
Schools Forum

Draft outline 2018-19 budget and School Funding Formula options

12 October 2017

Indicative 2018-19 DSG Income

Illustrative allocations from DfE	Gross income	Growth on 17-18	Initial expenditure estimate
	£m		£m
Schools Block	243.831	+0.8%	243.831
Growth	included in Schools block		
HN block	47.830	+2.05%	47.830
Central	2.090	+1.96%	2.090
EY block	27.421	+6.74%*	27.421
Total Income	321.172	+1.01%	321.172
	*mainly due to the new 30-hour provision		

Indicative 2018-19 DSG expenditure

	Indicative 2018/19 DSG Expenditure	Block	Indicative 2018/19 DSG Expenditure £m
1.0.1	ISB	Schools	242.807
	HN (ARP) places	Schools	now included in ISB
	HN places (now £6k per place)	HN	9.117
	Hospital	HN	0.541
	2,3 & 4 year old funding to providers	EY	26.202
		Subtotal	278.667

	Indicative 2018/19 DSG Expenditure	Block	£m
1.1.2	Behaviour Support Services	Schools	0.079
1.1.3	Support to UPEG and bilingual learners	Schools	0.085
1.1.9	Staff costs - supply cover for facility time	Schools	0.048
	1.1 De-delegation subtotal		0.211
1.2.1	Top-up funding - maintained schools	HN	16.256
1.2.2	Top-up funding - academies, free schools and colleges	HN	8,070
1.2.3	Top-up and other funding - non-maintained and independent providers	HN	9.529
1.2.5	SEN support services	HN	3.567
1.2.5	SEN Inclusion Fund (contribution from EY block)	EY	0.100
1.2.11	Direct payments (SEN & Disability)	HN	0.350
	1.2 Subtotal		37.871

	Indicative 2018/19 DSG Expenditure	Block	£m
1.3.1	Central expenditure on children under 5s – and 1.3 sub-total	EY	1.119
1.4.1	Contribution to combined budgets	Central	0.464
1.4.2	School Admissions	Central	0.401
1.4.3	Servicing of schools forums	Central	0.035
1.4.10	Pupil growth / Infant class sizes	Schools	0.813
1.4.11	SEN transport	HN	0.400
1.4.13	Other items	Central	0.392
	1.4 Subtotal		2.505
1.5.1	Education welfare service - Former ESG retained duties	Central	0.287
1.5.2	Asset management - Former ESG retained duties	Central	0.026
1.5.3	Statutory/ Regulatory duties - Former ESG retained duties	Central	0.485
	1.5 Subtotal		0.798

	Indicative 2018/19 DSG Expenditure TOTALS	Block	Indicative 2018/19 DSG Expenditure £m
1.01	ISB	Schools	278.667
1.1	De-delegated budgets	Schools	0.211
1.2	High Needs	HN (+EY)	37.871
1.3	Central expenditure on EY	EY	1.119
1.4	Central provision	Central (+HN)	2.505
1.5	ESG Retained Duties	Central	0.798
	Total		321,171

Growth

Mainstream

- £3,093,000 - pupil funding for growth classes/year groups – line 1.01
- £813,000 - one-off costs for bulge classes, diseconomy funding etc.- line 1.4.10

SEN

- £376,000 - Increased placement and top-ups (mainly post-16) – line 1.2.2

School Funding Formula – DfE announcements and guidance

- **Allocations** to LAs based on NFF
- LAs may adopt a **transitional formula** in 18-19 and 19-20
- Funding allocations to LAs will be based on a minimum **0.5%** per pupil cash increase in 2018/19.
- Schools Forum agreement is needed to transfer any funding out of the **schools block**
- LAs encouraged to seek Schools Forum approval for any **other block transfers**

School Funding Formula - options

- Option 1 – modified Barnet formula
- Option 2 - National Funding Formula
- Option 3 - National Funding Formula with additional protection

Please note – all models are based on **October 2016 census data** and are subject to change once October 2017 census data is finalised and actual 2018/19 block allocations are confirmed. Unit funding for primary and secondary fixed for 2 years irrespective of deprivation volume changes.

Option 1 – modified Barnet formula

Would **exceed Schools Block** income by £97,411

Would require:

- Transfer from **another block** OR
- An **adjustment to the formula** e.g. **reduced AWP** or **reduce deprivation funding**

The Minimum Funding Guarantee (**MFG**) protection on reductions would continue at -1.5% per pupil

The **cap on gains** would need to be adjusted to ensure the expenditure remained within the schools block allocation (currently £242.807m).

Option 1 – Barnet formula

	2017/18 data/ Barnet formula cost £m
APT allocations	241,964,958
De-delegation	-211,380
Devolved to schools (post de-delegation)	241,753,578
ARP pupil place costs added into APT allocations	1,150,453
Total cost of Barnet formula	242,904,031
Overspend (if no adjustments)	-97,411

Option 2 – National Funding Formula

- Using **NFF rates in the APT** exactly as prescribed
- And leaving the MFG at **-1.5%** (max loss per pupil)
- Results in an **underspend of £0.820m** against the £242.807m available in the Schools Block.

