



## SCHOOLS' FORUM MEETING

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21st September 2017

### Schools Budget 2018/19 and Contingency Fund

#### 1. Introduction

1.1 The Government has announced that it is to proceed with the implementation of National Funding Formulae for the Schools, High Needs and Central Schools Services blocks starting in 2018/19. This paper updates Schools Forum with the latest information on the changes and seeks the views on whether a contingency fund should be reintroduced to support schools with increased pupil numbers.

#### 2. National Funding Formulae

##### Significant Changes

2.1 There are a number of significant changes to the funding system for this year, as follows:

- The Central Schools Services block (CSSB) will be introduced in 2018/19 to fund local authorities for the statutory duties that they hold for both maintained schools and academies. The CSSB brings together funding previously allocated through the retained duties element of the Education Services Grant, funding for ongoing central functions such as admissions and nationally agreed licenses and funding for historic commitments. For 2017/18, the Council received £75k for the retained duties element of the Education Services Grant.
- Allocations received by local authorities for each of the four blocks will be determined by a separate national funding formula. Early Years block already has a national funding formula which commenced in 2017/18 and the other three blocks will be allocated based on national formulae for the first time from 2018/19.
- Baselines have been adjusted to take into account the spending pattern of local authorities for 2017/18. All local authorities were asked to re-submit baseline data based on their current spend plans to allow the Department for Education (DfE) to ensure that national spend on each block reflected existing spend patterns.
- Within the Schools block, the Government will provide for at least a 0.5% per pupil increase for each school in 2018/19 through the national funding formula. Local authorities' schools block allocations will be calculated by aggregating schools' notional allocations under the national funding formula. These notional allocations will reflect the 0.5% increase.
- The formula will provide local authorities with per pupil funding of at least £4,800 for all secondary schools that have pupils in years 10 and 11 by 2019/20. A new factor will be allowed in local authority formulae so they can set a transitional amount of per pupil funding in 2018/19 as a step towards £4,800 in 2019/20.
- Within the high needs block, the Government will provide for at least a 0.5% overall increase in 2018/19 through the high needs national funding formula.

- The minimum funding guarantee (MFG) for schools will continue, but local authorities will have flexibility to set a local MFG between 0% and minus 1.5% per pupil.
- The schools block will be ring-fenced for 2018/19, but local authorities will be able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum. There will be an exceptions process, which will require Secretary of State approval, for considering transfers above 0.5% limit and/or where the Schools Forum is opposed to the transfer. In 2017/18, the schools block for the Council was £22m, therefore, the maximum amount that could be transferred to the high needs block would be in the region of £110k.

## **Other Changes**

2.2 There are a number of smaller changes to the calculation of the schools and high needs blocks in 2018/19 as follows:

- Local authorities can now use both free school meals and “ever 6” free school meals measures within their deprivation factors. Currently, local authorities can only use one of these measures.
- The looked after children factor is not included within the national funding formula, instead the Government intends to increase the Pupil Premium Plus rates to better support these pupils. Local authorities will need to decide whether to reflect this in their local formulae.
- There will no longer be a deduction to the schools block pupil numbers for high needs places in mainstream schools (the special units attached to Catmose College and Oakham Primary). Instead, the high needs block will fund place funding of £6,000 per place where the place is occupied at the time of the October school census return and £10,000 for all unoccupied places.

## **Changes for Excluded Pupils**

2.3 The Education and Skills Funding Agency (ESFA) have clarified the adjustments required to school budgets relating to excluded pupils. Where pupils are excluded or are moved from a mainstream school and are receiving education funded by the local authority elsewhere, funding should flow in-year from the school that has excluded the pupil to the provision that takes responsibility for the pupil. This provision acts independently of whether a particular pupil has been on the census in the first place and whether the school has received funding for them.

2.4 The local authority must deduct from the school’s budget in-year the amount within the formula relating to the age and personal circumstances of that pupil, pro rata to the number of complete weeks remaining in the financial year from the relevant date. This means that the deduction should cover not just the basic entitlement but also the relevant amounts for pupil-led factors such as free school meals or English as an additional language where the pupil attracted funding through those criteria.

## **Role of Schools Forum**

2.5 A local authority must engage in open and transparent consultation with all maintained schools and academies in the area, as well as with its schools forum about any proposed changes to the local funding formula including the method, principles and rules adopted.

Whilst consultation must take place, the local authority is responsible for making the final decisions on the formula.

