

Committee:	Schools Forum
Meeting Date:	11 January 2018
Title:	Schools funding proforma 2018-19
Author:	Fiona Heath
Decision making / consultative / information:	Consultative
Who can vote?	All members of Schools Forum with voting rights (i.e. all schools, academy and non school members)

What is the Forum being asked to decide?

1. Schools Forum is asked to agree the preferred funding pro-forma for the schools block from the various options included in the paper. Option 4 is recommended.

Reason for recommendation

2. Schools Forum is required to be consulted on the schools funding proforma which is used to calculate individual schools budgets.
3. As part of the local authority's schools block pro-forma submission to the Education and Skills Funding Agency (ESFA) there is a requirement for political approval after the Forum. This will be given by the Cabinet member, Education & Skills and Director of Children's Services.
4. The final proforma for 2018-19 must be submitted to the ESFA by 19 January 2018.

Alternative options

5. Schools Forum could decide to suggest other options for the Minimum Funding Guarantee and capping and scaling for the pro-forma but given the short timescale between the meeting and the submission deadline, the final approval would have to be passed to the Chair.

Who will be affected by this decision?

6. All schools, including academies, will be affected by the decision.

Main body of the Report

Background

7. A paper "Preparation for 2018-19 schools budgets" (Paper B) was presented to Schools Forum on 3 October 2017 and should be read in conjunction with this paper.
8. Schools Forum agreed on 3 October 2017:
 - a. £970,000 should be deducted from the 2018-19 DSG schools block allocation to partially fund the 2016-17 DSG overspend
 - b. the local authority should implement the national funding formula (NFF) with effect from 2018-19 subject to a minimum funding guarantee (MFG) and capping arrangements to ensure that the funding at school level starts to reflect the funding that will be received by individual schools when the national funding formula is planned to be implemented in 2020-21
 - c. to consider options for the MFG, capping and the scaling of gains above the cap to be applied in 2018-19
 - d. to increase split site funding for those schools where the main teaching base operates on two sites (Paper D Split site funding 2018-19).

Summary of changes

9. The DSG allocated to the schools block in 2018-19 is £397.5m (i.e. schools block DSG allocated to Suffolk by the ESFA of £400.2m less £0.97m to partially fund the 2016-17 DSG overspend less £1.78m for the growth fund, agreed by Schools Forum 27 November 2017). This compares with £383.8m (net of the £1.78m growth fund) in 2017-8; an increase of £13.7m (3.5%).
10. The schools funding proforma has been calculated using the national funding formula; the only exception being a small adjustment to the primary weighting for prior attainment (this factor has historically been used to balance the total funding allocated in the proforma and means that all of the other unit values are as per the NFF) and the inclusion of the revised split site funding.
11. As in previous years, the budget commentary, issued with the schools budgets, will provide detail about the individual funding factors.
12. The national funding formula, as expected, has not only increased the schools block funding but has redistributed the allocation of the funding compared with the local funding formula used previously in Suffolk. The significant changes are summarised below:

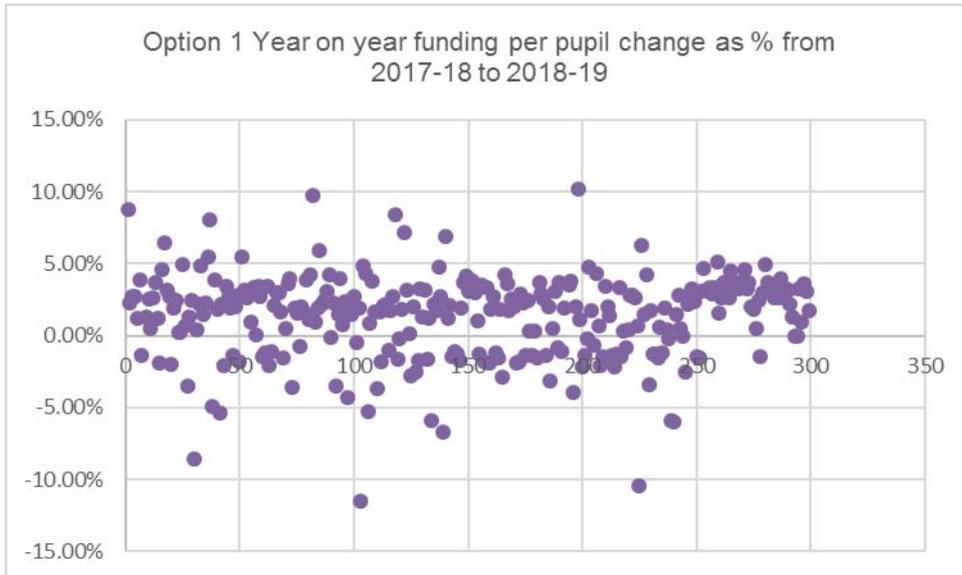
- a. There is an increase in pupil numbers of 1260 which increases the schools block by approximately £5.0m
 - b. An additional £5.0m has been redistributed through the deprivation factor as the NFF allocates deprivation using both the Free School Meal measures i.e. current FSM and Ever6 FSM rather than only the current FSM measure.
 - c. Prior attainment unit values have increased so that an additional £5.5m is allocated through this factor.
 - d. The change to the split site factor has resulted in an additional £0.3m allocated.
 - e. The reduction in the lump sum means that there is a reduction of £1.0m allocated via the lump sum factor.
 - f. The lump sum used for sparsity has also reduced leading to a reduction of £1.3m allocated through the sparsity factor.
 - g. The reduction in the unit value for English as an Additional Language has offset the impact of the change in the measure to 3 years from 1 year so that there is a similar distribution as previously.
 - h. Rent has been included at the same level as 2017-18.
13. A draft proforma is attached in annex A (the final version will change slightly depending on the preferred MFG, capping and scaling option).
14. A further change is that there will no longer be a deduction to the schools block pupil numbers for high needs places in mainstream schools. Instead, the schools budget share (or academy funding) will be determined on the total number of pupils on the roll of the school, including those in special unit or resourced provision. (An adjustment has been made by the ESFA between the high needs block and schools block to reflect this change).
15. The balance of funding for this special provision will be funded from place funding (£6,000) and top up funding from the high needs block in accordance with the local authority commissioning decisions. Places not filled by such pupils will be funded at £10,000.

Modelling of the Minimum Funding Guarantee, Capping and Scaling

16. The modelling of the various school budget proforma options had to consider the two following requirements:
- a. to set a pre-16 minimum funding guarantee (MFG) to protect schools from excessive year-on-year changes, and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to flow through

- b. as highlighted in “Preparation for 2018-19 schools budgets” (Paper B) on 3 October 2017, a number of schools budgets have been significantly capped over recent years and to address this and reflect the gains through the NFF, a scaling of the cap will be applied in 2018-19. (Scaling is the degree to which gains above the cap will be scaled back).
17. The ESFA has previously confirmed the MFG to be used for schools. In 2017-18, the MFG was set at -1.5%. However, in 2018-19, local authorities have increased flexibility to set a local MFG between plus 0.5% per pupil and -1.5% per pupil.
18. The MFG means that no school can lose more than the x% per pupil, however, schools with falling rolls can potentially lose more funding. It should be noted that 111 schools (37%) have fewer pupils recorded at the 2017 census (which is used to calculate the 2018-19 budgets) compared with the previous year.
19. The scaling factor indicates by how much any gains above the capping factor will be scaled back. A scaling factor of 100% scales back all gains on a per pupil basis above the capping factor. A scaling factor of 50% scales back half of gains above the capping factor. A scaling factor of 0% allows schools to retain all gains and therefore in effect applies no capping factor.
20. Six scenarios of MFG and capping and scaling have been modelled and are presented for consideration by Schools Forum. A scatter diagram of the percentage change in per pupil funding from 2017-18 to 2018-19 for each school is shown for every option (it should be noted that this per pupil funding is slightly different from the basis on which the MFG is calculated as the MFG excludes certain funding factors).
21. Option 1 MFG -1.5%, capping at 2.99% and scaling of 68%

