

School Revenue Funding Arrangements for 2018-19 and 2019-20

Shropshire Governors/Headteachers/School Business Managers

Lord Hill Hotel, Shrewsbury

Wednesday 11 October 2017, 4.30pm to 6.00pm

Welcome and Introductions

The key areas that will be covered in the presentation are:

- headlines on the schools revenue funding arrangements for 2018-19 and 2019-20, including the National Funding Formula (NFF)
- impact on Shropshire schools and academies resulting from new arrangements
- recommendation from Schools Forum on the local implementation of the NFF from April 2018
- launch of consultation with maintained schools on de-delegation and top-slicing proposals for education support services in 2018-19

School Revenue Funding (1)

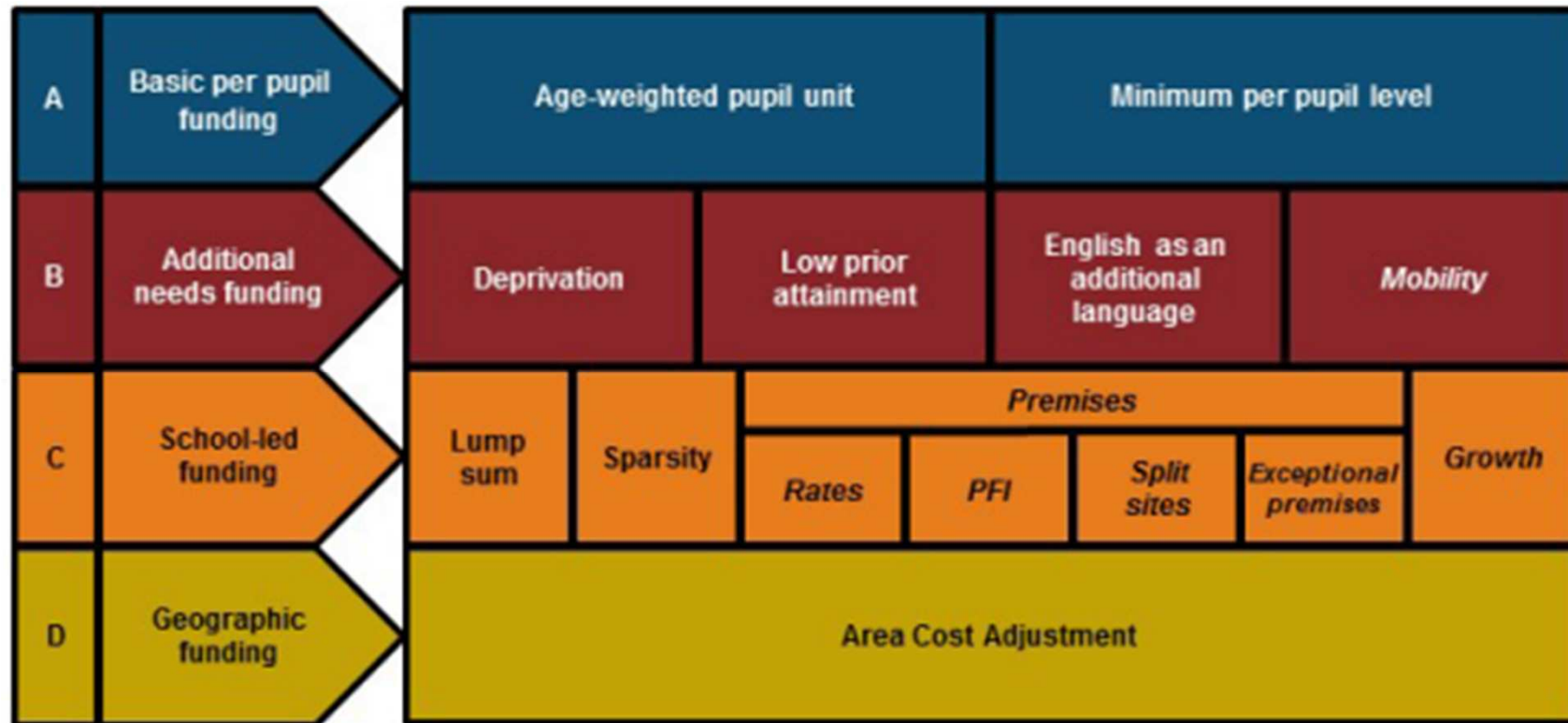
- Confirmation of the additional funding for schools of £1.3 billion nationally, originally announced in July - £416m in 2018-19 and £884 million in 2019-20
- NFF to be introduced in April 2018 but will not be fully implemented until 2020-21 at the earliest
- For 2018-19 and 2019-20, the school level formula will calculate funding allocations for each local authority
- Council can either apply the NFF fully, or use the existing Shropshire funding formula, to distribute the Schools Block allocation to schools (subject to consultation with Schools Forum and the wider school community)

