

TO: SCHOOLS FORUM  
DATE: 20 SEPTEMBER 2018

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**SCHOOL AND EDUCATION FUNDING FOR 2019-20:  
PRELIMINARY INFORMATION  
Executive Director of People**

**1 PURPOSE OF REPORT**

- 1.1 The purpose of this report is to update the Schools Forum on the latest government announcements on school funding and to consider some initial matters that will need to be considered as part of the 2019-20 budget setting process. It builds on a number of previous briefings and decisions and incorporates the Department for Education's (DfE) technical paper *Schools Revenue Funding 2019 to 2020 Operational Guidance*.

**2 EXECUTIVE SUMMARY**

- 2.1 The Department for Education are in the process of implementing national funding reforms for schools and education with the introduction of a new national funding formula to distribute funds to LAs via the ring-fenced Dedicated Schools Grant (DSG). This is based on a further formula that will eventually have to be used to distribute funds to individual schools – the School National Funding Formula (SNFF).
- 2.2 The SNFF will contain uniform units of resource which will be paid at the same value for every school in the country, other than where an area cost adjustment is added to reflect specific, geographic costs – BF receives a 5.61% local area uplift. To minimise the impact on individual school budgets, the new framework is being introduced on a phased basis and is expected to be fully implemented from April 2021 at which point there will be a much more limited role for LAs in determining budget allocations for their local schools.
- 2.3 The reforms to the funding framework will be accompanied with additional funding. Initially this was announced at an extra £500m, but this was subsequently increased by a further £1.3bn for schools and high needs budgets across 2018-19 and 2019-20. Budgets beyond 2020 will be confirmed in the next spending review.
- 2.4 The key elements of the new funding system are:
1. the basic amount that every pupil will attract in 2018-19 and 2019-20 will increase from 2017-18 levels.
  2. in calculating LA funding allocations through the aggregation of individual school budgets on the SNFF, there will be gains of up to 3% a year per pupil, with every school receiving at least a 0.5% a year per pupil cash increase.
  3. there will be minimum per pupil funding rates in 2019-20 for primary schools of £3,500 and secondaries of £4,800. Meeting these minimum rates is outside the 3% cap set out above, meaning some schools will exceed the maximum 6% two year increase.
- 2.5 The DfE has recently issued financial information to LAs to aid budget planning for 2019-20 and the early emerging issues are being reported now. The council is seeking views from the Forum as to how the budget should be built and whether any specific questions should be asked of schools through an autumn term financial consultation.

- 2.6 Before taking account of any potential increases in pupil numbers, provisional calculations indicate that per pupil funding for BF schools will increase by 2.4% next year (circa £1.529m) as further gains are experienced as the transitional funding arrangements move on one more year.
- 2.7 A small number of pressures have also been identified, most notably in respect of the widely known additional support required by new schools to fund diseconomy costs which is provisionally estimated at £1.3m. A joint funding proposal for these costs between the council and schools, including general unallocated balances held in the central Schools Budget, will be considered by the Executive in October.

### **3 RECOMMENDATIONS**

- 3.1 **In order to aid planning for the 2019-20 budget for schools, to AGREE the proposed approach to setting the 2019-20 Schools Budget as set out in paragraph 6.50, and in particular to:**
- a. **ensure each school's budget closely matches the funding allocations made through the SNFF.**
  - b. **consult with schools to gather views on on-going 'de-delegation' and the continuation of the £20 per pupil contribution to education related statutory and regulatory duties.**
  - c. **only fund pressures (subject to sufficient resources) where it is included in the financial settlement from the DfE, represents a statutory requirement or a local priority.**
  - d. **confirm on-going central retention by the council of the budgets permitted by the DfE, as set out in Annex 2.**
- 3.2 **To NOTE that:**
- a. **the Council's Executive will consider a joint funding proposal with schools to meet the diseconomy funding costs arising as a result of the new school building programme and that this will have a significant impact on how the Schools Budget is funded.**
  - b. **a review of pupil and place planning forecasting arrangements is to be undertaken by an independent, external specialist.**
  - c. **initial budget proposals for High Needs and Early Years services will be presented to the Forum in December, when more up to date budget information is available.**

### **4 REASONS FOR RECOMMENDATIONS**

- 4.1 To gather views from the Forum on the key budget issues known at this stage and to agree the outline content for the formal financial consultation with schools on the development of the 2019-20 budget.

### **5 ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 A number of options will be considered as part of the budget setting process.

## 6 SUPPORTING INFORMATION

### Background

- 6.1 The Forum has been kept up to date on the planned national reforms of school and education funding with regular briefings and has been actively involved in deciding the approach to be taken in moving school budgets from the current position in BF to what will be required as the new funding framework is implemented. The following paragraphs therefore present a reminder of the key changes and how the 2018-19 budget was set locally.
- 6.2 Proposals for reforming school and education funding, most notably through the introduction of a SNFF, were initially announced by the government in March 2016 and are now being implemented on a phased basis. The SNFF has been in place since April 2018, from which point LAs received funding for schools in their area on the new national formula, but in order to aid a smooth transition to the SNFF, retained the freedom to calculate individual school budgets for 2 more years through to the end of 2019-20, within the parameters of DfE School Funding Regulations. The DfE refer to this approach as LAs running a “soft SNFF”.
- 6.3 Following responses to national consultations and the outcomes from the May 2017 general election, the government confirmed that there will be an additional £1.3bn for schools and high needs budgets across 2018-19 and 2019-20. There will be £416m more than was set aside at the last spending review for the core school budget in 2018-19, and £884m more in 2019-20. These amounts are in addition to the extra £500m announced to support the reforms as part of Spending Review 2015. Budgets beyond 2020 will be confirmed in the next Spending Review which will take place in 2019.
- 6.4 The key elements of the new funding framework for 2018-19 were as follows:
1. in general, the components of the SNFF would be those most commonly used nationally by LAs in 2017-18. The relative weighting of funds to be distributed through each element would largely be based on the average distribution of funding made by LAs but with significant differences to this approach relating to increasing funding on additional needs factors and also recognising disadvantage in a broader sense. The increases will be financed by a lower amount of basic per pupil funding and also a reduced lump sum amount that all schools receive, irrespective of size. This supports the government preference for a pupil led funding system.
  2. funding to each LA would be through the aggregation of each of their school's individual SNFF budget, with sufficient funding to pay gains for their schools of up to 3% a year per pupil, with a minimum increase of 0.5%.
  3. to aid a smooth transition, LAs would retain responsibility for individual school funding allocations in both 2018-19 and 2019-20 rather than immediately adopting the SNFF. Funding arrangements would still need to be in accordance with criteria set by the DfE.
  4. the SNFF provided LAs with per pupil funding of at least £4,600 for all secondary schools and £3,300 for all primary schools. These are outside the 3% cap on increases and therefore, the schools receiving the lowest per pupil funding rates in 2017-18 could receive higher increases than the 3% increase SNFF headline amount.

Due to the scale of changes, Annex 1 sets out more detail on the funding arrangements and timeline, and repeats what has previously been reported to the Forum.