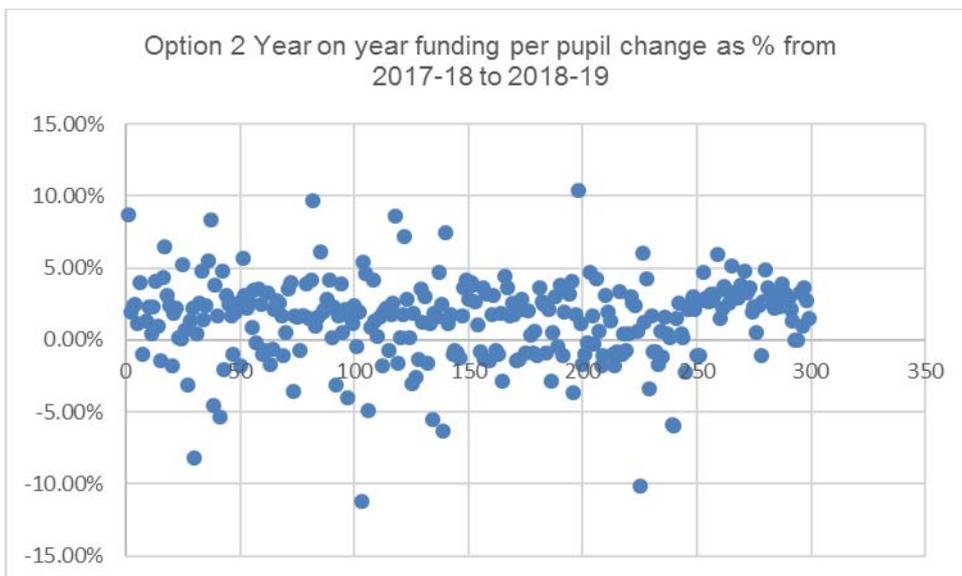
The MFG is the same as in the current year and allows the highest level of capping which will enable schools to move towards their NFF budget more quickly whilst retaining the minimum allowable protection for schools that will lose funding through the NFF.



Although 66 schools lose average funding per pupil funding, of these only 27 schools will see a reduction in their overall budget. In total 83 schools will have an overall budget reduction, 73 of which have a reduction in pupil numbers.

22. Option 2 MFG -1.0%, capping at 2.09% and scaling of 50%

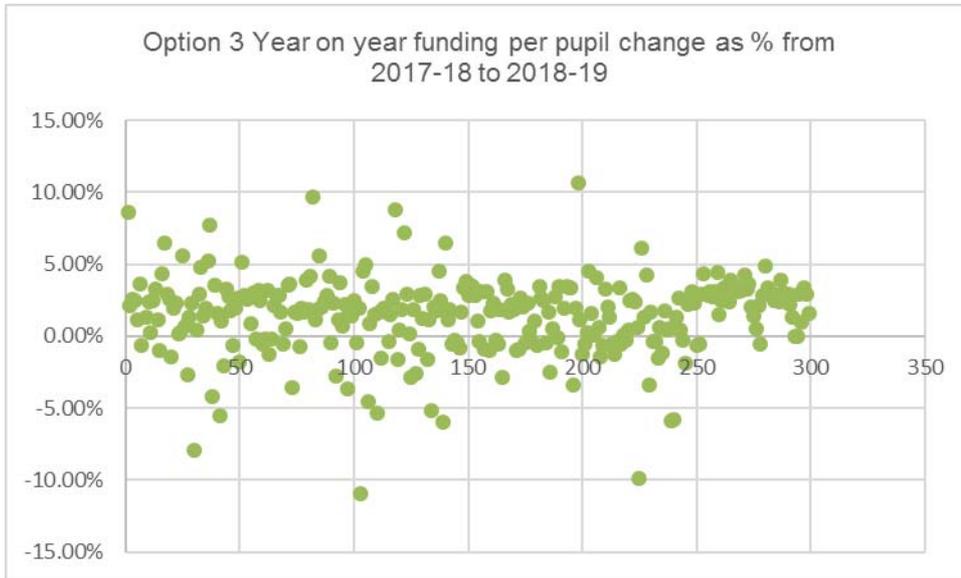
This option offers a slightly higher level of funding protection for the schools that are to lose funding through the NFF whilst allowing schools that were previously heavily capped to gain funding albeit at a lower rate than option 1. This option offers the lowest level of scaling (with a capping factor) for the highest gaining schools.