School Revenue Funding (2)

- New absolute minimum levels of funding per pupil in primary and secondary schools have been set:
 - Primary - £3,300 in 2018-19, £3,500 in 2019-20
 - Secondary - £4,600 in 2018-19, £4,800 in 2019-20
- Every school will receive a minimum increase in funding of 0.5% per pupil on pupil-led factors in each of the next two years (noting that this will not protect schools with falling school rolls)
- Following the NFF consultation earlier this year an additional formula factor has been introduced, while the weightings for a small number of the factors have been changed

Formula Factors

An additional factor has been added, making total of 14 factors



Totals Allocated Through Formula Factors

Movement in funding built into NFF consultation and NFF notional allocations

Factors	Total LA Spend in 2016-17		Proposed NFF Spend Consultation Dec 2016		Final Notional NFF Spend Sep 2017		Variation in NFF Spend
	£	%	£	%	£	%	
Basic per pupil funding	£24,369m	76.56%	£23,255m	72.51%	£24,183m	72.9%	+£928m
FSM	£1,432m	4.50%	£1,746m	5.44%	£1,731m	5.2%	-£15m
IDACI	£992m	3.12%	£1,239m	3.86%	£1,291m	3.9%	+£52m
Low prior attainment	£1,367m	4.29%	£2,394m	7.46%	£2,458m	7.4%	+£64m
EAL	£282m	0.88%	£388m	1.21%	£404m	1.2%	+£16m
Mobility	£23m	0.07%	£23m	0.07%	£22m	0.1%	-£1m
Lump sum	£2,610m	8.20%	£2,263m	7.06%	£2,267m	6.8%	+£4m
Sparsity	£15m	0.05%	£27m	0.08%	£26m	0.1%	-£1m
Premises	£567m	1.78%	£569m	1.77%	£610m	1.8%	+£41m
Growth	£174m	0.55%	£167m	0.52%	£174m	0.5%	+£7m
	£31,831m		£32,071m		£33,166m	100.0%	+£1,095m

Change in Formula Factor Values

The finalised formula factors have seen some changes to those proposed in the second stage consultation in December 2016:

- A new 14th factor has been introduced – ‘Minimum per pupil level’ in basic per pupil funding block
- Unit values for the Age Weighted Pupil Unit (AWPU) have been increased:
 - Key stage 1 and 2 – increased by £35 per pupil
 - Key stage 3 – increased by £66 per pupil
 - Key stage 4 – increased by £74 per pupil
- Current FSM unit value reduced by £540 per primary pupil and £785 per secondary pupil
- IDACI C factor has increased by £30 per primary pupil and £45 per secondary pupil

What it means for Shropshire

Analysis of Shropshire's Dedicated Schools Grant (DSG) allocations across the main funding blocks in 2018-19 and 2019-20, compared to the 2017-18 baseline.

Dedicated Schools Grant Blocks	Baseline 2017-18	NFF 2018-19 (Notional)		NFF 2019-20 (Illustrative)		Variation over two years
		Allocation 2018-19	Variation over 2017-18	Allocation 2019-20	Variation over 2018-19	
	£m	£m	£m	£m	£m	£m
Schools	153.189	155.826	2.637	156.856	1.030	3.667
High Needs	25.027	25.085	0.058	25.204	0.119	0.177
Central school services	3.122	3.146	0.025	3.168	0.022	0.046
Totals	181.338	184.057	2.720	185.228	1.171	3.890
			+1.5%		+0.6%	+2.1%

Note that the school census in October 2017 and October 2018 will impact on the final allocations for 2018-19 and 2019-20 respectively.

Schools Block Allocations

The increases in the Schools Block allocations in each of the next two years can be analysed by phase.

