

Date: 7 December 2017	Item 7	Type of report: Information and Decision
Report title:	Schools Funding Formula – 2018-19	
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Executive Summary

The report sets out the key arrangements for finalising the 2018-19 Schools Budget and Schools Funding Formula and identifies the outstanding matters on the 0.5% block transfer from the Schools Block to the High Needs Block

Schools Forum Actions

- Note the contents of the report
- Approve the method of funding the 0.5% block transfer from the Schools Block to the High Needs Block
- Note that a disapplication request to the Secretary of State would be needed above the 0.5% level and Schools Forum should give a view.

1. Background

1.1 The report builds upon the previous report to Schools Forum in October 2017 and the requirements regarding central retentions and de-delegations are dealt with in a separate report on the agenda.

2. Funding Formula Changes

2.1 The current funding formula unit values are attached as Appendix A. The values will be impacted upon by the proposal to transfer funds out of the Schools Block of the Dedicated Schools Grant (DSG) along with the affordability of the formula given funding priorities for any DSG headroom. This may include a reduction to the lump sum as noted at the last meeting. These priorities are:

- DSG deficit – see budget monitoring report
- Block transfer from schools block to the high needs block – see para 6-9
- Growing free schools where there is a requirement to fund these by estimates from the first year until the school is full – value is c £2.3m
- Any increase in NNDR – Business rates - figure to be confirmed

2.2 It is the intention of the Local Authority(LA) to retain the MFG rate at -1.5%.

2.3 As noted at the last meeting, there was an intention to review the current split sites funding arrangements (appendix D and E refer) as part of the formula for 2018-19. However, given the short time frame and the need for consultation, this will now be reviewed as part of a broader review of the funding formula for 2019-20 given the overall need for a fundamental review of the overall formula to ensure compliance with national funding formula requirements from ‘soft’ to the ‘hard formula’. We would suggest that a working group is set up with Schools Forum to review the overall approach to the formula in Spring 2018 led by the new Senior Finance Manager.

3. Schools Block to High Needs Block Transfer

3.1 At the October 2017 meeting, the Schools Forum agreed to a 0.5% transfer from the Schools Block to the High Needs Block but further work was required to show average cash reductions by phase for each of the suggested options. This is shown at Appendix B to this report.

3.2 In addition, a further option at the Secondary level was identified to show the lump sum reduction required if the AWPU and deprivation options were used. This is shown at Appendix C to this report.

3.3 Schools Forum is therefore asked for the preferred option to fund the agreed 0.5% transfer from the Schools Block to the High Needs Block.

3.4 Any transfer above 0.5% would require Secretary of State approval in the form of a dis-application request by February 2018. The Schools Forum is asked for its views on an additional block transfer above 0.5% given the pressures on the High Needs Block and also the illustrative modelling at Appendix B and C. This would require additional consultation per the guidance.

4. Timetable for finalisation of 2018-19 budget

4.1 The timetable below has been drawn up by the EFSA with regard to the finalisation of the DSG budgets. Highlighted any pertinent parts for the attention of the Schools Forum.

Date	DfE or ESFA activity	Local authority activity
Mid-December 2017	Final APT issued to local authorities, containing October 2017 census-based pupil data and factors. Publication of DSG schools block and revised high needs block allocations for 2018 to 2019 (prior to academy recoupment). Publication of provisional early years block allocations.	

Date	DfE or ESFA activity	Local authority activity
Mid-January 2018		<p>Schools forum consultation and political approval required for final 2018 to 2019 funding formula.</p> <p>Agree indicative EYSFF funding rates 2018-19 & High Needs Top Up rates 2018-19.</p>
19 January 2018		<p>Deadline for submission of final 2018 to 2019 APT to ESFA.</p> <p>Disapplication request latest deadline.</p>
28 February 2018		<p>Deadline for confirmation of schools budget shares to mainstream maintained schools.</p>
February to March 2018	<p>2018 to 2019 allocations issued to post-16 institutions, academies, and NMSS.</p>	
February 2018	<p>Publication of 2018 to 2019 high needs place numbers at institution level.</p>	
30 March 2018	<p>Confirmation of 2018 to 2019 general annual grant for academies open by 9 January 2018.</p>	
April 2018	<p>First DSG payments to local authorities based on 2018 to 2019 allocations, including academies recoupment (DSG allocations updated termly for in-year academy conversions), FE high needs place funding deductions, and other adjustments.</p>	

2017-18 Formula Factors & Funding Rates

	Description	Amount per pupil	
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Primary (Years R-6)	£4,142.61	
	Key Stage 3 (Years 7-9)	£5,929.19	
	Key Stage 4 (Years 10-11)	£5,929.19	
2) Deprivation	FSM 6	£1,122.11	£1,368.38
	IDACI Band F	£112.74	£93.18
	IDACI Band E	£117.57	£127.45
	IDACI Band D	£224.64	£443.93
	IDACI Band C	£360.63	£718.21
	IDACI Band B	£414.25	£826.66
	IDACI Band A	£408.91	£1,036.24
3) Looked After Children (LAC)	LAC X March 16	£0.00	
4) English as an Additional Language (EAL)	EAL 3 Primary	£263.57	
	EAL 3 Secondary		£1,432.08
5) Mobility	Pupils starting school outside of normal entry dates	£0.00	£0.00
6) Prior attainment	N/A	61.33%	£663.54
	Low Attainment % old FSP 78		
	Secondary low attainment (year 7)	48.02%	£1,529.91
	Secondary low attainment (years 8 to 11)		

Lump Sum is £150k.

