**Suffolk County Council**

**Budget Commentary 2017-18**

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# **Note**

Schools Forum papers are on the Suffolk Learning website.

# DEADLINES

|  |  |
| --- | --- |
| **Action** | **Deadline** |
| **2017-18 Budget Plan approved by Governors**2017-18 one-year Budget Plan must be approved by Governors  | 31 March 2017 |
| **2017-18 Budget Toolkit with the LA**2017-18 Budget Toolkit (containing the one-year budget) must be with the LA Submit via AVCO | 28 April 2017 |
| **2-Year (2018-19 & 2019-20) Toolkit with the LA**2-Year budget plan must be with the LA - must be signed off by GovernorsSubmit via AVCO | 31 May 2017 |

##

##

## **FOREWORD**

This document sets out the details of your school’s 2017/18 budget, whilst the mechanics of budget setting and the formula used are very like last years, there are several significant changes underway that I would like you to be aware of, as they affect this year’s funding and are likely to have an even greater impact in years to come.

The first of these is the national programme of funding reform. The consultation on a national funding formula for schools is still underway and we would encourage you all to respond. We give this a cautious welcome, as the basic principles of the formula seem to be robust, and it will bring more money into Suffolk. However, we think it doesn’t go far enough in addressing the huge disparities of funding between authorities, and it still means that a child in Suffolk with a specific set of needs will get less funding than a child in Birmingham with the identical needs. We are also concerned that approximately fifty schools in Suffolk will see a funding cut from these proposals.

The DfE are also consulting on high needs funding. Again we give this a cautious welcome as the direction of travel is right, in recognising the underfunding of this provision in Suffolk, but again the pace of change is too slow.

We face unprecedented pressures on high needs, especially children on the autistic spectrum and those with social, emotional and mental health difficulties. We recognise that the proposal to transfer £3 million from the Schools Block to the High Needs Block was not well received by some schools. It was not a decision that the Schools Forum took lightly, but reflected their concern about our ability to meet these needs. Work is underway with schools to draw up a commissioning plan for this resource.

There has also been a consultation on Early Years funding, and a new national funding formula is in place. We are really worried about the 7.5% cut in funding that results from this. We all recognise the value of a good start in life, and are concerned that both availability and quality will inevitably suffer as funding is cut so quickly.

So we face great uncertainties in funding, and whilst there may be more for most schools it clearly won’t be enough to cover the five years of cash frozen budgets. Suffolk County Council funding continues to decline as well. This decline includes the cessation of the general rate element of the Education Services Grant which funds the local authority functions that support maintained schools (e.g. school improvement). The council’s budget for 2017/18 requires savings of £31 million and the use of £8.5 million from reserves to balance the budget. There is no prospect of SCC finding any additional funds for schools, high needs, or early years.

The one exception to this is the apprenticeship levy. Due to the offset arrangements this has a disproportionate effect on maintained schools, so we have as a one off measure made available £0.5 million from the councils reserves to help manage this pressure in the first year. This will be added to maintained school’s budgets as in year income.

Finally, I would like to thank Sonya Harban, Fiona Heath, Mike Quinton, and all those in the finance team. This has been a really challenging year with huge work pressures on them from academy conversion, changes to high needs and early years funding, and the funding reform consultations, but they have still managed to issue schools budgets early, something that has never been done before. An impressive achievement.

I also want to thank all of you in schools with responsibility for finance, be they heads, business manager, business support or governors. Despite five years of real terms budget reductions few schools have deficits, creative solutions have been found for many of the pressures you face, and good standards of financial management are still the norm. These are challenging times but schools have so far risen to the challenge.

I look forward to seeing you all at the budget briefings.



Gavin Bultitude – Assistant Director Resources and Support

1. **INTRODUCTION**

The Dedicated Schools Grant (DSG) is spilt into three separate blocks; although the blocks are not individually ring-fenced, the DSG as a whole is ring-fenced. The blocks are: Schools, High Needs and Early Years. The DSG allocation from the Education Funding Agency (EFA) for Suffolk is £481m and Schools Forum determines the allocation of funding between the blocks.