Phase	2018-19	2019-20	Over 2 Years
	£m	£m	£m
Secondary	1.677	0.343	2.020
Primary	0.953	0.676	1.629
All Through	0.010	0.010	0.020
	2.640	1.029	3.669
	+1.7%	+0.7%	+2.4%

Formula Factor Weightings Per Pupil - Primary

Variation in factor weightings between current Shropshire funding formula and those in NFF

Factor	Shropshire 2017-18	NFF	Variation
Basic per pupil funding (AWPU)	Key Stage 1 £3,277 Key Stage 2 £3,277	Key Stage 1 £2,747 Key Stage 2 £2,747	-£530 -£530
Deprivation:			
- Ever 6 FSM	£0	£540	+£540
- Current FSM	£2,316	£440	-£1,876
- IDACI A	£134	£575	+£441
- IDACI B	£92	£420	+£328
- IDACI C	£76	£390	+£314
- IDACI D	£59	£360	+£301
- IDACI E	£46	£240	+£194
- IDACI F	£38	£200	+£162
Low Prior Attainment	£642	£1,050	+£408
English as an Additional Language	£0	£515	+£515
Mobility	£0	Historic spend	n/a
Lump sum*	£59,500	£110,000	+£50,500
Sparsity*	£0-£50,000	£0-£25,000	-£25,000
Premises	Site specific	Historic spend	n/a
Growth	£0	Historic spend	n/a

* fixed sum and not weighted on a per pupil basis

Formula Factor Weightings Per Pupil - Secondary

Variation in factor weightings between current Shropshire funding formula and those in NFF

Factor	Shropshire 2017-18	NFF	Variation
Basic per pupil funding (AWPU)	Key Stage 3 £4,227 Key Stage 4 £4,227	Key Stage 3 £3,863 Key Stage 4 £4,386	-£364 +£159
Deprivation:			
- Ever 6 FSM	£0	£785	+£785
- Current FSM	£2,798	£1,225	-£1,573
- IDACI A	£0	£810	+£810
- IDACI B	£0	£600	+£600
- IDACI C	£0	£515	+£515
- IDACI D	£0	£515	+£515
- IDACI E	£0	£390	+£390
- IDACI F	£0	£290	+£290
Low Prior Attainment	£600	£1,550	+£950
English as an Additional Language	£0	£1,385	+£1,385
Mobility	£0	Historic spend	n/a
Lump sum*	£111,000	£110,000	-£1,000
Sparsity*	£0-£100,000	£0-£65,000	-£35,000
Premises	Site specific	Historic spend	n/a
Growth	£0	Historic spend	n/a

* fixed sum and not weighted on a per pupil basis

Notional and Illustrative School Budgets

- Schools can log onto the Department for Education (DfE) website to look at the impact of the new funding arrangements in 2018-19 and 2019-20
- Note that these are notional allocations based on October 2016 census data – actual allocations for 2018-19 and 2019-20 will be based on October 2017 and October 2018 school census data respectively
- Delegate packs include a spreadsheet that provides details of the illustrative budgets for each Shropshire school and academy, sorted by the percentage increase if the NFF were fully implemented

Please take out this spreadsheet while we take you through it

Impact

- Significant improvement on the NFF consultation proposals in December 2016, which indicated 53 primary and 9 secondary schools would lose funding, impacting on 65% of primary and 45% of secondary pupils
- Under final NFF proposals every school will receive more funding per pupil in 2018-19 and 2019-20 than in 2017-18 (before taking into account any reduction in pupil numbers)
- For the majority of schools, however, the increases will not fully address the increasing cost and inflation pressures schools are facing

Forward Financial Planning

- Sound forward financial planning is key to ensuring a school's ongoing financial sustainability
- Many Shropshire schools have set budget plans with in-year deficits that are not sustainable beyond the end of this financial year
- Governing bodies should be considering at least 3 year forward plans on a rolling basis
- If there is uncertainty over longer term affordability of new or replacement staffing posts, consider temporary appointments

Schools Forum

- Held an urgent meeting on 28 September to consider a report on the Government's funding announcement on 14 September (copy of report is available on the Shropshire Council website)
- Forum discussed the option of retaining the local school funding formula or moving to the NFF at the earliest opportunity
- Majority of schools will reach fully implemented NFF by end of 2019-20

Number of schools on full NFF	2018-19		2019-20	
Primary	10	7.8%	79	61.2%
Secondary and All Through	11	55.0%	20	100.0%
Total	21	14.1%	99	66.4%

- On the recommendation of officers, Schools Forum agreed unanimously to consult with the Shropshire schools community on moving to the implementation of the NFF from April 2018, in line with the published transitional arrangements

Consultation on Funding Formula

Do you agree that Shropshire Council's schools funding formula for 2018-19 and 2019-20 should be based on the National Funding Formula factors and weightings announced by the Secretary of State for Education on 14 September 2017?