Although 75 schools lose average funding per pupil funding, of these only 19 schools will see a reduction in their overall budget. In total 77 schools will have an overall budget reduction, 71 of which have a reduction in pupil numbers.

23. Option 3 MFG -0.5%, capping at 2.78% and scaling of 75%

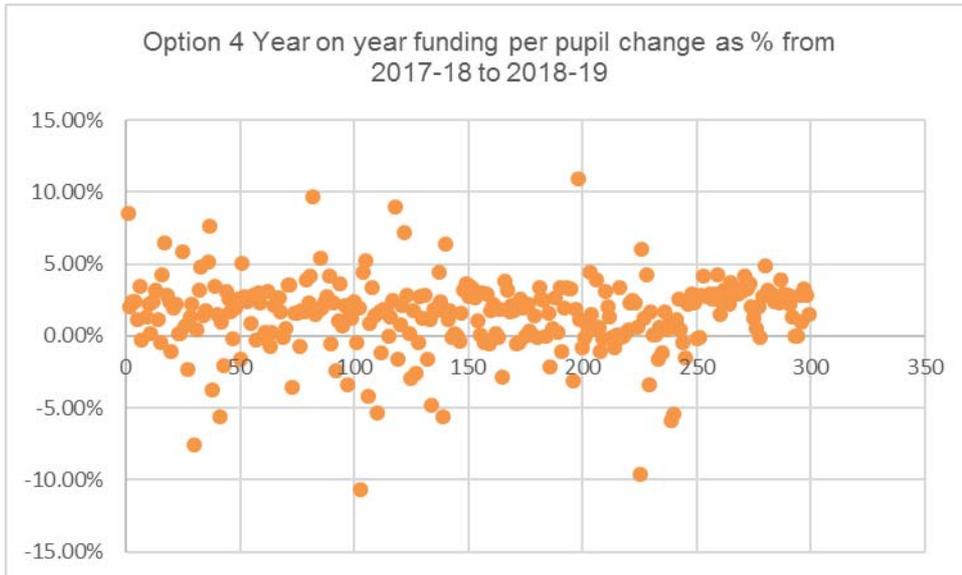
This option will allow schools to gain much of their increase in funding, but the scaling is at the highest proposed level and will impact on those schools that would otherwise gain the most through the NFF. However, there is increased protection for schools that are to lose funding through the NFF.



Although 76 schools lose average funding per pupil funding, of these only 14 schools will see a reduction in their overall budget. In total 77 schools will have an overall budget reduction, 73 of which have a reduction in pupil numbers

24. Option 4 MFG +0.0%, capping at 2.58% and scaling of 75%

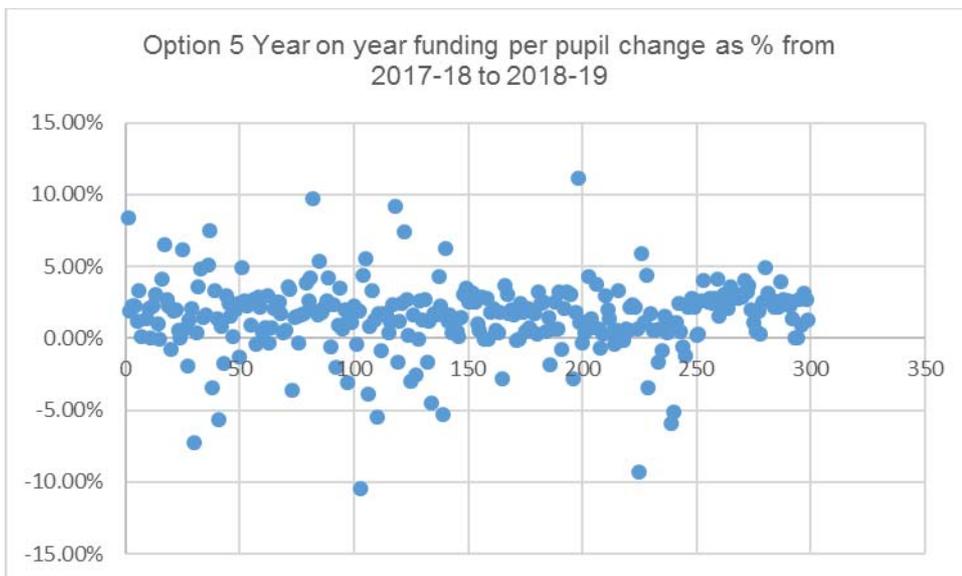
No school will lose funding on a MFG basis offering a steady state funding scenario for schools that would otherwise lose funding through the NFF. Schools that will gain funding through the NFF will receive an increase but at a lower level than option 3.