In October 2016, Schools Forum agreed to transfer £3.0m from the schools block to the high needs block recurrently, in recognition of the financial pressures arising from the upward trend in demand and complexity of the demand of pupils with SEN and disabilities (SEND), from their early years to age 25, and education for pupils who cannot receive their education in schools. This was not an easy decision for the Forum to take, but they believed that this was the right thing to do to exercise their responsibility to use all the funds to meet the needs of all the children and young people in Suffolk.

Following the publication of stage one of the consultation on the schools national funding formula in March 2016, the government announced that the implementation date will be delayed by a year until 2018-19. As such, **the funding formula for 2017-18 is fundamentally the same as that used last year and so any changes that have arisen are included in bold in the commentary.**

As previously, the pupil numbers are based on the October census; all other information used to calculate the budgets is provided by the government as a national dataset which the local authority used in its calculations. The LA cannot change this data, even if schools believe it is incorrect, so it is important that schools prioritise and check any returns they submit to the government.

The data is received by the LA as a percentage, which the Schools’ Accountancy Team converts to pupil numbers based on the numbers on roll.

**There have been a couple of changes implemented by central government**:

The government have implemented an **apprenticeship levy**; the plans for which were announced by the Chancellor in the July 2015 budget.

The government apprenticeship reform programme aims to deliver more apprenticeships of a better quality to benefit employers, individuals, and the economy. UK GDP / per hour worked is significantly lower than other countries and the government want to use apprenticeships to boost the skills of the UK workforce and help improve economic productivity as well as providing an opportunity for more individuals to pursue a successful career and increase social mobility.

This is an additional cost to all maintained schools. It will also impact on other schools and Multi Academy Trusts where the pay bill is more than £3m per annum. In October 2016, **Schools Forum agreed that, for maintained schools, 50% of the cost will be met by Suffolk County Council in 2017-18 only. After then, the full cost will have to be met from the individual school budgets.**

In addition, as part of the schools national funding reform, the **Education Services Grant retained duties element funding has been transferred into the schools block** (it was previously funded to the local authority). However, Schools Forum agreed that the funding will be centrally retained, to continue to fund the costs of the local authority’s role in supporting the provision of excellent education for all children of compulsory school age. **This is in essence a technical change and will have no impact on schools budgets.**

1. **SCHOOLS BLOCK**

The schools block is distributed via the same factors (including exceptional factors and Minimum Funding Guarantee MFG) as last year **with the exception of the post 16 factor which has been removed (with protection through the minimum funding guarantee) by the DfE.** There are now ten formula factors that are attributable to Suffolk. These factors will form the schools delegated budget.

The factors are as follows:

* 1. **Basic Entitlement: Age Weighted Pupil Unit (AWPU)**

This is allocated based on the October census numbers and is a per pupil amount. There are separate rates for **primary (including reception) £2,726, KS3 £3,930 and KS4 £4,334.** **These rates have decreased by £17 per pupil** largely due to the transfer of £3m from the schools block to the high needs block.

* 1. **Deprivation**

 Deprivation is allocated using two methods:

**a)** An element is allocated based on pupils eligible for Free School Meals (FSM). Pupils will be recorded as ‘eligible’ on the school census only if a claim for free school meals has been made and the school or the LA has confirmed that the pupil is entitled to free school meals.

**b)** Monies are also allocated based on the Income Deprivation Affecting Children Index (IDACI). Under this index pupils are allocated a score, the higher the score the more funding that is attached to the pupil. The government uses the IDACI data published as part of the Indices of Multiple Deprivation. This information assigns a score to areas of England based on the Lower Super Output Area (LSOA). This score, which ranges from zero to one, can be interpreted as the proportion of families with children under 16 which are income deprived. It should be noted that **following the dataset update to the 2015**

**figures last year, (which resulted in unintentional budget turbulence for some schools), the DfE have redesigned the bands so that they are a similar size to those used in previous years.**

The pupil’s postcode is matched to an IDACI score and hence an IDACI band. There are 6 bands which attract funding. These bands are not of equal size.

 **3.3 Looked After Children**

There is an allocation of £925 per looked after child; the data is based on the SSDA903 return for March 2016 and is mapped to schools using the January 2016 school census.