6.5 The 2018-19 school budgets were set using the £1.7m (2.7%) funding increase – after setting aside £0.264m to fund the cost increase from additional pupils. Following consultation with schools to gather views on key issues, the Schools Forum then agreed strategic decisions as follows:

1. individual school budgets for 2018-19 should be set as closely to the SNFF as possible. This resulted in all schools receiving an increase in per pupil funding together with some changes to the funding factors used to distribute budgets e.g. Ever6 Free School Meals data was used to allocate funds for the first time and numbers of children looked after were no longer allocated specific funding in the Formula as Pupil Premium funding paid through a separate grant was increased by the DfE.
2. to reflect the different levels of affordability in each area, the minimum change in per pupil funding could be determined by a local Minimum Funding Guarantee (MFG)<sup>1</sup> amount and not the +0.5% minimum increase included in the allocation to LAs. The BF MFG was set at the maximum +0.5%, with the cost of funding protection financed through limiting gains at relevant schools.
3. that the LA could retain budgets for central management through the ‘de-delegation’<sup>2</sup> route where these were requested. See paragraphs 6.44 to 6.46 for more information on ‘de-delegation’.
4. that £0.394m be drawn down from the New School Reserve to finance the additional diseconomy costs that arise from the new schools, to ensure the £1.7m increase in funding received through the funding reforms is passed on in full to existing schools.

6.6 Other budget decisions agreed by the Schools Forum included:

1. the services where budgets could be centrally managed on behalf of schools by the Council would be unchanged from previous years and set in the value of £1.504m (see Annex 2)
2. following withdrawal of £1.2m of DfE grant funding to BFC, that maintained schools would contribute £0.24m to the cost of the ‘general’ LA statutory and regulatory duties that the council is still required to fulfil through a contribution of £20 per pupil. Annex 3 provides an outline of the statutory and regulatory education related duties.

### **Overall 2018-19 Funding Framework**

6.7 The Schools Budget is funded by a 100% ring fenced government grant called the Dedicated Schools Grant (DSG). It now comprises 4 funding Blocks, each with a separate calculation and funding allocation; the Schools Block (SB); the Central School Services Block (CSSB) the High Needs Block (HNB); and the Early Years Block (EYB). The SB and CSSB directly support mainstream schools and are generally delegated to governors; the HNB and EYB are centrally managed by LAs and are targeted towards supporting high needs pupils and those under 5 years old.

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<sup>1</sup> To provide a degree of year on year funding protection, the DfE requires a MFG to be applied and this sets a minimum change in per pupil funding that a school can experience between years. It has previously been set at a national rate of a maximum reduction of -1.5%, but each LA can now set their own rate between -1.5% and +0.5%.

<sup>2</sup> ‘De-delegation’ recognises that there are benefits of cost effectiveness, risk sharing or ease of organisation / management that a strategic approach can bring in some instances and the DfE therefore allows schools to agree LA central retention of funds on a prescribed range of services.

- 6.8 This report concentrates on the SB element of the DSG which is intended to fund delegated school budgets and the small number of services that the DfE allows LAs to manage centrally on behalf of schools, and the CSSB, which covers a range of services that LAs can manage on behalf of schools. HNB and EYB funding matters will be subject to separate reports that will be presented for consideration in December when more up to date budget setting data will be available.
- 6.9 There are now 2 main elements of funding within the SB which together produce the funding for individual school budgets; business rates, high pupil mobility and the growth fund<sup>3</sup>, for which funding is allocated to each LA based on the budget calculation from the previous year; and per pupil funding allocations for all other costs. These per pupil funding allocations have an added significance in the new arrangements in that they will be used to make the calculation to ensure each school receives the new, minimum per pupil funding rates. The DfE excludes school costs of business rates, high pupil mobility and allocations from the growth fund from the calculation of minimum per pupil funding rates.
- 6.10 The DSG can only be spent on the purposes prescribed by the DfE. Any under or overspending in a year must also be ring-fenced and applied to a future Schools Budget. There is a general ring-fence in place in that SB funding must be spent on school budgets, although where agreed by the local Schools Forum, up to 0.5% of the SB (circa £0.325m in BF) can be transferred to fund costs that fall into other Blocks. Money can be freely transferred from other Blocks into the SB.
- 6.11 LAs can add to the DSG from their own resources to increase the size of the Schools Budget but are not permitted to plan to spend at a lower amount. The policy of the Council is for the Schools Budget to be set at the eventual level of grant income plus any accumulated balances and reserves, with the Executive Member for Children, Young People and Learning authorised to make amendments and agree budgets as permitted by DfE Funding Regulations. This is scheduled to take place on 18 January 2019, taking account of recommendations of the Schools Forum.

#### **Update on 2018-19 Teachers Pay Grant**

- 6.12 The government announced its intentions regarding the 2018 Teachers Pay award which came into effect from 1 September after the 2018-19 budget was set. Increases have been proposed at 1.5% to the leadership pay ranges, 2% to the upper pay scale, leading practitioners, and allowances and 3.5% for those on the unqualified and main pay ranges. This is the first time that the DfE has not accepted in full the recommendations of the School Teachers' Review Body (STRB), which recommended 3.5% increases on all ranges and allowances.
- 6.13 The DfE have announced that there will be a Teachers Pay grant to help fund the pay increases. The DfE have assumed that the schools will have budgeted for the first 1% of increases and the Teachers Pay Grant will provide funding for the higher level increases until the end of the current spending review period at March 2020. On-going funding beyond this point will need to be agreed as part of the next spending review.
- 6.14 The DfE has indicated that details of how this will work to individual school level will be announced after 3 September, the closing date for comments to the government's response to the STRB report. They have yet to be released. The indicated preference is for it to be delivered via a funding formula, in which case some schools may receive a

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<sup>3</sup> The growth fund covers diseconomy funding and other allocations to new schools such as pre-opening costs, Key Stage 1 funding top ups to limit classes to 30 pupils and significant in-year increases in pupil numbers in existing schools.

higher or lower amount than the actual cost, depending on the current salaries, ranges and allowances of staff.

- 6.15 Analysis of the pay ranges in BF schools indicate that average increases would be 2.8% but the percentage increase on staffing costs could vary between 2.3% and 3.3%, depending on the number of teachers on each range in an individual school.
- 6.16 In setting their budgets, schools were advised to allow for 2.5% for the cost of the Teachers Pay award. The award of this grant should therefore provide additional, unplanned income for schools.

#### Initial planning for the 2019-20 Schools Budget

##### Changes being implemented by the DfE

- 6.17 A small number of technical changes are to be implemented in 2019-20, in particular the introduction of a formula based approach for making funding allocations to LAs for their growth fund. This is the key issue for the 2019-20 BF budget, with the potential impact in BF set out in more detail below in paragraphs 6.28 to 6.36.
- 6.18 Other changes include:
1. confirming increases in minimum per pupil funding rates to £3,500 for primary aged pupils and £4,800 for those of secondary age.
  2. the per pupil funding floor in the national SNFF will again be set at a +0.5% increase from the previous year, with gains also continuing to be capped at 3%.
  3. to fairly fund new schools, those opening for the first time in 2019-20 will also have a funding floor applied. To calculate this, their 2019-20 funding will be compared to a baseline from the previous year based on the average baseline budgets for all schools in the relevant LA. Details of how these calculations will have to be made have yet to be published.
  4. changes to the Early Years Foundation Stage Profile in 2013 have gradually increased the cohort of pupils and this data is used for funding schools for low prior attainment (LPA), which is a proxy for SEN pupils. To account for a change arising from “the assessment, rather than changes to the underlying level of need”, the DfE will be maintaining the proportion of funding allocated on primary LPA by balancing the increase in the eligible cohort with a reduction in the factor value from £1,050 to £1,022. This is the only change in factor values in the SNFF. Annex 4 shows the SNFF factor values and also those used in the BF funding formula in 2017-18 and 2018-19,
  5. setting individual LA funding for premises and mobility factors on actual budget allocations made by LAs in 2018-19. 2018-19 LA funding amounts were based on 2017-18 actual budget allocation.

- 6.19 The DfE has arranged a number of workshops with LAs to consider the practical implementation of the guidance to ensure unexpected outcomes are avoidable. This may identify areas for additional consideration or clarification and therefore further changes cannot be ruled out at this stage.

