Sec	307,929	6.03

## 6. High Needs Block

### 6.1 DSG Allocation

The DSG allocation for 2018/19 for the High Needs Block has been calculated via a national funding formula based 50% on proxy indicators and 50% on planned spend reported for 2017/18 plus 0.5%.

### 6.2 Funding for Special Schools and ARPs

There will be no significant changes to the funding arrangements for Special Schools in 2018/19. Where special schools have increased the number of places being offered this will be reflected in their budget allocation. The funding arrangements for ARPs will change as detailed in 4.3 above with the first £4k will be allocated via the school funding formula.

### 6.3 High Needs Pressures

The budget projections for 2018/19 reflect estimated costs and known developments identified at this stage. These include the full year effect of new developments

introduced in 2017/18 and the ongoing impact of pressures identified from monthly monitoring. The High Needs Contingency has been reduced to allow for increases in delegated and placement funding.

There continues to be significant risk in some areas of the high needs budget including

- Out of borough day and residential placements
- Placements in other LA special schools
- High needs support for post 16 pupils in FE provision
- New in borough developments Increase in exceptional needs provision in mainstream schools

A further update on the High Needs Block will be brought to the next meeting.

## 7. Early Years Block

### 7.1 DSG Allocation

A summary of the Early Year Block budget for 2018/19 is provided in Appendix B. A more detailed breakdown is shown in Table 5 below.

**Table 6: Summary Early Years Block 2018/19**

Jan 2017 Census	Pupil Nos	Initial 2018/19 DSG Allocation	Delegated to Providers	Centrally Held
		£	£	£
3&4YO – 15 Hours	5,350.4	17,139,471	16,282,497	856,974
3&4 YO - 30 Hours	1,702.4	5,453,468	5,180,795	272,673
2 Year Olds	1,253.0	4,042,429	4,042,429	0
EYPP		250,481	250,481	0
Disability Access Fund		69,495	69,495	0
<b>TOTAL</b>		<b>26,955,344</b>	<b>25,825,697</b>	<b>1,129,647</b>

It should be noted that the initial funding allocation for 2018/19 is based on January 2017 census data. A revised DSG allocation for the Early Years Block will be received in July 2018 which will reflect the January 2018 census data. Current projections of the January 2018 position indicate that numbers should be broadly in line with the January 2017 position but a more detailed analysis will be carried out when the Schools and Early Years Census have been completed so that we can anticipate the revised DSG allocation. Further updates will be brought to the Forum as soon as information is available.

### 7.2 3 and 4 Year Olds – 15 Hours Entitlement

The Early Years National Funding Formula (EYNFF) for 3 and 4 year olds was introduced with effect from 2017/18. Additional funding was provided over 2 years to support the implementation of the new formula which resulted in the DSG funding rate per hour increase from £4.16 in 16/17 to £5.28 in 17/18 and £5.62 in 18/19. The authority was required to delegate 93% of available funding to providers in 2017/18 and this has increased to 95% in 2018/19, ensuring that the majority of the funding increase is allocated to providers. The 5% centrally held funding is required for the management and support of Early Years provision.

The funding arrangements for 2018/19 continue on the same basis as those agreed for 2017/18 to meet national requirements. The key details for the 15 hours free entitlement for 2018/19 are as follows:

- £5.34 (95%) of the £5.62 DSG allocation to be passported to providers;
- Basic Hourly Rate - increases from £4.59 to £5.11 hourly rate per pupil;

- Deprivation Funding – £0.13 (2.5%) hourly rate per pupil of delegated funding with total funding being allocated on IDACI scores;
- Inclusion Fund - £0.10 (1.8%) hourly rate per pupil: following the recent consultation, the funding will be used for the Inclusion Panel to continue to assess and allocate applications from settings for additional support to meet the needs of individual pupils with SEND; and also enable the establishment of Area SENCOs (3FTEs) and educational psychologists (2FTEs) to provide targeted support for individual settings and pupils.
- Funding will continue to be adjusted on a termly basis to reflect actual pupil numbers.

### **7.3 3 and 4 Year Olds – 30 Hours Entitlement**

With effect from September 2017, the Government extended the free nursery entitlement from 15 to 30 hours a week for working parents. The aim is to reduce the cost of childcare for working families and break down the barriers to work and enable parents to return to work or work more hours.

The initial 2018/19 DSG settlement is based on the estimated number of pupils taking up this extended entitlement and this will be adjusted to reflect actual numbers recorded on the January 2018 census. As with the funding for the 15 hours, the authority is required to delegate 95% of available funding to providers in 2018/19. Funding will be allocated to providers on the same basis as the 15 hours entitlement.

Many providers are offering the 30 hours provision and the authority's Early Years Team continues to work with providers to further develop this provision to meet increasing demand.

### **7.4 Early Years Pupil Premium**

For 2018/19 the authority has received an allocation of £0.250m for the Early Years Pupil Premium (EYPP) which is the same as the final 2017/18 allocation. This funding is allocated to providers at a rate of £300 per eligible pupil who are taking up the 15 hours free entitlement.

### **7.5 2 Year Olds – 15 Hours Entitlement**

There are no planned changes to the funding arrangements for Terrific Twos, which provides 15 hours free provision for deprived 2 year olds. With effect from September 2017 the funding rate was increased from £5.28 to £5.66 per hour so that the full funding received by the authority was passported to providers. This arrangement will continue in 2018/19.

## **8. Risks and Uncertainties**

The latest budget projections for 2018/19 are based on the information available at this time which includes data from the October dataset and our DSG allocation for 2018/19. Factors that may impact of the final 2018/19 position include

- Final 2017/18 outturn position
- Any changes resulting from final checks of the school formula allocations
- Actual Rates estimates for 2018/19
- Final PFI Shortfall Allocations

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