* 1. **Prior attainment (Low Cost, High Incidence SEN)**

For pupils costing £10k per annum or less to support, the funding is allocated directly to schools as part of the schools block and forms part of their whole school delegated budget. (This funding is sometimes described by the government in their literature as £6k plus the AWPU, rounded up to the £10K; if a Local Authority AWPU is below £4k then the difference is found from the notional SEN budget which is still within the schools delegated budget).

For simplicity Suffolk has always described this funding as £10k from within the delegated budget. The funding is no longer based on individual assessment of pupil needs but instead is allocated based on a proxy measure for low level, high incidence special educational needs. Therefore schools are no longer able to link funding directly to a pupil but instead have to look at their total budget to support those pupils with Special Educational Needs and Disability (SEND).

The proxy measure set by the government is based on prior attainment and is applied:

For primary age pupils:

* Y1-3 who did not achieve the expected level of development.
* Y4-6 who scored below 78 points on Early Years Foundation Stage Profile (EYFSP)

For secondary age pupils:

* **For pupils assessed at KS2 up to 2011 who did not reach level 4 in English *or* Mathematics.**
* **For pupils assessed at KS2 from 2011 who did not reach level 4 in any of the reading test, teacher assessed writing *or* Mathematics.**

**The 2016 KS2 assessments which assessed the new national curriculum, resulted nationally in a higher number of year 7 cohort being identified as having low prior attainment. The DfE have therefore applied a national weighting to prevent this cohort having a disproportionate influence in the overall total.**

Under the formula the data used to calculate school budgets will be based on the following data sources:

Low Attainment % new EFSP for the academic year mapped to autumn 2016 census and

Secondary low attainment (year 7) data for the academic year mapped to autumn 2016 census respectively.

* 1. **English as an Additional Language (EAL)**

This is a cash sum of £1,500 for each eligible pupil; the same rate is applied for primary and secondary. The payment is made for the first year the pupil is in education, whatever point they enter the education system.

* 1. **Lump Sum**

A fixed amount of £114,000 is paid to all schools; the amount is the same whatever the phase or size of the school.

* 1. **Sparsity**

This factor was introduced in 2014-15 to support small schools in rural locations. All data is calculated by the EFA.

A sparsity distance is calculated for each school. Pupils for whom it is their closest compatible school are identified and then the average distance to the second nearest compatible school for these pupils is calculated. The sparsity distance is calculated, as the crow flies.

In addition, the number of pupils in a school is divided by the number of year groups to determine the size of an average year group.

Schools qualify for sparsity funding only if they meet both of the following criteria:

|  |  |  |
| --- | --- | --- |
| **School** | **Average year group less than:** | **Sparsity distance greater than:** |
| **Primary** | **21.4** | **2 miles** |
| **Middle** | **69.2** | **2 miles** |
| **Secondary** | **120.0** | **3 miles** |
| **All through** | **62.5** | **2 miles** |

The allocation to qualifying schools is a maximum of £100,000 tapered to the number of pupils on roll. Tapering works by giving the school the % of funding based on the pupils the schools does not have on roll.

* 1. **Split sites**

The LA recognises that the facilities available on the campus of some schools are insufficient to provide a full curriculum, in particular physical education facilities that are off-site and schools that are currently operating on two separate sites. Therefore there is an allowance available to that school to contribute to the cost of travel.

For allocation purposes split site funding is made available to those schools which have a need to transport children to other physical education facilities (playing fields and sports hall) and/or for those schools which are operating on two separate sites.  Two separate sites meaning that they are totally separated and not joined by a previously shared playing field.

The allocation paid to a qualifying school is a block sum of £1,000 for a primary school and £5,000 for a secondary school.

* 1. **Rates**

Rates are paid based on actuals. The Schools’ Accountancy Team charge the school the value of the rate shown on the schools block table and pay the rate on behalf of the schools.

* 1. **Exceptional factor – Rent**

The DfE has permitted the LA to include rent as an exceptional factor in the 2017-18 Suffolk formula. The DfE expect applications for exceptional factors to relate to fewer than 5% of the schools in an authority’s area (which applies in this instance) and to account for more than **1.0%** of the school’s budget. There are twelve schools that this affects and the rent for each will be paid on actuals. However schools will not see a direct increase of the full amount of rent as the effect of MFG and capping will restrict this.