##### Setting the budget control total

- 6.20 Taking account of the most recent DfE guidance and the release of preliminary financial data, initial plans for 2019-20 budgets can now be prepared and this includes an early view on the likely financial settlement for schools.

- 6.21 Per pupil funding rates are the most significant funding element and are separately calculated each year for individual LAs using the latest available pupil characteristics data. 2019-20 rates are calculated from running the SNFF on October 2017 census data and dividing the aggregate per pupil allocation for all schools by the total number of pupils. A separate calculation is made for primary and secondary aged pupils. DSG per pupil funding rates are therefore calculated from lagged data, one year in arrears to the data used to fund schools, which in itself is collected 7 months before the start of the relevant financial year.
- 6.22 The confirmed 2019-20 per pupil funding rates for BF are £3,681.84 for primary (+1.8%) and £4,994.47 for secondary (+3.0%). Increases have arisen as most BF schools receive further funding increases from their relatively low 2017-18 baseline budgets through the arrangements included in the second year of transition. The weighted average increase is estimated at 2.4%, meaning around 5.1% increase over the past 2 years. Excluding the impact from increased pupil numbers, this equates to £1.529m.
- 6.23 Funding has also been confirmed for premises and mobility factors on actual budget allocations made by LAs in 2018-19, which will be £0.002m and £1.473m respectively.
- 6.24 For the growth fund, as previously reported, the historic funding basis used in 2018-19 will be replaced with a new national formula for 2019-20. The intention is to move to a system where funding is distributed fairly and consistently rather than relying on different funding decisions at individual LAs. From next year, a formula will be used to measure growth by counting the increase in pupil numbers in each LA between the two most recent October censuses, so between October 2017 and October 2018. The measure will be via small geographical areas used by the Office for National Statistics called middle super output areas (MSAO). These areas are considered small enough to detect pockets of growth. Only positive increases by MSAO will be counted. Reductions in other MSAO areas will not be deducted. Additional funding will also be provided when a new school opens.
- 6.25 The DfE has yet to release relevant data to allow LAs to accurately model likely income, but using the best data available at this time, income of between £0.5m and £0.7m is expected. For planning purposes, the assumption is that £0.5m will be received in 2019-20. This compares to £0.772m in 2018-19. Actual funding will be confirmed in December.
- 6.26 The CSSB funding is determined through a national formula and is allocated to fund budgets for central management by LAs. There are 2 elements; a confirmed per pupil amount paid at £39.69 based on pupil numbers, and a fixed lump sum allocation paid to LAs at the individual amount, based on the cost of historic commitments on the prescribed services that fall within the 'combined services'<sup>4</sup> budget category, for which BF holds £0.405m. The provisional allocation from the formula indicates a 10.7% funding reduction through the per pupil funding element. Transitional funding protection limits the loss to 2.5%. Final funding will be confirmed in December, with £1.025m estimated at this time, a £0.016m reduction.
- 6.27 A summary of estimated changes in income, excluding any potential changes in pupil numbers is set out below in Table 1.

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<sup>4</sup> Combined Service Budgets funded by the DSG generally support vulnerable children, have an educational benefit and link to other programmes funded by the Council which together result in better, more effective use of resources with improved outcomes for children than if provided and managed independently

Table 1: Estimated Schools Block DSG income (assumes no change in pupil numbers)

Ref	Schools Block item	October 2017 (Actual)	September 2018 (Estimate)	Change
	<b><u>Pupil numbers:</u></b>			
1	Primary actual NOR	10,084.0		
2	Secondary actual NOR	5,923.0		
		16,007.0		
	<b><u>Delegated budgets</u></b>			
3	Primary per pupil rate	£3,615.52	£3,681.84	£66.32
4	Secondary per pupil rate	£4,849.23	£4,994.47	£145.24
5	Primary per pupil funding	£36,458,904	£37,127,725	£668,821
6	Secondary per pupil funding	£28,721,989	£29,582,231	£860,241
	Sub total per pupil funding	£65,180,893	£66,709,955	£1,529,063
7	Business Rates allocation	£1,527,765	£1,473,117	-£54,648
8	High pupil mobility allocation	£13,345	£2,255	-£11,090
9		<b>£66,722,000</b>	<b>£68,185,330</b>	<b>£1,463,330</b>
	<b><u>LA retained growth fund</u></b>			
10	Significant in-year increase in pupil numbers	£311,650	0	-£311,650
11	Key Stage 1 class size funding	£86,390	0	-£86,390
12	Start up costs for new schools	£56,100	0	-£56,100
13	Dis-economy funding paid to new schools	£318,401	0	-£318,401
14	Estimated funding on new formula	£0	500,000	£500,000
15		<b>772,541</b>	<b>500,000</b>	<b>-272,541</b>
16	<b>Sub total: Schools Block DSG</b>	<b>67,494,541</b>	<b>68,685,330</b>	<b>1,190,789</b>
	<b><u>Central Schools Services Block DSG:</u></b>			
17	Per pupil rate rate CSSB	£635,078	£619,310	-£15,768
18	Combined Services - funding at historic spend amount	£405,680	£405,680	£0
19	<b>Sub total: Central Schools Block DSG</b>	<b>1,040,758</b>	<b>1,024,990</b>	<b>-15,768</b>
20	<b>TOTAL</b>	<b>£68,535,299</b>	<b>£69,710,320</b>	<b>£1,175,021</b>

Changes arising from new / expanding schools

- 6.28 As part of early preparations for the 2019-20 Schools Budget setting process, the medium to long term cost projections for new schools were again presented to the Forum in June. This reflects the importance of agreeing how to manage the significant cost pressure that is now starting to arise, which based on December 2017 forecasts indicated estimated additional revenue costs between 2016-18 and 2025-26 of £14.723m. Similar information has been presented to the Forum for a number of years but with more new schools now opening, costs of additional support requirements being reported for budget setting purposes are now significantly increasing.
- 6.29 The report estimated costs still to be funded for 2019 to 2026 at £13.03m. An equivalent amount for all Growth Fund responsibilities, so including costs of in-year increases in pupil numbers in existing schools and KS1 class size funding over the same period would amount to £16.06m.

6.30 When considering this matter, there was a general consensus amongst the school representatives on the Forum that the funding policy for new schools was appropriate but that Kings Academy Binfield had arrived too early and that all pupils in the borough could be accommodated in existing schools. The opening had created a problem for existing schools which were now having to manage with lower pupil numbers than would otherwise be the case, were losing funding as a result, and it was all happening during a prolonged period of tight financial settlements and rising costs. There was also now going to be a period of uncertainty during which there would be more places than pupils creating extra financial and school organisation difficulties.

6.31 Having considered the matter, the Forum passed the following resolution:

The Schools Forum expresses its ongoing concern to the Council and Executive Member for Children, Young People & Learning about the serious adverse impact on existing schools of the delivery of new schools when there is a significant surplus of places, and requests that urgent consideration be given to ways of mitigating the adverse impact by providing additional financial support to those schools which were facing additional budgetary pressures as a result of the loss of funding due to a drop in pupil numbers.

6.32 As requested, a funding proposal is being prepared for the Council's Executive to consider at its meeting on 16 October that will present the option of a joint funding solution between schools and the council. The draft proposal is expected to include maximising use of unallocated balances in the Schools Budget that are estimated to be around £2m at 31 March 2019, with the council and schools each contributing to the remaining shortfall. At this stage, a 3-5 year plan is being prepared for the Executive to consider.