Yes No

- Forms will be sent out to all maintained schools and academies for returning by email to schoolfunding@shropshire.gov.uk
- The consultation will run for two weeks from Thursday 12 October until the close of business on Wednesday 25 October
- Schools Forum will consider a report on the consultation at their meeting on 2 November, while Shropshire Council Cabinet will approve the funding arrangements at their meeting on 6 December based on the recommendation from Schools Forum

Are there any questions?

Consultation on De-delegation and Top-Slicing from Maintained School Budgets in 2018-19

Background

- Key decisions were made by Schools Forum in November 2016 and January 2017 on the top-slicing and de-delegation from maintained school budgets in 2017-18 for central support services
- Late Government announcements and the need to finalise school budgets by February 2017 did not allow time to consult with schools
- The key driver was the removal of general duties Education Services Grant from September 2017
- The Schools Forum decisions in January 2017 were transitional and for the financial year 2017-18 only
- A commitment was given to engage with the wider Shropshire maintained school community on the central retention of Dedicated Schools Grant (DSG) funding from April 2018 onwards

De-delegation

Centrally held budgets within the Schools Block of DSG can be de-delegated to maintained schools by the sector representatives on Schools Forum, with decisions taken on an annual basis

Schools Forum 24 November 2016

Approved de-delegation of funding in the following service areas: 10% pupil growth contingency (primary only), maternity cover, fidelity insurance and trade union duties

Schools Forum 19 January 2017

Approved de-delegation of funding for school improvement services

Note – the planned consultation with maintained schools will also consider the £60,000 per annum retained for the central commissioning of support through the Multicultural Development Team which is not currently subject to formal Schools Forum approval

Top-slicing

In December 2016 the Government's school revenue settlement guidelines allowed local authorities to retain some of their Schools Block of DSG to carry out statutory duties for maintained schools, previously funded through general duties Education Services Grant which was removed in September

Schools Forum 19 January 2017

Approved top-slicing of maintained school budgets to continue support for: redundancies, statutory and regulatory duties in respect of human resources and health & safety, statutory finance functions and statutory duties in relation to education welfare and inclusion

Impact in 2017-18

Decision	Total	Primary Per Pupil	Secondary Per Pupil
De-delegation (maintained primary and secondary):			
10% pupil growth contingency	£320,230	£18.52	-
Maternity cover	£499,260	£21.98	£21.98
Insurance	£22,760	£0.90	£1.33
Trade union duties	£50,020	£1.93	£3.07
School improvement	£189,190	£10.94	-
School improvement	£10,810	-	£2.26
Top-slice (maintained primary and secondary):			
Redundancy fund (1)	£300,000	£13.21	£13.21
Redundancy fund (2)	£150,000	£6.61	£6.61
Statutory school finance	£30,000	£1.32	£1.32
Statutory human resources and health & safety	£100,000	£4.40	£4.40
Education welfare and inclusion	£254,700	£11.21	£11.21

Schools Forum – 24 November 2016

Schools Forum – 19 January 2017

Consultation

- A consultation document will be circulated to all maintained schools in the week beginning 16 October
- Options will be presented for each of the centrally retained budget lines, ranging from the current arrangements through to full delegation
- Delegation = responsibility for the aspect supported by retention
- In some cases there will be the option to secure ongoing support through buy-back arrangements from Council service teams
- The consultation will run until **Friday 24 November**
- A report to Schools Forum on 7 December will be informed by the consultation responses
- Decisions on the central retention of Schools Block funding in 2018-19, through de-delegation or top-slicing, will be taken at this meeting

**In conclusion, are there any
further questions?**

Thank you

If you have any queries or require further information, contact:

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