Although 64 schools lose average funding per pupil funding, none of these schools will see a reduction in their overall budget. In total 75 schools will have an overall budget reduction, all of which have a reduction in pupil numbers.

25. Option 5 MFG 0.5%, capping at 1.87% and scaling of 75%

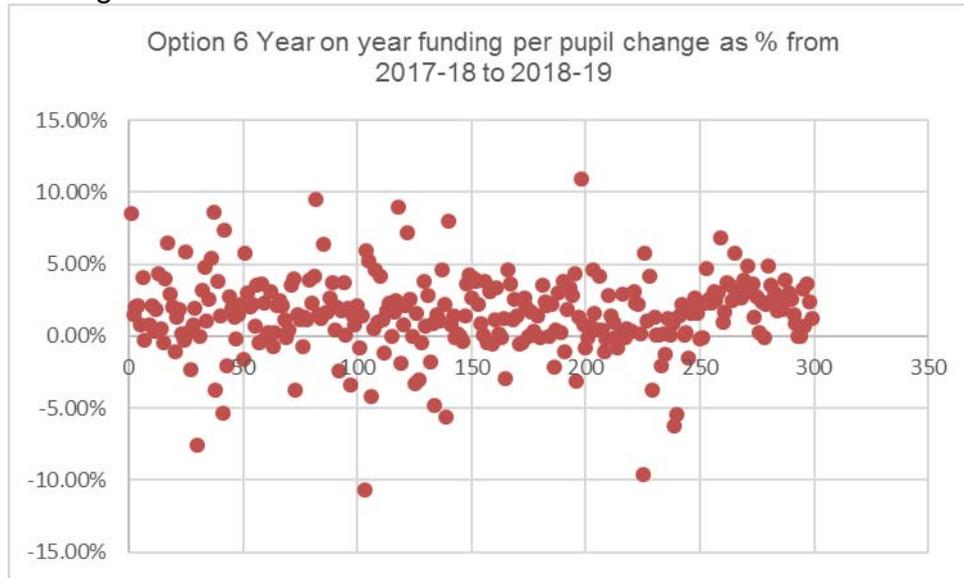
The Secretary of State confirmed in July that the national funding formula will provide for at least a 0.5% per-pupil increase in respect of each school in 2018 to 2019 (these increases are reflected in the local authority school block allocation by aggregating schools' notional allocations under the national funding formula). This "headline" may have been misunderstood, as clearly, it does not result in each school receiving a per pupil increase. This option attempts to address any expectations held by schools, however it will artificially protect schools that will lose through the NFF and reduce the increase in funding of schools that will gain from the NFF.



Although 47 schools lose average funding per pupil funding, none of these schools will see a reduction in their overall budget.
 In total 75 schools will have an overall budget reduction, all of which have a reduction in pupil numbers.

26. Option 6 MFG 0.0%, capping at 0.00% and scaling of 32%

The final option is not to have a capping factor and to lower the scaling of gains to allow the maximum gains whilst ensuring that no school will lose funding on a MFG basis.



Although 62 schools lose average funding per pupil funding, none of these schools will see a reduction in their overall budget.

In total 78 schools will have an overall budget reduction, all of which have a reduction in pupil numbers.