6.33 Subsequent to the last meeting of the Forum, revised costings have been undertaken on the revenue costs anticipated for the growth fund responsibilities based on August 2018 pupil forecasts i.e. this is an update on the information previously presented to the Schools Forum but still remains provisional. The data used is an early draft of the work being undertaken to produce the 2019-20 *School Places Plan* and *Capital Strategy* documents that will be finalised towards the end of the year once October census data has been verified. This currently shows that projected pupil numbers are now lower than expected when forecast last year with fewer new places now required. This update indicates a provisional pressure for 2019-20 of £1.3m.

6.34 These are provisional estimates, drawing on a number of critical variables, for example, if the progress on construction and sale of houses is slower than currently forecast, fewer children will be in the schools which will prolong the period requiring additional financial support and further increase costs and are therefore subject to amendment.

6.35 The change in pupil numbers now being forecast compared to this time last year indicates the need to review and potentially update the existing forecasting model. An independent external specialist is therefore to be commissioned to complete this task.

6.36 The decision of the Council's Executive in terms of agreeing a joint funding strategy with schools for new school funding will be reported to the Forum in December for consideration in the next stage of the budget setting process. This will also include a detailed update on forecast pupil numbers and the consequential need for new places and the additional revenue cost over the medium to longer term. Together, this information represents the most critical element of next year's budget setting process.

### Potential pressures

- 6.37 The Forum has previously agreed a strategy for developing school budgets and this continues to underpin budget preparations. The key elements of the strategy are to only reflect in the budget these pressures that are recognised in the DfE funding allocation, together with any new or updated statutory or regulatory requirements and key local priorities. The strategy is set out in Annex 5.
- 6.38 In addition to the expected £1.3m pressure from new schools which is a local priority, there is also likely to be a pressure on school business rates as there will be a national cost uplift set by the Inland Revenue (3.9% in 2018-19), together with ongoing adjustments arising from transitional relief arrangements that were put in place following the 2017 revaluation exercise to limit the initial impact of changes. Neither the cost uplift nor the transitional funding arrangements that will apply in 2019-20 have been announced, but using 2018-19 impact as an initial guide, costs will rise by around £0.090m. As schools budget have to be funded on an estimated actual basis, this is an unavoidable cost.
- 6.39 In terms of changes in pupil numbers, current estimates indicate an annual increase of around 400 (+2.5%). Precise numbers will be confirmed once the October 2018 census data has been verified, and will be accompanied with additional DSG funding at the average amount paid out to schools, with minimal financial impact anticipated.

### Provisional income to expenditure comparison

- 6.40 Taking account of the information available at this stage of the budget setting process, and assuming all of the additional diseconomy and other costs estimated to arise from new schools are fully funded from 2019-20 DSG with no contribution from the accumulated balances of around £2m or from the council, there would be a small net increase in funds for schools of £0.175m. Table 2 below sets out a summary of the changes, which presents the anticipated worse case scenario.

Table 2: Provisional income to expenditure comparison

Ref	Schools Block item	Additional income / saving	Potential pressure	Net change (+ gain / - loss)
	<b><u>Delegated school budgets</u></b>			
1	Increase in DSG (Table 1: line 9)	£1,463,330		
2	Business rates pressure (paragraph 6.37)		£90,000	
	Sub total per pupil funding	£1,463,330	£90,000	£1,373,330
	<b><u>LA retained growth fund</u></b>			
3	Significant in-year increase in pupil numbers / KS1 pupils (Table 1: line 14 less lines 10 and 11)	£101,960		
4	Diseconomy funding paid to new schools (paragraph 6.32)		1,300,000	£1,300,000
	Sub total growth fund	<b>101,960</b>	<b>1,300,000</b>	<b>-£1,198,040</b>
	<b>Total</b>	<b>1,565,290</b>	<b>1,390,000</b>	<b>175,290</b>

### Options for allocating new money to schools

- 6.41 Working on the assumption that there will be additional funds for schools in next year's budget, a decision needs to be taken on the methodology to be used to distribute the funds. In setting the 2018-19 budget, three options were presented to schools through the 2017 financial consultation to expressed their preferred approach:

Option 1: aim for a close fit to the indicative 2019-20 SNFF allocation for each school.

Option 2: continue with the BF Funding Formula, remove funding for Looked After Children as additional resource will be paid through the Pupil Premium, increase all other units of resource in accordance with the budget strategy (see Annex 5), subject to meeting DfE funding regulations, in particular, the minimum per pupil funding values and estimated actual costs for rates.

Option 3: continue with the BF Funding Formula, remove funding for Looked After Children as additional resource will be paid through the Pupil Premium, increase all amounts allocated by other formula factors by the same percentage, subject to meeting DfE funding regulations, in particular, the minimum per pupil funding values, and the £0.170m cap on lump sum payments and estimated actual costs for rates.

- 6.42 With 97% of the 30 respondents supporting Option 1, aim for a close fit to the indicative 2019-20 SNFF allocation for each school, it is proposed to continue this approach without seeking further views from all schools. The Forum is requested to consider whether further views are required.

### Content of the financial consultation with schools

- 6.43 The Schools Forum comprises representatives of key education stakeholders in the borough and provides a strategic view on finance matters to the council, as well as making decisions in key areas. This removes the need for frequent consultation with schools and speeds up decision making. However, specific views are generally sought each year from schools on a small number of budget matters. This year, the council proposes to gather comments on 2 areas; support for on-going 'de-delegation' of services; and the continuation of a £20 per pupil contribution from maintained schools towards the education related statutory and regulatory duties that the council needs to fulfil without funding from the DfE.

### De-delegated budgets

- 6.44 Forum members will be aware that national funding arrangements require all LAs to delegate funding for the same services and functions, with a general presumption of maximum delegation. However, where relevant representatives on a Schools Forum agree that the whole budget for their phase e.g. primary or secondary should be returned to the Council for central management, this is allowed, but only in respect of a small number of services. This recognises that there are reasons of cost effectiveness, risk sharing or ease of organisation / management that a strategic approach can bring.
- 6.45 The DfE term this approach "de-delegation" and requires annual approval from the school representatives on the Schools Forum for it to be implemented for maintained schools. Academy schools are responsible for providing these services and therefore receive their share of "de-delegated" budgets direct, with some being available for purchase from the council if required.

- 6.46 When asked, schools have always supported on-going 'de-delegation' of services, with 94% of respondents on average agreeing in each of the last 3 years.

Annex 6 sets out the services involved and relevant amounts.

#### LA education related statutory and regulatory duties

- 6.47 Forum members will be aware that LAs were previously funded through the Education Services Grant to meet education related statutory and regulatory duties. The grant comprised two component parts; a 'general duties' element that falls directly on to schools to fulfil should they become an academy; and a 'retained duties' element for the obligations that LAs have to fulfil to both academies and maintained schools. From April 2017, there was a phased withdrawal of funding for the 'general duties' element that cost the council £1.2m. The £0.26m received for the 'retained duties' element was transferred into the DSG and made available to continue to finance these costs.
- 6.48 As part of the last 2 budget setting processes, maintained schools agreed that they would make a £20 per pupil contribution to LAs to part finance the cost of these services whilst the council continued its Transformation programme to reduce costs. However, these costs will not be eliminated as there remain statutory and regulatory duties to meet. The council will again seek permission from maintained schools to contribute £20 per pupil to these costs, which will generate around £0.240m.
- 6.49 In each of the 2 years where views have been sought, schools have always supported contributing to these costs, with 69% of respondents on average agreeing.

Annex 7 sets out a summary of the outline statutory and regulatory duties required of the council.

