



Schools Forum

Date: 18 January 2018

Time: 8:30 am

Venue: Shrewsbury
Training and Development
Centre

Paper

B

Public

SCHOOLS REVENUE FUNDING SETTLEMENT AND SCHOOL FUNDING ARRANGEMENTS 2018-19

Responsible Officer Gwyneth Evans

e-mail: gwyneth.evans@shropshire.gov.uk Tel: 01743 254865 Fax: 01743 254538

Summary

This report gives an update on the latest information available on the schools revenue funding settlement for 2018-19 and the dataset information provided by the Education and Skills Funding Agency (ESFA) based on the schools' October 2017 census.

In addition the report details the school funding arrangements for 2018-19 and recommends that an underspend, after allocating the schools block element of the revenue funding settlement to all Shropshire mainstream maintained schools and academies in line with the national funding formula, is transferred to the high needs block, to support the pressure on meeting the needs of high needs pupils in Shropshire.

Recommendation

That Schools Forum:

- notes Shropshire's schools revenue settlement for 2018-19; and
- supports the transfer of any underspend against the 2018-19 schools block element of the Dedicated Schools Grant (DSG), after allocating the schools block to all Shropshire mainstream maintained schools and academies in line with the national funding formula (NFF), to the high needs block, to support pressure on meeting the needs of Shropshire high needs pupils, up to a maximum of 0.5% of the schools block allocation.

REPORT

Schools Revenue Funding Settlement 2017-18

1. Detailed information on Shropshire's school revenue funding settlement for 2018-19 was announced by the Department for Education (DfE) on 19 December 2017.
2. As expected, the total 2018-19 Dedicated Schools Grant (DSG) is allocated under four main blocks: a schools block, an early years block, a high needs block and a new central school services block (CSSB).
3. A summary of the 2018-19 DSG allocation, as announced on 19 December 2017, is shown in the table below alongside the 2017-18 DSG allocation (before recoupment for academies and deductions for direct funding of high needs places by the ESFA).

	2017-18 £m	2018-19 £m	Variation £m
Schools block	156.259	157.872	1.613
Provisional Early years block	13.528	15.001	1.473
Provisional High needs block	25.079	25.077	-0.002
Central school services block	0.000	3.160	3.160
Total	194.866	201.111	+6.244

2018-19 Schools Block key financial headlines

4. Shropshire's school pupil numbers at October 2017 are 35,446. This compares to 34,991 at October 2016 – an increase of 455 pupils.
5. Shropshire's 2018-19 schools block allocation is based on the NFF which provides for Shropshire a primary unit of funding of £4,046.86, and a secondary unit of funding of £4,882.99, along with funding for premises costs based on actual 2017-18 spend levels. The 2018-19 schools block includes funding to be delegated to Shropshire schools and academies through the local funding formula. Further to Schools Forum's recommendation, Shropshire's Cabinet approved the replication of the NFF through Shropshire's local funding formula in 2018-19 at their meeting on 10 January.
6. Funding included within the schools block allocation in 2017-18, for centrally held commitments such as historic schools staff redundancy commitments and commitments previously funded from the retained duties element of the Education Services Grant, is included within the new central school services block (CSSB) in 2018-19.

2018-19 Early Years Block key financial headlines

7. The 2018-19 early years block allocation is provisional at this stage as it is based on January 2017 Early Years census data. This provisional allocation will be updated in July 2018 and July 2019 and the final allocation will be based on 5/12ths of January 2018 pupil numbers and 7/12ths of January 2019 pupil numbers.
8. The provisional early years block allocation includes funding for the universal 15 hours free entitlement funding for 3 and 4 year olds, the additional 15 hours free entitlement for 3 and 4 year olds of working parents and the 2 year old free entitlement funding. In addition, the early years block includes funding for the Early Years Pupil Premium (EYPP) and the Disability Access Fund.
9. For 3 and 4 year olds, the amount per part time equivalent (pte) pupil for the universal 15 hours free entitlement and the additional 15 hours free entitlement for pupils of working parents remains at £4.30 in 2018-19. The amount per pte 2 year olds from the most disadvantaged backgrounds remains at £5.20 in 2018-19.

2018-19 High Needs Block key financial headlines

10. The high needs block includes funding for local authority high needs pupils/students aged 0-24.
11. For 2018-19 Shropshire's high needs block is based on the new high needs national funding formula and also includes an imports/exports adjustment to reflect place funding of pupils educated in other local authority areas. Shropshire is a net exporter of high needs pupils and the imports/exports adjustment to Shropshire's high needs block is provisionally a loss of £0.816m.
12. Funding for pupils in special needs resource units at mainstream schools has been moved from the high needs block into the schools block in 2018-19 and funding for these pupils will be delivered through the school local funding formula from the schools block.

2018-19 Central School Services Block (CSSB) key financial headlines

13. The CSSB is a new block within the DSG including funding for local authorities to carry out central functions on behalf of pupils in maintained schools and academies. The CSSB is split into funding for historic commitments and funding for ongoing responsibilities and includes funding previously allocated to the local authority through the retained duties element of the Education Services Grant (ESG).

School Funding Arrangements 2018-19

14. The schools block element of the DSG for 2018-19 is based on a primary unit of funding and secondary unit of funding calculated by the Department for Education (DfE) from the individual school notional NFF allocations published in September 2017 using October 2016 total pupil numbers.

15. Allocating funding to schools in 2018-19 through the NFF using October 2017 pupil data will therefore not be an exact match to the schools block funding received by using the pre-calculated primary and secondary units of funding.
16. In Shropshire, after calculating individual school budgets for 2018-19 in line with the NFF, it is expected that there will remain an underspend against the schools block. The exact value of the underspend is not known at the time of writing this report as the DfE has discovered an error in the FSM data provided to local authorities for calculating individual school budgets and is in the process of determining a solution.
17. Any underspend could be allocated through the funding formula by increasing the factor values within the formula but this would move away from the NFF allocations and impact at an individual school level on the smooth transition into the hard NFF when implemented in 2020-21.
18. Although the schools block is ring-fenced in 2018-19, local authorities retain limited flexibility to transfer up to 0.5% of their schools block funding into another block, with the approval of Schools Forum. Given the current and on-going pressures on meeting the needs of high needs pupils from within the high needs block allocation, it is recommended that Schools Forum approve the transfer of any underspend against the schools block, after allocating funding to individual schools in line with the NFF (including floors and caps), to the high needs block up to the 0.5% maximum allowed of £0.789m.
19. This approach is being taken by several other local authorities as increased pressure on high needs funding is identified nationally.
20. It is not possible to predict whether the expected underspend against the 2018-19 schools block will occur again in 2019-20 and so any underspend should be viewed at this stage as a one-off in 2018-19.
21. Approval to transfer up to 0.5% from the schools block into the high needs block would be for 2018-19 only.