

**Decision Maker:**        **SCHOOLS' FORUM**

**Date:**                    **Thursday 21 September 2017**

**Decision Type:**        Non-Urgent                    Non-Executive                    Non-Key

**Title:**                    **SCHOOLS REVENUE FUNDING 2018/19**

**Contact Officer:**        Amanda Russell, Head of Schools Finance Support  
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**Chief Officer:**        Director: Education (ECHS)

**Ward:**                    (All Wards);

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1.    Reason for report

This report provides an overview of the operational guidance issued to local authorities in August to help them to plan the local implementation of the national funding formula for the 2018 to 2019 financial year.

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2.    **RECOMMENDATION(S)**

**The Schools Forum is asked to note information in this report and to agree a process for consulting with all schools on the appropriate funding methodology to be used for 2018/19.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact:
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## Corporate Policy

1. Policy Status: Not Applicable Existing Policy New Policy: Further Details
  2. BBB Priority: Children and Young People
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## Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: various across ECHS
  4. Total current budget for this head: £265m
  5. Source of funding: DSG
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## Personnel

1. Number of staff (current and additional):
  2. If from existing staff resources, number of staff hours:
- 

## Legal

1. Legal Requirement: Statutory Requirement Non-Statutory - Government Guidance None: Further Details
  2. Call-in: Applicable Not Applicable: Further Details
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## Procurement

1. Summary of Procurement Implications:
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## Customer Impact

1. Estimated number of users/beneficiaries (current and projected):
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## Ward Councillor Views

1. Have Ward Councillors been asked for comments? Not Applicable
2. Summary of Ward Councillors comments:

### 3. COMMENTARY

- 3.1 In August the DfE published new operational guidance to help local authorities and their school forums to plan the implementation of the new national funding system for the 2018/19 financial year. The full national funding formulae for 2018/19 and 2019/20 will be confirmed in September with indicative LA level allocations for the schools, central school services and high needs blocks. Final allocations will be issued in December, based on pupil numbers recorded in the October census.
- 3.2 The government has confirmed that there will be an additional £1.3 billion for schools and high needs across 2018/19 and 2019/20. This will mean an increase for all local authorities over their planned spending for 2017/18.
- 3.3 In 2018/19 and 2019/20 the national funding formula will be used to calculate notional allocations for each school, which will be aggregated and used to calculate the total schools block for each authority, however in those year local authorities will continue to determine final funding allocations for schools through their local formula – effectively this would seem to be two years of what has previously been describe as a “soft formula”.
- 3.4 There are a number of significant changes to the funding system as follows;
- i. The central school services block has been created from within the school block to separately identify the local authority spend on ongoing responsibilities such as statutory and regulatory duties, education welfare and asset management.
  - ii. Each of the four blocks of the DSG will be determined by a separate national funding formula.
  - iii. Baselines have been adjusted to take account of local authorities’ most recent spending patterns – the recent baseline exercise ensures that future allocations reflect the pattern of 2017/18 planned expenditure.
  - iv. Within the schools block, the government will provide for at least a 0.5% per pupil increase for each school in 2018/19 through the national funding formula. In addition, for the first time schools block allocations will be expressed as separate per pupil primary and secondary rates for each local authority.
  - v. The formula will provide local authorities with per pupil funding of at least £4,800 for all secondary schools that have pupils in years 1- and 11 by 2019/20. A new factor will be allowed in local authority formulae so they can set a transitional amount of per pupil funding in 2018/19 as a step towards the target of £4,800 in 2019/20. Nb this refers to overall per pupil funding (ie including all pupil related factors) not just to AWPU funding.
  - vi. Within the high needs block, the government will provide for at least a 0.5% overall increase in 2018/19 through the high needs national funding formula.
  - vii. The minimum funding guarantee (MFG) for schools will continue, but local authorities will have the flexibility to set a local MFG between 0 and minus 1.5% per pupil. In past years this has been set a minus 1.5%, however this flexibility will allow local authorities to offer higher levels of protection locally.
  - viii. The schools block will be ring-fenced from 2018/19 but local authorities will be able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum. Authorities will be expected to demonstrate that they have consulted locally with all schools and academies when seeking agreement to transfer any

funding out of the schools block- nb for Bromley 0.5% equates to around £992k. However, in order to do this the authority must submit a disapplication request to the Secretary of State in cases where the authority wishes to move more than 0.5% of the schools block or where the schools forum has turned down a proposal from the authority to move funding out of the schools block (either above or below the 0.5% limit) but the authority nevertheless wishes to proceed with the transfer. The initial disapplication request should be submitted by 30<sup>th</sup> November 2017 using the best estimates available – where this may need to be amended for example because the need or high needs provision has changed significantly or unexpectedly a revised application must be submitted by 19<sup>th</sup> January 2018.