27. The impact of the various options across all schools is summarised in table 2 below:

Option	MFG Applied %	MFG Minimum £'s	MFG Maximum £'s	Capping Minimum £'s	Capping Maximum £'s	Capping Applied %	Scaling Applied %	Number of schools on MFG	Number of schools capped	No of schools with no MFG or capping	Total no of schools	Schools gaining > 2%
1	-1.50	620	180,755	-95	-137,464	2.99	0.68	63	141	93	297	166
2	-1.00	555	191,571	-39	-113,008	2.09	0.50	66	164	67	297	166
3	-0.50	162	202,387	-313	-155,849	2.78	0.75	70	147	80	297	167
4	0.00	14	213,205	-185	-159,703	2.58	0.75	73	153	71	297	165
5	0.50	33	224,020	-520	-163,992	1.87	0.75	85	154	58	297	168
6	0.00	14	213,203	-28	-113,884	0.00	0.32	73	217	7	297	165

28. It is clear from the above options that many schools (approximately 75) will have an overall budget reduction in each scenario. The schools that lose more than 10% of funding have a significant reduction in pupil numbers. Conversely, the highest gaining schools all have at least 15% pupil growth. This reinforces the fact that pupil numbers continue to be the key driver in determining the budget for a school.

29. Option 1 has the lowest number of schools that are capped and the lowest number of schools on MFG but has the highest number of schools that will have a reduction in budget. Option 1,2 and 3 will result in a small number of schools that will have a budget reduction despite not having a reduction in pupil numbers.
30. Options 4,5 and 6 have all have a similar number of schools that lose budget, but all of these schools have falling pupil numbers. Option 5 will artificially increase funding for schools that will lose funding through the NFF. Options 4 and 6 will mean that no school will lose funding on a MFG basis offering a steady state funding scenario for schools that would otherwise lose funding through the NFF and both options have the same number of schools that gain at least 2% funding. Although Option 6 will allow the highest gaining schools to move towards the NFF more quickly, it has slightly more schools that lose funding compared with Option 4.
31. Option 4 is recommended based on the above analysis and the need during the implementation period to balance the requirement to pass on funding increases and move towards the NFF with that of providing some, albeit limited, protection for schools that will lose funding through the NFF.

Central School Services Block

32. As previously reported, the central school services block (CSSB) will be introduced in 2018 to 2019, to fund local authorities for the statutory duties 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 (ESG)
 - funding for ongoing central functions, such as admissions, previously top-sliced from the schools block
 - residual funding for historic commitments, previously top-sliced from the schools block
33. Schools Forum agreed the services to be funded from the CSSB on 3 October 2017 (Paper C Central school services block funding and de-delegation) and it was noted that a number of the services that are covered by funding are subject to a limitation of no new commitments or increases in expenditure from 2017 to 2018. This limit does not apply to admissions or the servicing of schools forums.
34. The total funding approved by Schools Forum on a line by line basis was £8,211,469.

35. The total CSSB is calculated on a formula basis and the allocation for Suffolk announced in December for 2018-19 totals £8,773,296, therefore £561,827 remains unallocated.
36. This unallocated funding will be transferred to DSG reserves until further clarification regarding the funding of future DSG overspends is obtained from the ESFA.