#### Summary of proposed approach to setting the 2019-20 SB and CSSB Budgets

- 6.50 Based on the information presented in this report, the council proposes to set the 2019-20 SB and CSSB elements of the School Budget as follows:
1. The Schools Budget will be set at the eventual level of grant income plus accumulated balances and reserves
  2. There will be no requests from the council to transfer funds between the different funding blocks of the DSG.
  3. Specific funding for pressures will only be provided (subject to sufficient resources) where it is included in the financial settlement from the DfE, represents a statutory requirement or a local priority. At this stage, this will be limited to:
    - a. increases in pupil numbers,
    - b. changes in the cost of business rates,
    - c. anticipated growth allowance payments, in particular to existing schools experiencing significant in-year increases in pupil numbers or meeting the needs of Key Stage 1 class size regulations and diseconomy and other costs associated with new schools

This reflects the previously agreed budget strategy.

4. To recognise that in the long term, schools budgets will be calculated through the SNFF, budgets for BF schools are again calculated to be as close a fit to the SNFF as possible. This approach was supported by 97% of the 30 schools responding to the question in respect of setting the 2018-19 budget.
5. Furthermore, reflecting the estimated average per pupil funding increase of 2.4% and the intention to closely match the SNFF:
  - a. that the MFG remains set at the highest permitted value of +0.5%, and matches the minimum per pupil increase applied in the SNFF. The cost of funding protection to be financed through limiting gains at relevant schools
  - b. that minimum per pupil funding rates are set at £3,500 for primary aged pupils and £4,800 for secondary, the same as applied in the SNFF
6. That the services currently managed centrally by the council and funded through the CSSB continue to be centrally managed, with budgets capped at the amount of CSSB DSG funding.
7. That views be sought from schools on:
  - a. Whether the services permitted to be 'de-delegated' should continue to be returned to the council for central management. This approach was supported by 93% of the 27 schools responding to the question in respect of setting the 2018-19 budget
  - b. Continuing with the £20 per pupil contribution to 'general' education related statutory and regulatory duties that the council needs to meet from general resources, following withdrawal of £1.2m of DfE grant funding. This approach was supported by 71% of the 28 schools responding to the question in respect of setting the 2018-19 budget

Should any further issues emerge from the DfE workshop on 2019-20 school budgets taking place on 18 September that indicate the need to seek views from all schools, these will be verbally reported at the Forum meeting and added to the consultation document as appropriate. A consultation, if required, is expected to be issued on 24 September for return by 19 October.

- 6.51 In respect of financing the pressure arising from diseconomy and other costs associated with new schools, firm proposals will be presented to the Forum in December, taking account of the decisions of the Council's Executive on a proposal to joint funding these from accumulated Schools Budget balances and reserves, schools and the council. This will have a significant influence on the final funding arrangements for the 2019-20 budget for schools.

#### Changes from April 2020

- 6.52 The DfE initially announced that LAs would run a "soft SNFF" for 2 years, making local decisions through to March 2020 on a number of aspects of school funding rather than implementing the SNFF in full. With 73 LAs moving their local formulae closer to the SNFF in 2018-19, and with 41 mirroring the SNFF values almost exactly, the DfE are content with progress being made against the reform objectives, and LAs will therefore continue to run a "soft SNFF" into 2020-21, so for one more year.

- 6.53 Areas of the national funding formula that will be subject to consideration for change are:
1. The growth fund. There is a recognition that a number of stakeholders have raised concerns on the new formula and options for further development will be explored.
  2. Developing formulae to replace costs that are currently funded on historic costs. For BF this relates to mobility (£0.002m) and business rates (£1.473m).
  3. Longer term changes are being considered for low prior attainment to improve targeting of funding to need, including the possibility of tiering the secondary low prior attainment factor

6.54 In respect of the CSSB, the DfE have indicated that on-going specific funding to each LA for their historic costs of combined services budgets will be subject to a funding reduction from April 2020. The DfE do not consider it fair to maintain the funding allocations as they reflect historic decisions taken by individual areas. The rate of reduction has not yet been disclosed. There is a £0.405m budget for 'combined services' in BF.

#### Next steps

- 6.55 Once the Forum has considered the recommended approach to take in setting the 2019-20 budget, a decision can be taken on the content for the consultation with schools (if required) to gather wider views. This would need to conclude before 19 October (half term). The outcomes will be reported to the Forum at its 6 December meeting together with associated budget proposals. Final budget decisions must be taken at the 17 January 2019 Forum meeting, with the DfE notified of the final budget no later than 21 January 2019.
- 6.56 The DfE timetable of key events anticipated at this stage is attached at Annex 7.

## **7 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 7.1 The relevant legal issues are identified within the body of the report.

### Director of Finance

- 7.2 The anticipated financial information is set out in the supporting information. This report presents a provisional position, with final budget decisions needing to be taken on all matters relating to setting the 2019-20 SB and CSSB no later than 17 January 2019.

### Equalities Impact Assessment

- 7.3 The DfE has completed an EIA on the impact of their proposals.

### Strategic Risk Management Issues

- 7.4 The additional funding available to schools will assist in managing budgets after a sustained period of cash flat settlements aligned with rising costs. Funding the additional pressure associated with diseconomy costs at new schools presents the most significant matter to resolve at this stage.

## 8 CONSULTATION

8.1 This report presents the first stage of the consultation process which at a later stage will involve schools and further input from the Schools Forum.

### Background Papers

DfE policy and guidance documents:

<https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

Previous meetings of the BF Schools Forum that can be found at:

<http://democratic.bracknell-forest.gov.uk/ieListMeetings.aspx?Committeeld=187>

### Contact for further information

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### Doc. Ref

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## **School Funding Framework – detailed arrangements up to and including 2018-19 financial year**

Proposals for reforming school and education funding, most notably through the introduction of a SNFF, were initially announced by the government in March 2016 and are now reaching a conclusion. The SNFF will be in place from April 2018, with LAs receiving funding for schools in their area on the new national formula, but in order to aid a smooth transition to the SNFF, retain the freedom to calculate individual school budgets for a 2 year transitional period, within the parameters of DfE School Funding Regulations

The original proposals for reform were announced by the DfE in March 2016 and following a period of consultation, significant changes were introduced for the 2018-19 financial year including LAs receiving their total funding for schools through the new national funding formula. To minimise the impact of the reforms at individual school level, the original intention was that LAs would run a “soft” SNFF for 2 years, gradually moving from local funding formulae to the SNFF. Following consultation, BF schools confirmed their support to move as soon as possible to the SNFF, and the 2018-19 budget was set on that basis.

On 17 July 2017, the Secretary of State for Education set out to parliament the future arrangements for school funding which confirmed the introduction of the SNFF from April 2018 and also significant extra investment into the core schools budget over the next two years - £1.3bn - to “...recognise that at the election people were concerned about the overall level of funding for schools as well as its distribution”. The statement also confirmed new elements to the finalised reforms that had not been previously presented.

The various announcements were as follows:

### **Stage 1 – March 2016**

1. Move to new national funding formulae to allocate funds:
  - a. directly to schools through a consistent approach across the country, including national rates of funding. The ESFA will allocate the funds through the SNFF with minimal LA involvement.
  - b. to LAs for their ongoing areas of responsibility relating to high needs pupils (through the High Needs National Funding Formula) and for early years provisions (through the Early Years National Funding Formula).
2. Remove the existing £600m of grant funding allocated to LAs to meet ‘general’ statutory and regulatory education related services – BFC receives £1.2m through the Education Services Grant (ESG) - whilst maintaining all the existing responsibilities. Funding Regulations were updated to allow maintained schools to in future contribute to the costs.
3. Introduce changes on a phased basis from April 2017, with the expectation that the SNFF will be fully implemented from April 2019, via the ESFA.
4. Add to the SNFF an additional £500m through the current spending review period to March 2020 to ensure more schools gaining from the changes receive the full benefit earlier than would otherwise be the case whilst at the same time adding protection to limit losses to those schools that at present receive more funds than would be allocated through the SNFF.