3.5 In addition to these significant changes there are also a number of smaller changes to be aware of as follows;

- i. Local authorities can now use both current free school meals and “ever 6” free school meals measures within their deprivation factor ( previously they have been able to use one of these measures but not both). This is in addition to the IDACI factor which can also be used alongside one or both of the FSM measures. NB Historically Bromley has only used ever 6 FSM as a measure of deprivation.
- ii. The DfE will be increasing Pupil Premium Plus rates for 2018/19 rather than including a looked after children factor in the funding formula.
- iii. Local authorities will no longer need to request a disapplication to increase pupil numbers where there is an increase in a school’s admission limit or a local reorganisation.
- iv. Detailed guidance is provided regarding adjustments to schools budgets relating to excluded pupils – this effectively allows local authorities to recoup funding related to other factors for excluded pupils in addition to AWPU and pupil premium. It should be noted that this can be applied not only to excluded pupils but also to pupils who leave a mainstream school for reasons other than a permanent exclusion and are receiving education funded by the local authority other than at a (mainstream) school.
- v. There will no longer be a deduction to schools block pupil numbers for high need places in mainstream schools. Instead, the school’s budget share or equivalent academy funding will be determined on the basis of the total number of pupils on roll at the school, including those in the special unit or resourced provision. It is assumed that this will provide the first £4,000 of the place funding. An adjustment has been made to move funding from the high needs block to the schools block to reflect this. This has been calculated at £1.54m for Bromley to reflect the increased cost of funding pupils in units through the funding formula. The substantive place funding of £6,000 (was previously £10,000) will continue to be paid from the High Needs block.
- vi. There is further clarification of the methodology where an academy that is funded on estimates is expanding to meet basic need growth within the local authority.

3.6 The local authority must engage in open and transparent consultation with all schools and academies, as well as with the schools forum, about any proposed changes to the local funding formula including the method, principles and rules adopted. Any consultation must include a demonstration of the effect of any changes on individual schools or academies. It is assumed that there are three options available to local authorities:

- To continue to use the existing LA funding formula
- To move directly to the national funding formula
- To adjust the existing formula to move towards the national funding formula over a period of either one or two years.

3.7 The allowable school funding factors are detailed below.

Factor	Details	Currently used by Bromley LA
Basic entitlement (compulsory)	Funding allocated according to age weighted pupil unit (AWPU).  Single rate for primary pupils must be at least £2,000  Different rates for KS 3 and 4 must be at least £3,000	Yes  Primary - £2,930  KS3 - £4,160  KS4 - £4,550
Deprivation (compulsory)	LAs may choose to use FSM and /or IDACI  From 18/19 LAs can also choose to use current FSM eligibility as an additional factor	Yes – based on FSM Ever 6  Primary - £1,500  Secondary - £1,500
Prior attainment (optional)	Acts as a proxy indicator for low level, high incidence special educational needs  Based on pupils not achieving the expected level of development in the EYFSP for primary and pupils not reaching the expected standard in KS2 at either English or Maths for secondary	Yes  Primary - £1,450  Secondary - £1,000
Looked –after children (LAC) (optional)	Additional funding for any child recorded on the LA SSD903 return  Will not be included in the NFF	No
English as an additional language (EAL) (optional)	Pupils identified on the October census as having a mother tongue other than English funded for up to three years after they enter the statutory school system	Yes  Primary - £1,000  Secondary - £1,129
Pupil mobility (optional)	This measure counts pupils who entered a school during the last three academic years	No

Sparsity (optional)	For schools where pupils would have to travel a significant distance to the nearest alternative	No
Lump sum (optional)	Flat amount to be paid to all schools	Yes Primary - £130,000 Secondary - £130,000
Split Sites(optional)		No
Rates (optional)	Based on LAs estimate of actual costs	Yes
PFI (optional)		No
London Fringe (optional)		No
Exceptional premises factor (optional)		No
Minimum level of per pupil funding for secondary schools (optional)	New factor allowable in 2018/19 to allow local authorities to implement this policy locally	To be decided

- 3.8 Local authorities can choose to include a new element in the formula in 2018/19 to allow them to set a transitional minimum amount of per pupil funding in 2018/19 as a step towards £4,800 in 2019/20.
- 3.9 DfE have announced that the national funding formula will provide for at least a 0.5% per pupil increase in respect of each school in 2018/19. These increases will be reflected in the local authority level schools block allocations to be published in September, on the basis of aggregated notional school allocations. Local authorities will continue to set a minimum funding guarantee (MFG) in their local formulae, to protect schools from excessive year on year changes and to allow changes in pupil characteristics to flow through. However, for 18/19 and 19/20 local authorities can set their own MFG between 0 and -1.5% to adjust the impact on individual schools.
- 3.10 The Schools Forum is asked to agree that the LA will consult with all schools providing at least two comparisons i.e. current funding formula and national funding formula to agree the funding methodology for 2018/19 and also possibly 2019/20.
- 3.11 In addition the SF may want to consider whether there should be additional consultation with schools regarding the current recoupment process for excluded pupils/pupils educated out of school:
- i. whether the total funding to include all elements should be recouped from schools for permanently excluded pupils

ii. whether this funding should also be recouped for pupils educated elsewhere e.g. at the Nightingale PRU

3.12 It is proposed that the timeframe for consultation would be as follows;

21 <sup>st</sup> September 2017	Schools Forum to agree consultation process
13 <sup>th</sup> October 2017	Consultation document to be issued to all schools
10 <sup>th</sup> November 2017	Consultation response deadline
23 <sup>rd</sup> November 2017	Schools Forum to consider responses as part of budget setting process
30 <sup>th</sup> November 2017	Disapplication request to be submitted to SoS (if required)
11 <sup>th</sup> January 2018	Final budget to be agreed
19 <sup>th</sup> January 2018	Final disapplication request to be submitted ( if required)
26 <sup>th</sup> January 2018 (tbc)	2018/19 APT to be submitted to DfE
Date tbc	Budget to be approved by Members

Non Applicable Sections	Policy, personnel, legal, procurement and financial
Background Documents:	Held in ECHS Finance