Local Authority Funding Reform Proforma

LA Name: Suffolk
 LA Number: 935

Pupil Led Factors

Description	Reception uplift	Pupil Units				Sub Total	Total	Proportion of total pre MFG funding (%)	Notional SEN (%)	
	No	0.00		0.00						
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)										
Primary (Years R-6)	£2,747.00			55,985.60	£153,792,443	£301,191,790	38.65%			
Key Stage 3 (Years 7-9)	£3,863.00			22,435.00	£86,666,405		21.80%			
Key Stage 4 (Years 10-11)	£4,386.00			13,847.00	£60,732,942		15.28%			
		Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
2) Deprivation							£28,094,740	7.07%		
FSM	£440.00	£440.00		8,057.66	4,802.34	£5,638,399		50.00%	50.00%	
FSM6	£540.00	£785.00		11,809.16	8,656.10	£13,171,987		50.00%	50.00%	
IDACI Band F	£200.00	£290.00		5,083.89	3,055.41	£1,902,847		50.00%	50.00%	
IDACI Band E	£240.00	£390.00		3,155.33	1,849.00	£1,478,389		50.00%	50.00%	
IDACI Band D	£360.00	£515.00		3,533.26	2,047.87	£2,326,627		50.00%	50.00%	
IDACI Band C	£390.00	£560.00		2,357.93	1,303.04	£1,649,299		50.00%	50.00%	
IDACI Band B	£420.00	£600.00		1,943.69	1,163.17	£1,514,251		50.00%	50.00%	
IDACI Band A	£575.00	£810.00		410.98	193.37	£392,942		50.00%	50.00%	
3) Looked After Children (LAC)	LAC X March 17			448.75		£0		0.00%		
4) English as an Additional Language (EAL)	EAL 3 Primary	£515.00		3,408.90		£1,755,581	£2,570,439	0.65%		
	EAL 3 Secondary		£1,385.00		588.34	£814,857				
5) Mobility	Pupils starting school outside of normal entry dates			3,700.04		£0		0.00%		
6) Prior attainment		Weighting	Amount per pupil	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total	Total	Proportion of total pre MFG funding (%)	Primary Notional SEN (%)	Secondary Notional SEN (%)
	Low Attainment % new EFP	63.86%	£1,050.00	22.77%	12,218.27	£12,829,180	£26,786,673	6.74%	100.00%	
	Low Attainment % old EFP 78			16.92%						
	Secondary low attainment (year 7)	58.05%		24.67%						
	Secondary low attainment (year 8)	48.02%	£1,550.00	24.50%	9,004.83	£13,957,493				
	Secondary low attainment (years 9 to 11)			24.98%						

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)
7) Lump Sum	£110,000.00	£110,000.00			£220,000.00	8.27%	9.09%
8) Sparsity factor	£25,000.00	£65,000.00		£0.00	£90,000.00	0.14%	

Please provide alternative distance and pupil number thresholds for the sparsity factor below. Please leave blank if you want to use the default thresholds. Also specify whether you want to use a tapered lump sum for one or both of the phases.

Primary distance threshold (miles)	2.00	Primary pupil number average year group threshold	21.40	Fixed or tapered sparsity primary lump sum?	Tapered
Secondary distance threshold (miles)	3.00	Secondary pupil number average year group threshold	120.00	Fixed or tapered sparsity secondary lump sum?	Tapered
Middle schools distance threshold (miles)	2.00	Middle school pupil number average year group threshold	69.20	Fixed or tapered sparsity middle school lump sum?	Tapered
All-through schools distance threshold (miles)	2.00	All-through pupil number average year group threshold	62.50	Fixed or tapered sparsity all-through lump sum?	Tapered

9) Fringe Payments	£0	0.00%	
10) Split Sites	£324,000	0.08%	
11) Rates	£4,667,683	1.17%	
12) PFI funding	£0	0.00%	

Circumstance	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)
Additional lump sum for schools amalgamated during FY17-18	£0	0.00%	9.09%
Additional sparsity lump sum for small schools	£0	0.00%	
Additional funding under the minimum per pupil level of funding factor	£0	0.00%	
Rent	£152,872	0.04%	
Exceptional Circumstances5	£0	0.00%	
Exceptional Circumstances6	£0	0.00%	
Exceptional Circumstances7	£0	0.00%	

Additional funding to meet minimum per pupil funding level: £221,533

Total Funding for Schools Block Formula (excluding MFG Funding Total) (£): £397,464,212, 100.00%, £43,823,744

14) Minimum Funding Guarantee	0.00%	£3,363,774	
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)		Yes	
Capping Factor (%)	2.58%	Scaling Factor (%)	75.00%
Total deduction if capping and scaling factors are applied		£3,363,774	
MFG Net Total Funding (MFG + deduction from capping and scaling)	£1	0.00%	

High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)	£0.00
Additional funding from the high needs budget	£400,000.00
Growth fund (if applicable)	£1,780,000.00
Falling rolls fund (if applicable)	£0.00

Total Funding For Schools Block Formula	£397,464,212
% Distributed through Basic Entitlement	75.78%
% Pupil Led Funding	90.23%
Primary:Secondary Ratio	1 : 1.31

Total funding for schools block formula contains funding from outside of the 2018-19 Schools Block allocation? No