Option 2 – National Funding Formula

	2017/18 data/ NFF formula
APT allocations	241,057,671
De-delegation	-211,380
Devolved to schools (post de-delegation)	240,846,291
ARP pupil place costs added into APT allocations	1,140,629
Total cost of NFF	241,986,920
Underspend	819,699

NFF formula implications

	NFF
Schools losing	90
Schools gaining	25
Max cash loss	-£94,087
Max cash gain	+£161,682 *
Max % loss	-1.47%
Max % gain	+18.89% *
No. of Primary losers	71
No. of Primary gainers	19
No. of Secondary losers	18
No. of Secondary gainers	6
	* figures being checked

NFF formula implications

	NFF
Average Primary loss %	-1.23%
Average Primary gain %	+3.77%
Average Secondary loss %	-1.24%
Average Secondary gain %	+1.27%
Average Primary loss £	-£17,139
Average Primary gain £	+£47,439
Average Secondary loss £	-£52,499
Average Secondary gain £	+£65,943

Option 3 – National Funding Formula with additional protection

Rationale:

- **Move towards NFF** to prepare schools for the eventual full implementation of the ‘hard’ National Funding Formula in 2020/21.
- Provide a **smoother transition** for losers than the big bang approach of introducing the full NFF immediately:
- Thus avoid the **cliff edge** of a large change in one year – and **minimise turbulence** to schools.

This can be achieved by offering **improved MFG protection for losers** but a **cap on gains**.

Option 3 – National Funding Formula with additional protection

Proposal

- **Cap on gains** – aim to match the per pupil funding increase proposed by the DfE of **0.5%** per pupil
- **Increase protection to ca. -0.5%** per pupil (instead of -1.5% per pupil protection).
- Once final DSG allocations are clearer it is proposed to **adjust the protection and ceilings so that the schools block is fully allocated.**
- **The proposal may be subject to change** depending on the October 2017 census data and the authority's final DSG allocation and would be set to fit the overall funding available.

Option 3 – National Funding Formula with additional protection

	2017/18 data/ NFF formula with additional protection
APT allocations	241,496,206
De-delegation	-211,380
Devolved to schools (post de-delegation)	241,284,826
ARP pupil place costs added into APT allocations	1,140,629
Total cost of transitional formula	242,425,455
Underspend	381,164

Comparison of NFF and NFF with protection

	NFF	NFF with additional protection
Schools losing	90	90
Schools gaining	25	25
Max cash loss	-94,087	-31,362
Max cash gain	161,682*	44,051*
Max % loss	-1.47%	-0.49%
Max % gain	18.89%	4.80%
No. of Primary losers	71	71
No. of Primary gainers	19	19
No. of Secondary losers	18	18
No. of Secondary gainers	6	6
	* figures being checked	

Comparison of NFF and NFF with protection

	NFF	NFF with additional protection
Average Primary loss %	-1.23%	-0.31%
Average Primary gain %	3.77%	0.72%
Average Secondary loss %	-1.24%	-0.31%
Average Secondary gain %	1.27%	0.48%
Average Primary loss £	-£17,139	-£4,332
Average Primary gain £	+£47,439	+£9,040
Average Secondary loss £	-£52,499	-£13,479
Average Secondary gain £	+£65,943	+£25,430

Recommendation and proposal for consultation

The council **recommends Option 3**

It proposes to **consult all schools** between mid-October and mid-November **on Options 2 and 3**.

The consultation proposal is set out in the next slide.....

The Schools Forum is invited to **comment** on the council's recommendation and proposal to consult.

Consultation proposal

The council recommends the **phased introduction** of the National Funding Formula over the next three years.

Under this approach, schools that will lose funding under the national formula will be protected from the full losses through a **minimum funding guarantee** (MFG). The MFG is expected to be at about **-0.5%** in 2018-19.

To make this additional protection affordable it will be necessary to put a **cap** on the increases for schools that gain under the national formula. The cap is expected to be at **0.5%**.

The actual amounts would be agreed once total funding is known in January.

Based on the indicative school level modelling [schools will be sent the allocations for all schools under each option], which of the following options do you think the council should adopt in 2018-19:

- a) Implement the **NFF in full** (option 2 above)? OR
- b) Implement the **NFF with additional protection** – the phased approach recommended by the council (option 3 above)?

Questions and discussion

Education Services Grant

Total reduction in ESG funding **£2.8m** in respect of maintained schools

Covers e.g.

- Statutory and regulatory **financial duties**
- **Internal audit**
- Provision of **information to government** departments and agencies
- **Asset management**
- Premature retirement and **redundancy**
- Monitoring **national curriculum assessments**
- **School improvement services** (part of the cost)

Education Services Grant

LAs may '**retain**' some of their schools block funding to cover the statutory duties for maintained schools – under consideration in view of the council's budget pressures

Agreement to **de-delegate** would need support of maintained school representatives on the Schools Forum – if not agreed, the LA can refer to the Secretary of State

e.g. If the council were to ask for 0.8m of the £2.8m, the cost would be:

- about **£8,500** for an average maintained primary school
- about **£17,000** for an average maintained secondary school.

Apprenticeship levy

- **Transitional arrangement** in 2017-18 – funded by the council
- Following advice (from the DfE etc.) it is **unable to fund** this for community schools from 18-19
- The average cost of the levy will be **£8,200** for primaries and **£21,000** for the one community secondary school.
- However, note: community schools can then draw on **training credits** to pay for training of any apprentices
- Apprentices can be placed in **established posts** and paid the **London Living Wage**