## Stage 2 - December 2016

5. The SNFF would comprise 13 different elements; age weighted pupil unit, deprivation, low prior attainment, English as an Additional Language, lump sum, sparsity (not relevant to BF), rates, Private Finance Initiative (net relevant to BF), split site, exceptional circumstances (not relevant to BF), high mobility rate, growth and an area cost adjustment.
6. The relative weighting of funds to be distributed through each element would largely be based on the average current distribution of funding made by LAs but with significant differences to this approach relating to increasing funding on additional needs factors and also recognising disadvantage in a broader sense. The increases will be financed by a lower amount of basic per pupil funding and also a reduced lump sum amount that all schools receive, irrespective of size.
7. LAs will be responsible for allocating individual school budgets in 2018-19, but the total area allocation will be based on the aggregate funding schools would have received if the SNFF was fully operational. LAs can continue to use their own local Funding Formula, although the DfE “encourages” LAs to adopt the NFF. ESFA will allocate budgets to schools from April 2019.
8. To build in an overall 'funding floor', so that no school will face a reduction of more than 3% per-pupil overall as a result of this formula.
9. During transition, the minimum funding guarantee of minus 1.5% per-pupil in any year will continue, providing additional stability for schools. Schools can receive gains of up to 3% per-pupil in 2018-19, and then up to a further 2.5% in 2019-20. Gains are capped to fund the maximum per pupil loss protection to be applied to schools losing funds.
10. Whilst the Schools Block amount will be ring fenced for schools, the DfE will allow funding transfers to the High Needs Block, if there is local agreement.
11. LAs would continue to have a role in School Improvement, and there would be the option to seek additional funds from maintained schools through the 'de-delegation' route for services outside the statutory and regulatory provisions.
12. Funding for on-going LA responsibilities would be provided through a new Central School Services Block to the Dedicated Schools Grant (DSG). This would cover 'retained' statutory and regulatory duties – the £15 per pupil amount to fund duties that LAs must provide to all schools, including academies, previously grant funded - and School Admissions, servicing of Schools Forums, fees to independent schools for pupils with SEN, centralised copyright licence, LA initiatives and costs of providing combined education and children's services, e.g. Family Intervention Team, Looked After Children Education Service.

## Illustrative financial implications for schools - December 2016

13. In December 2016, DfE provided provisional financial information on the potential impact arising from the reforms, using October 2016 school census data. This showed that funding for BF schools through the SNFF would have been 5.1% higher (£3.24m) than the actual amount received through the current funding framework. 4 schools would experience a cash reduction in funding (from 0.2% to 1.6%), 33 schools would experience an increase (from 0.2% to 11.6%). The increase in funding mainly reflects the relative low per pupil funding currently received in the BFC DSG compared to the amount that will be paid through the SNFF
14. Schools would not move directly to the SNFF as funding protection will be in place. After applying transitional funding protection to cap per pupil increases to no more than 3% and limit annual losses to no more than 1.5%, there would

have been an overall increase of 2.2% (£1.433m). As expected, the effect of this is to reduce the amount of losses (now from 0.2% to 1.3%) and limit the gains (now from 0.2% to 2.9%).

#### July and September 2017

15. On 17 July 2017, the Secretary of State for Education set out to parliament the future arrangements for school funding which confirmed the introduction of the SNFF from April 2018 and also significant extra investment into the core schools budget over the next two years to "...recognise that at the election people were concerned about the overall level of funding for schools as well as its distribution."
16. This statement announced that there will be £1.3bn for schools and high needs across 2018-19 and 2019-20 in addition to the schools budget set at spending review 2015: £416m more than was set aside at the last spending review for the core school budget in 2018-19, and £884m more in 2019-20. Spending plans beyond 2020 will be confirmed in the next spending review.

#### Initial Financial Implications for schools – September 2017

17. At the time of the last Forum meeting, it was reported that the DfE had yet to publish any illustrative financial implications arising from the new changes that will now form part of the national school funding reforms. Therefore, likely financial implications from the additional £1.3bn could not be accurately quantified.
18. A written technical document has now been published, which was followed on 4 October with detailed school level financial information. This indicates that funding for BF schools through the SNFF would have been 5.1% higher (£3.246m) than the actual amount received through the current funding framework. By the end of the 2 year period, BF schools will experience an increase in per pupil funding ranging from 1.0% to 8.5%.
19. Schools will not move directly to the final SNFF as the additional funding of £1.3bn is being made across 2 years. Therefore in 2018-19, funding is estimated to increase by 2.6% (£1.696m), and whilst the SNFF will deliver increases in per pupil funding for BF schools ranging from 0.5% to 3.9%, this may not be replicated through the transitional use of the BF funding formula as the School Funding Regulations do not allow for LAs to replicate all aspects of the SNFF.

#### Impact in BFC of the additional £1.3bn investment

20. Despite there being an additional £1.3bn of investment in "core school budgets", there is no overall increase in funding allocated to BF schools compared to the December 2016 amount. Whilst there is an increase of £0.263m of funding in 2018-19, this is offset by a compensating reduction in 2019-20.
21. This unwelcome outcome arises because the latest changes generally increase funding to the schools that were previously facing a funding cut or relatively low increase and is a consequence of moving from limiting the maximum annual per pupil reduction of 1.5% to a minimum increase of 0.5%. The maximum per pupil increase remains at 3%. Therefore, areas that are currently receiving the lowest levels of funds - BFC is the 6th lowest funded education authority – will not generally see an increase in funding from the additional £1.3bn investment from that announce in December.

### Detailed arrangements

22. In calculating LA funding allocations through the aggregation of individual school budgets on the SNFF, there will be gains of up to 3% a year per pupil, with a minimum increase of 0.5% meaning all schools receive an increase. The previous proposals had permitted per pupil funding gains of up to 3% in 2018-19 and 2.5% in 2019-20 and losses of up to 3% over 2 years.
23. To allow for a measured transition to the new SNFF, LAs will retain responsibility for individual school funding allocations in both 2018-19 and 2019-20 rather than immediately adopting the SNFF. This means not every school will necessarily receive at least the 0.5% per pupil cash increase mentioned directly above. The minimum change in per pupil funding will be determined by the local Minimum Funding Guarantee (MFG) amount. However, those LAs receiving the largest funding increases from the reforms are most likely to be able to move closely to the SNFF values for their schools.
24. For the next 2 years, LAs will have the flexibility to set a local MFG between 0% and minus 1.5% per pupil. In recent years the MFG has been set by the DfE at minus 1.5% per pupil. Where affordable, LAs can use the flexibility to offer higher levels of protection locally. As in previous years, the cost of any protection can be financed by limiting gains due to relevant schools.
25. There will now be minimum per pupil funding rates. The SNFF will provide LAs with per pupil funding of at least £4,800 for all secondary schools that have pupils in years 10 and 11 by 2019-20. In September 2017, minimum per pupil funding rates for 2019-20 were also confirmed for primary schools at £3,500. For 2018-19 the minimum per pupil funding rates will be £4,600 and £3,300 respectively. The DfE has determined that minimum per pupil funding amounts will be calculated from an individual school's total budget **less** allocations for budgets that are allocated on an historic cost basis i.e. business rates, and where relevant, high pupil mobility.
26. A new 14<sup>th</sup> factor will be allowed in local authority formulae in order to ensure these minimum rates can be allocated. The confirmed BF per pupil funding rates that the council will receive in 2018-19 are £3,616 for primary aged pupils and £4,849 for secondary.
27. In calculating school budgets through the SNFF, meeting the new minimum per pupil funding rates takes precedent over the 3% cap on per pupil funding gains set out above at point 23. Therefore, for the lowest funded schools, the SNFF will allocate a higher than 3% increase in per pupil funding.
28. The Schools Block will also include funding at LA level for premises, mobility and centrally managed growth (which includes new school funding for start-up and diseconomy funding), based on historic spend. For 2018-19, each LA will be funded at the amount budgeted for on these items in 2017-18. The Forum will be aware of significant financial pressures expected in BF over the coming years in respect of needing to meet additional costs from diseconomy funding for new schools.
29. The schools block will be ring-fenced from 2018-19, but LAs will be able to transfer out up to 0.5% of their schools block funding – circa £0.32m for BF - with the agreement of their schools forum. LAs will be expected to demonstrate to their Schools Forum that they have consulted locally with all maintained schools and academies when seeking agreement to transfer any funding out of the schools block. There will be an exceptions process, which will require Secretary of State approval, for considering transfers above the 0.5% limit and/or where the schools forum is opposed to the transfer. Funding transfers from other blocks are not subject to limits