Balance transfer modelling and impacts

		18-19 NFF	SB to HNB transfer			
			0.50%	0.75%	1.00%	
		£m	£m	£m	£m	
	Schools Block	237.02	235.83	235.24	234.65	The school block NFF allocation for 18-19 is £237.02m but School allocation is £235.5m , the difference of £1.52m is kept as central retention to fund (£650k for Growth/Falling rolls fund, £673k for Admissions and £200k Places in independent schools for non-SEN pupils)
	High Needs Block	42.93	44.12	44.71	45.30	
	Total	279.95	279.95	279.95	279.95	
	Increase in HN Block		1.19	1.78	2.37	
Option 1 (no MFG)	Lum Sum Reduction	0	£13,000	£19,000	£25,000	
		£m	£	£	£	
Impact	Primary School - Average cash reduction per school	1.788	12,600	18,952	25,269	This is based on that fixed lump sum is being reduced from all schools to achieve the savings of £1.175m, £1.7 6m and £2.35m respectively
17-18 V 18-19	Secondary School - Average cash reduction per school	6.110	12,600	18,952	25,269	
Option 2 (with MFG)	AWPU and Secondary Lump sum					
Impact	Primary School - Average cash reduction per school	1.788	9,205	13,539	17,691	Model is based that AWPU is being reduced by 0.74%, 1.12% and 1.55% respectively for all schools to achieve the savings of £1.175m, £1.76m and £2.35m
17-18 V 18-19	Secondary School - Average cash reduction per school	6.110	14,043	22,958	32,343	
Option 3 (with MFG)	IDACI and Secondary Lump sum					
Impact	Primary School - Average cash reduction per school	1.788	8,152	11,893	15,847	This model is based that deprivation unit value is being reduced by 4%, 6% and 8.15% respectively for all schools to achieve the savings of £1.175m, £1.76m and £2.35m
17-18 V 18-19	Secondary School - Average cash reduction per school	6.110	39,144	56,622	74,445	

Appendix C

Additional modelling requested by Schools Forum on block transfers

SUPPLEMENTARY TABLE			0.50%	0.75%	1.00%	
Option 4 (With & Without MFG)	AWPU - Average Reduction for Primary and Lump sum for Secondary	£m	£	£	£	
Impact	Primary School - Average reduction per school	1.788	9,205	13,539	17,691	Model is based that AWPU is being reduced by 4%, 6% and 8.15% respectively for primary schools and balance is being taken from reduction in Lumpsum from Secondary schools to achieve the savings of £1.175m, £1.76m and £2.35m
17-18 V 18-19	Secondary School - Average reduction per school	6.110	34,189	49,459	65,564	
Option 5 (With & Without MFG)	IDACI - Average Reduction for Primary and Lump sum for Secondary					
Impact	Primary School - Average reduction per school	1.788	8,152	11,893	15,847	Model is based that deprivation unit value is being reduced by 0.74%, 1.12% and 1.55% respectively for primary schools and balance is being taken from reduction in Lumpsum from Secondary schools to achieve the savings of £1.175m, £1.76m and £2.35m
17-18 V 18-19	Secondary School - Average reduction per school	6.110	38,981	57,050	74,150	

Appendix D

Current Split Site Funding and Criteria

School Name	Split Sites	
John Ruskin Primary School	23,234	Nursery class is off site
Phoenix Primary School	42,847	School is split by a public road carrying through traffic
Bessemer Grange Primary School	23,234	School is split by a public road carrying through traffic
Dulwich CE Infants School	42,847	School is split by a public road carrying through traffic
English Martyrs Primary School	42,847	School is split by a public road carrying through traffic
St James' Bermondsey	<u>42,847</u>	School is split by a public road carrying through traffic
	<u><u>217,856</u></u>	

Supplementary information

The Belham Primary School, a free school opened in September 2015. However, their split site funding is temporary while their permanent premises are being upgraded. They should be in their new one-site premises before 31 March 2018 therefore will not qualify for further split site funding after then. I believe the funding they have been paid by the ESFA (which they will recoup from us through the 2018-19 APT) is up to 31 December as they are due to be in the new site from January 2018. An MFG exclusion has been applied for.

New Criteria and Split Site Funding

Split sites guidance on potential criteria

1. A local authority formula can include a factor to provide additional funding to schools that operate on and own more than one site. Criteria for providing extra funding should be clear and transparent, incorporating clear and objective trigger points and a clear formula for allocating additional funding. All schools and academies that meet the criteria will be eligible for split site funding. Schools sharing facilities, federated schools and schools with remote sixth forms or remote early years provision are not eligible for split site funding.

2. Examples of clear trigger points are:

- the sites are at least x metres / kilometres / miles apart as the crow flies and the sites are separated by a public highway
- the provision on the additional site does not qualify for an individual school budget share through the DSG
- the school has remote playing fields, separated from the school by at least x kilometres / miles and there is no safe walking route for the pupils
- x% of staff are required to teach on both sites on a daily basis in order to support the principle of a whole school policy and to maintain the integrity of the delivery of the national curriculum
- at least x% of pupils are taught on each site on a daily basis

3. Examples of a clear formula for funding schools with split sites are:

- a lump sum payment of £x
- £x per pupil
- £x per square metre of the additional site

4. Values for primary and secondary schools may be different. There may be one rate of payment for the first additional site and a separate rate for each additional site. Payment rates may be stepped, for example as the distance between sites increases.