1. **EDUCATION SERVICES GRANT**

As explained in the introduction, the Education Services Grant (ESG) retained duties element funding has been transferred into the schools block (it was previously funded to the local authority) and Schools Forum agreed that the funding will continue to fund the costs of the local authority’s role in supporting the provision of excellent education for all children of compulsory schools age. This is in essence a technical change and will have no impact on schools budgets.

**To meet EFA requirements, the ESG funding allocation needed to be included in the total delegated schools block allocation, then deducted under the de-delegated funding heading. Overall there is a zero impact to 2017-18 school budgets.**

1. **MINIMUM FUNDING GUARANTEE**

Schools are protected from substantial losses in the schools block through the Minimum Funding Guarantee (MFG). The 2017-18 MFG has been set by the Government at -1.5% per pupil; this means that no school can lose more than 1.5% per pupil.

However, schools with falling rolls can potentially lose more.

To fund the MFG the LA has to cap the gains of those schools where the budget will increase. The 2017-18 Suffolk cap is set at **0.55**% per pupil.

1. **HIGH NEEDS BLOCK**

The high needs block supports the provision of pupils with SEN and disabilities (SEND), from their early years to age 25, and education for pupils who cannot receive their education in schools. This includes those pupils in mainstream schools whose provision costs more than £10k per annum to support and all pupils who are in receipt of specialist provision.

 **6.1 Mainstream Schools (including Academies and Free Schools)**

All mainstream schools who have pupils whose needs they believe will cost more than £10k per annum to support, will have the opportunity to apply to the LA for additional high needs ‘top up’ funding.

The LA will pay top ups on a termly basis. Schools will need to apply for each term and will need to confirm if any pupils have joined, left the school or have potential banding changes.

The LA banding rates for the top up remain the same as last year. The top up will be the amount over and above the £10k. Information regarding the application process for top up funding is outlined on the Suffolk Learning website ([High Needs Policy](http://www.suffolklearning.co.uk/3-11-learning-teaching/special-education/sen-high-tariff-funding)).

Unlike the first £10k, top ups will be based on an assessment of the individual pupils needs and will be directly linked to that pupil. This funding will be paid each term as additional income and will not form part of the schools delegated budget. Therefore this funding is not protected by MFG or constrained by the capping.

* 1. **Specialist Provision**

Special Schools and Alternative Provision (APs) are funded on a block and top up model. For each place the LA commissions, the Special Schools and APs will typically be paid £10k. This funding is guaranteed and will not change in year if the setting is slightly over or slightly under the level of the commissioned places. Special academies and alternative provision academies will receive this funding directly from the Education Funding Agency.

The settings will then receive top up, based on the individual needs of the pupils placed at the setting.

Specialist Support Centres, Hearing Impaired and Speech and Language units receive block funding based on the number of commissioned places as agreed with the LA at £10k per commissioned place. This funding is guaranteed whether or not the places are full.

Top up funding for Speech and Language and Hearing Impaired Units is based on the mainstream bandings and pupil profiling information, whereas the top up funding at SSCs is funded at 25% of the mainstream banding values. (This reflects the substantial gains that these centres generated through the place funding of £10k).

# **EARLY YEARS BLOCK**

* 1. **Basis of EY Funding**

The DfE introduced a **new Early Years National Funding Formula (EYNFF) for 3 and 4 year olds with effect from April 2017.** The EYNFF will be fully implemented over a two year period. Suffolk County Council has remodelled the local EY formula for funding 3 and 4 year olds to meet the criteria of the new EYNFF in 2017-18, and this was approved by Schools Forum on 9 February.

**It should be noted the formula and rates are subject to approval by the EFA and therefore may change; any changes will be notified in an LMS letter.**

 **The factors and bands to be used in 2017-18** (subject to EFA approval) are shown below.

|  |  |
| --- | --- |
| **Factor** | **Funding rate** |
| Base rate  | £3.87 per hour |
| Deprivation Supplement | £210.00 per child per annum |

NB There is no factor for quality.