### Change to grants outside the DSG

30. Funding for physical education and sports premium for primary schools will double to £8,000 to each school and £10 per pupil. All primary schools will receive an increase in their PE and sports premium funding from September 2017.
31. The Pupil Premium Plus – relating to looked after children (LAC) – will increase from £1,900 to £2,300. The £281 per LAC currently paid to schools through the BF formula is proposed to be removed to avoid double funding.

### DfE Operation guidance

As well as the significant changes to the school funding framework set out above, there are also a small number of a number of less significant changes that also need to be considered in setting the 2018-19 budget:

1. LAs can now use both current free school meals and “ever 6” free school meals measures within their deprivation factors (previously one of these measures could be used, but not both);
2. Schools with SEN Resource Units are currently funded at £10,000 per agreed place, with no per pupil or other funding for the pupils attending the Unit. In future, these pupils will be included in the school’s funded number on roll in the same way as all other children are, attracting additional deprivation etc. funding where eligibility criteria is met. Funding of £6,000 per place where the place is occupied by pupils in years reception to 11 on the roll of the school at the time of the October school census return will then be added. The extent to which relevant schools will experience a funding gain or loss from this change will be determined by the amount of per pupil funding pupils in the Unit attract. Where this is below £4,000 there will be a loss, but a higher amount will result in a gain. Places commissioned by LAs at census date that are empty, but held for a future placement will continue to be funded at the current £10,000. The financial impact of this change will need to be determined for relevant schools and considered when the calculation for any top-up funding above the £10,000 threshold is required.
3. With the increase in funding through the Pupil Premium Plus Grant, there is no longer a requirement to include a factor in local funding formulas to distribute money according to the number of looked after children.

## Services agreed to be centrally managed by the Council in 2018-19

Service Area	Schools Block	Central School Services Block
<u>Historic commitments:</u>		
Combined Services Budgets*:		
Family Intervention Project		£100,000
Educational Attainment for Looked After Children		£133,590
School Transport for Looked After Children		£42,890
Young People in Sport		£18,050
Common Assessment Framework Co-ordinator		£42,470
Domestic Abuse		£6,000
Education Health Partnerships		£30,000
SEN Contract Monitoring		£32,680
<u>Miscellaneous (up to 0.1% of Schools Budget):</u>		
Forestcare out of hours support service		£4,850
Borough wide Initiatives		£27,270
Support to Schools Recruitment & Retention		£7,470
<u>Growth Fund:</u>		
Significant in-year growth in pupil numbers	£285,810	
Key Stage 1 class sizes	£86,390	
Start up costs for new schools	£91,000	
<u>Statutory and regulatory duties:</u>		
'Retained' elements		£260,000
<u>Other expenditure:</u>		
School Admissions		£175,970
Schools Forum		£21,440
Boarding Placements for Vulnerable Children		£58,880
Central copyright licensing		£79,000
<b>Total</b>	<b>£463,200</b>	<b>£1,040,560</b>
	<b>£1,503,760</b>	

\* Combined Service Budgets funded by the DSG generally support vulnerable children, have an educational benefit and link to other programmes funded by the Council which together result in better, more effective use of resources with improved outcomes for children than if provided and managed independently.

## Outline of LA education related statutory and regulatory duties

In the 2015 Spending Review, the DfE announced a saving of £600m through the complete withdrawal of the ESG which is the mechanism used to fund LAs for their statutory and regulatory education related duties as prescribed in various Education Acts and other relevant statutes. This follows cuts of £200m in 2015-16.

Despite withdrawal of the funding, nothing has changed in terms of the duties and responsibilities on the LA from Education Acts of which the main matters are:

- a) School Improvement, in particular expenditure incurred in connection with functions under the Education and Inspections Act 2008. The LA is required to use statutory powers where schools are under performing. This includes implementing interventions as defined in the Schools Causing Concern document 2016; including Schools that have been judged inadequate by Ofsted, Schools that are coasting, and Schools that have failed to comply with a warning notice. A range of statutory powers are available for the fulfilment of duties, including requiring the governing body to enter into arrangements of additional support, collaboration with other schools, appointing additional governors which includes paying a National Leader of Governance to be a temporary Chair of Governors and establishing an interim executive board which has the power to suspend the delegated budget.

Furthermore, LAs must exercise their education functions with a view to promoting high standards. They need to act as champions of education excellence across schools, to understand the performance of schools, using data to identify those schools that require improvement and intervention, work with the Regional Schools Commissioner to ensure swift and effective action is taken when underperformance occurs in a maintained school, including and using their intervention powers, where this will improve leadership and standards, encourage good and outstanding maintained schools to take responsibility for their own improvement and to support other schools, and enable other schools to access such support.

- b) Expenditure on monitoring National Curriculum assessment arrangements in the EYFS, KS1 and KS2 which includes identifying and training of moderators. Supply cover for schools is provided where moderators are employed. The Standards and Testing Agency also have an expectation that a thorough quality assurance process is in place for visits in schools.
- c) Finance, including preparation of budgets (including the Funding Formula for Schools), making grant claims, completion of statutory accounts, internal and external audit arrangements, managing a school's suspended delegated budget, developing and maintaining the financial framework that schools need to operate within, including the issuing of notice of financial concern and the action and monitoring required thereafter, and providing advice on procurement with a view to securing continuous improvement.
- d) Human Resources, including recruitment, training, continuing professional development, performance management and personnel management of staff, investigations of employees, or potential employees, functions in relation to local government superannuation, advice in relation to staff pay and the management of all such staff, the determination of conditions of service for non-teaching staff, the appointment or dismissal of employees, the investigation and resolution of complaints, liaison and negotiation with trade unions.
- e) Health and safety, including compliance with duties under the Health and Safety at Work etc. Act 1974 and the relevant statutory provisions that are defined and the LAs monitoring the performance role, including the provision of advice.
- f) Legal services relating to the statutory functions of the council.

- g) Planning and reviewing education related services.
- h) Provision of information to, or at the request of the Crown and the provision of other information which the authority is under a duty to make available.
- i) Compliance with the Equality Act 2010, including the LAs monitoring and performance role, including the provision of advice.
- j) Expenditure on establishing and maintaining electronic computer systems, including data storage, which are intended primarily to maintain linkage between local authorities and schools.
- k) Functions in relation to the standing advisory council on religious education including reconsideration and preparation of an agreed syllabus of religious education.
- l) Expenditure on the appointment of governors, the making of instruments of government, and the provision of information to governors. Links to statutory functions set out above in paragraph a).
- m) Education welfare services, including making arrangements to identify children not receiving education, send a written notice to a parent whose child of compulsory school age is not receiving suitable education and subsequent school attendance and education supervision orders, investigate the whereabouts of pupils who have poor attendance and administering and enforcing requirements and protections for those below compulsory school leaving age taking part in employment or performances.
- n) Asset management, including management of the authority's capital programme, preparation and review of an asset management plan, negotiation and management of private finance transactions and contracts (including academies which have converted since the contracts were signed), landlord premises functions for relevant academy leases, health and safety and other landlord premises functions for community schools.
- o) Therapies and other health related services. The Children and Families Act 2014 places a statutory duty on local authorities and local health bodies to commission services jointly to support disabled children and young people and those with special educational needs, including those who need therapy support.