## **Timetable**

2.6 The DfE/ESFA are proposing to issue indicative allocations for the four blocks in September based on the October 2016 census data. They will also be publishing the results of the two consultation documents at the same time.

2.7 The final allocations will be published in December based on the October 2017 census data and local authorities will need to submit by the middle of January. Therefore, any proposed changes to the funding formula including the size of any contingency fund to be retained will need to be agreed by 30<sup>th</sup> November as this is the cut-off date for any requests to be submitted to the Secretary of State

## **3. Contingency Fund**

3.1 Local Authorities are allowed to top slice funding from the schools block to hold centrally in a contingency fund as follows:

- (a) Growth Fund – To support schools with growth in pre-16 pupil numbers to meet basic need, to support additional classes needed to meet the infant class size regulation and to meet the costs of new schools.
- (b) Falling Rolls Fund – To support good schools with falling rolls where local planning data show that the surplus places will be needed within the next 3 years.

3.2 It is the decision of the Local Authority as to whether to hold contingency funds. However the schools forum must agree the criteria on which any growth funding is to be allocated.

3.3 Local authorities are required to produce criteria on which any funding from these funds is to be allocated. The criteria used must be agreed by the schools forum and the forum must also be consulted on the total size of funds to be held and should receive regular updates on the use of the funding.

3.4 The criteria should provide a transparent and consistent basis for the allocation of funding including clear objective trigger points for qualification and a clear formula for calculating allocations. Attached at Annex 1 is an example (supplied by the ESFA) of the criteria set for the growth fund for Worcestershire.

3.5 The ESFA have provided information for 2016/17 on all local authority proformas including the amounts being retained by authorities in these funds. Reviewing the amounts being retained, it would appear that there is no link between the size of the schools block and the amount being held in the funds. A summary of the data is shown in the table below

|   | <b>Growth Fund</b> | <b>Falling Rolls Fund</b> |
|---|--------------------|---------------------------|
| Total Number of local authorities       | 152                | 152                       |
| Number of authorities retaining funding | 132                | 29                        |
| % of authorities retaining funding      | 87%                | 19%                       |
| Lowest amount being retained            | £50,000            | £7,000                    |
| Highest amount being retained           | £6,067,000         | £1,073,000                |
| Average amount being retained           | £1,186,000         | £274,000                  |

3.6 Rutland County Council has not held any contingency funds since 2013/14, as agreed with schools forum. However, the Council is seeing an increase in the number of enquiries from schools seeking support with growth in pupil numbers. A significant proportion of the enquiries are coming from academies who are being directed to the Council by the ESFA.

3.7 As a result of the increase in requests for support for schools with growth in pupil numbers, the Councils proposal is to introduce a growth fund for 2018/19. The Council will ask Members whether they are prepared to make a one off contribution to the fund.

#### **4. Recommendations**

4.1 Schools Forum is asked to note the changes proposed by the Department for Education on the schools, high needs and central schools services block allocations for the financial year 2018/19.

4.2 Schools Forum to consider whether to continue to use the Children Looked After funding factor within the local funding formula in light of the plan to increase the Pupil Premium Plus and to remove this factor from the national funding formula.

4.3 Schools Forum to consider whether to use both free schools meals and “ever 6” free school meals in the local funding formula or whether to remain using “ever 6” which is currently being used.

4.4 Schools Forum to discuss the proposed introduction of a contingency fund to support schools with growth in pupil numbers.

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12<sup>th</sup> September 2017

### Example of Criteria for Growth Fund (Worcestershire):

1. Additional funding will be made available in circumstances where:
  - the LA carries out a formal consultation and approves to increase the capacity of a school
  - the LA requests schools to increase their PAN and the school has the capacity
  - the LA requests schools to admit significant additional pupils as a consequence of a school closure
2. Additional funding will be made in relation to the number of additional pupils taken.
3. Funding will be given on a 7/12th basis to cover September to March each year. (The period April to August will be covered by the schools budget based on numbers from the October census).
4. Any allocation will be based upon the AWPU and will be relevant to the key stage.
5. No allocation will be made to a school that has not been the subject of a consultation where a school:
  - has surplus places and then takes additional children up to the PAN
  - admits over PAN at their own choice
  - as directed and/or requested to admit additional pupils as result of errors, appeals, fair access panel, SEN, LAC, etc. as these numbers will be extremely low on an individual school basis
6. Funding will be allocated on the increase in actual numbers on the difference in pupils leaving and joining. For example, in a primary school between the numbers leaving Year 6 and numbers entering Reception for 7 years from date of increased capacity.