## SNFF Units of Resource compared to BF Funding Formula

Factor	National Core SNFF	BFCF Actual SNFF	BFC 2017-18 Actual	BFC 2018-19 Actual
	Unit of resource			
<b>Per pupil funding:</b>				
Age Weighted Pupil Unit: Primary	£2,747	£2,901	£2,831	£2,796
Age Weighted Pupil Unit: Secondary - KS3	£3,863	£4,080	£4,060	£4,066
Age Weighted Pupil Unit: Secondary - KS4	£4,386	£4,632	£4,060	£4,270
<b>Additional needs funding:</b>				
<b>Deprivation</b>				
Current FSM top up (Primary)	£440	£465	£470	£380
Current FSM top up (Secondary)	£440	£465	£1,450	£634
FSM anytime in last 6 years: Primary	£540	£570	£0	£86
FSM anytime in last 6 years: Secondary	£785	£829	£0	£350
IDACI band F: Primary	£200	£211	£406	£182
IDACI band E: Primary	£240	£253	£609	£445
IDACI band D: Primary	£360	£380	£813	£430
IDACI band C: Primary	£390	£412	£1,016	£430
IDACI band B: Primary	£420	£444	£1,219	£738
IDACI band A: Primary	£575	£607	£1,422	£914
IDACI band F: Secondary	£290	£306	£1,406	£1,329
IDACI band E: Secondary	£390	£412	£2,109	£1,254
IDACI band D: Secondary	£515	£544	£2,812	£2,940
IDACI band C: Secondary	£560	£591	£3,516	£1,998
IDACI band B: Secondary	£600	£634	£4,219	£7,370
IDACI band A: Secondary	£810	£855	£4,922	£2,831
<b>Low prior attainment</b>				
Low prior attainment: Primary	£1,022	£1,079	£642	£836
Low prior attainment: Secondary	£1,550	£1,637	£973	£1,216
<b>English as an additional language (EAL)</b>				
EAL: Primary	£515	£544	£247	£427
EAL: Secondary	£1,385	£1,463	£247	£777
<b>LAC</b>	£0	£0	£281	£0
<b>Mobility</b>	£0	£0	£315	£315
<b>Lump sum:</b>				
Lump sum: Primary	£110,000	£116,174	£160,000	£155,833
Lump sum: Secondary	£110,000	£116,174	£170,000	£148,573

IDACI is a deprivation measure linked to low family income and a pupil's home address post code.

### **Schools Forum Budget strategy**

The Schools Forum has previously agreed a funding strategy to guide the setting of the Schools Budget, which in priority order is:

1. It has been included in the financial settlement from the DfE and it is consistent with local funding priorities;
2. It relates to a new or amended statutory responsibility / DfE Regulation;
3. There is sufficient income to fully fund changes in pupil characteristics, i.e: changes in pupil deprivation, low prior attainment, number of looked after children, English as an additional language and mobility;
4. The pressure relates to a key local priority;
5. Any remaining funds should be allocated using per pupil, high deprivation and low prior attainment data in the same proportion as the distribution of funds at the start of the financial year (previously around 93.5%/3.3%/3.2% in primary and 89.5%/5.9%/4.6% in secondary).

## Services agreed for 'de-delegation' in 2018-19

Ref	Service area	Gross budget £k	Academy deduction £k	Potential retained LA budget £k
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**Items requested for-delegation**

1	Contingencies; support to schools in financial difficulty and exceptional costs in primary schools (1)	290	-95	195
2	Support to underperforming ethnic minority and bi-lingual pupils	127	-31	96
3	CLEAPSS licence fees	1	0	1
4	Staff supply cover for official absences (1, 2)	360	-102	258
5	Premature retirement / dismissal costs (1)	62	-18	44
6	Free school meals eligibility checking	20	-6	14
7	Behaviour and Education Support Team	300	-75	225
8	Anti-bullying co-ordinator	25	-7	18
	<b>TOTAL</b>	<b>1,185</b>	<b>- 334</b>	<b>851</b>

**Items not to be requested for-delegation**

9	SIMS (1) licence fees	<b>89</b>	<b>-25</b>	<b>64</b>
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- 1 Not available for buy-back by academy schools
- 2 Includes maternity leave, trades union and staff suspensions.

## 2019-20 timetable for the data checking and calculation of the funding blocks

Date	DfE or ESFA activity	Local authority activity
July 2018	<p>Operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2019 to 2020.</p> <p>NFF arrangements for 2019 to 2020 for schools, central school services and high needs published</p> <p>Draft APT issued to local authorities.</p>	
September 2018	<p>High needs funding operational guide for 2019 to 2020 issued to local authorities.</p> <p>Further information to illustrate 2019 to 2020 growth allocations will be provided to local authorities.</p>	
28 September 2018		<p>Deadline for submitting requests (for response by December) for:</p> <ul style="list-style-type: none"> <li>• MFG exclusions</li> <li>• exceptional premises factors</li> <li>• sparsity factors</li> <li>• lump sum variations for amalgamating schools</li> <li>• pupil number reductions</li> </ul>
4 October 2018	School census day.	School census day.
October to November 2018	Check and validate school census.	Check and validate school census.

Date	DfE or ESFA activity	Local authority activity
20 November 2018		Deadline for submitting requests (for response by the APT deadline) for: <ul style="list-style-type: none"> <li>• MFG exclusions</li> <li>• exceptional premises factors</li> <li>• sparsity factors</li> <li>• lump sum variations for amalgamating schools</li> <li>• pupil number reductions</li> </ul>
28 November 2018	School census database closed.	
30 November 2018		Deadline for submitting requests for: <ul style="list-style-type: none"> <li>• movement of funding out of the schools block which is above the limit of 0.5%, or which the schools forum has not approved, or both</li> </ul>
Mid-December 2018	Final APT issued to local authorities, containing October 2018 census-based pupil data and factors.  Publication of 2019 to 2020 DSG schools block (prior to academies recoupment), central school services block and revised high needs block allocations for 2019 to 2020.	
Late 2018	Publication of initial early years block allocations.	
Mid-January 2019		Schools forum consultation and political approval required for final 2019 to 2020 funding

Date	DfE or ESFA activity	Local authority activity
		formula.
21 January 2019		Deadline for submission of final 2019 to 2020 APT to ESFA.
28 February 2019		Deadline for confirmation of schools budget shares to mainstream maintained schools.
February to March 2019	2019 to 2020 allocation statements issued to post-16 institutions, academies, and NMSS.	
February 2019	Publication of 2019 to 2020 high needs place numbers at institution level.	
29 March 2019	Confirmation of 2019 to 2020 general annual grant for academies open by 9 January 2019.	
April 2019	First DSG payments to local authorities based on 2019 to 2020 allocations, including academies recoupment (DSG allocations updated termly for in-year academy conversions), FE high needs place funding deductions, and other adjustments.	
Summer 2019	Early years block updated for January 2019 early years pupil numbers.	
Summer 2020	Early years block updated for January 2020 early years pupil numbers (pro rata seven twelfths, as this relates only to the period September 2019 to March 2020)	

**Note:** a number of the actions can only be completed by the indicated dates provided all schools successfully submit their census data on time and the DfE releases key information by the expected dates.