The early years **additional 15 hours entitlement** for 3 and 4 year old children of eligible working parents starts in September 2017. Further information on the eligibility criteria is available here:

<http://infolink.suffolk.gov.uk/kb5/suffolk/infolink/advice.page?id=5__UEXQa6bc>

**The hourly rate for 2 year olds has increased to £5.20.**

An **SEN inclusion fund and an Early Years Disability Access Fund has also been introduced** as part of the 3 and 4 year old EYNFF. Details are available in [DfE guidance](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/580716/EYNFF_Operational_Guidance.pdf) paragraphs 43 – 56.

High needs funding for Early Years is funded from the high needs block. The first £2,550 (pro rata) will be within the provider’s delegated budget. Early Years providers can claim top up funding for any pupils whose needs will cost over £2,550 to support.

Early Years funding is not part of the MFG of a primary school and there is no MFG for the early years budget allocations.

* 1. **Initial EY Allocation Included in the 2017-18 Budget Toolkit**

The 2017-18 budget toolkit has been adapted to include the Early Years Calculator and the initial allocation included in the 2017-18 budget toolkit will be based on a 15 hour allocation on the following counts (A + B + C):

|  |  |  |
| --- | --- | --- |
| **A** | **B** | **C** |
| Summer Term 2017 nursery planned places less 20%\* | Autumn Term 2017 nursery planned places less 20%\* | Spring Term 2018 nursery planned places less 20%\* |

\* Funding will be adjusted to reflect actual delivery see below.

**7.3 In-Year Adjustments for 2017-18**

Adjustments will be made termly by journal transfer on Additional Resources from the LA ledger code following each census count. Schools are advised to use the Early Years Calculator included in the 2017-18 budget toolkit to estimate the level of termly adjustment that they can expect during the year (adjustments can be positive or negative).

#

# **APPRENTICESHIP LEVY**

With effect from 6 April 2017, employers with an annual pay bill of more than £3m must pay an apprenticeship levy. Therefore **all maintained schools (excluding voluntary aided and foundation schools) and other schools and MATs where the pay bill is in excess of £3m per annum will be charged a monthly levy**. The levy charge is calculated as **0.5% of the pay bill**.

In recognition that this is an additional cost to all maintained schools, Schools Forum agreed that, **for maintained schools, 50% of the cost will be met by Suffolk County Council in 2017-18 only**. Details will follow in an LMS letter about the mechanism and timing of the payment of this additional income to maintained schools but schools need to consider the impact of the levy when setting their budgets i.e. an additional cost of 0.25% of the pay bill. From 2018-19, the full cost of the apprenticeship levy will have to be met from the individual school budgets.

# **PUPIL PREMIUM**

This funding stream is in addition to funding allocated through the DSG. The pupil premium per pupil amounts for 2017-18 will be protected at the current rates, which are:

* £1,320 per primary age pupil who has been eligible for free school meals (FSM) at any time in the past six years “Ever 6”.
* £935 per secondary age pupil who has been eligible for free school meals (FSM) at any time in the past six years “Ever 6”.
* £300 per Service child for those recorded on roll as service children in the last four years. Due to the minimum pay scales of members of the regular armed forces we would not normally expect service children to be eligible for free school meals.
* £1,900 per Looked after child based on pupils in settings who at some point in the year to 31 March 2016, children looked after from the first day of care (taken from the 2015-16 LAC return from Local Authorities). Eligibility also covers children who have been adopted from care or leave care under a special guardianship or residence order.

A looked-after child is defined in the Children Act 1989 as one who is in the care of, or provided accommodation by English or Welsh local authority. This funding is held centrally and managed by the Suffolk Virtual School Team.

Pupil premium allocations for financial year 2017-18 will be published in June 2017 following the receipt of pupil number data from the spring 2017 census.

* 1. **How will the number of pupils eligible for the last 6 years be calculated?**

The DfE has provided the number of pupils by school previously eligible for FSM, as per past census data.

This information is available on the key to success website:

[https://www.keytosuccess.education.gov.uk](https://www.keytosuccess.education.gov.uk/). This means that when added to the number of pupils eligible for FSM in January 2017 schools can estimate the pupil premium in 2017-18. The formula for calculation is as follows:

|  |
| --- |
| Pupils on January 2017 who were Ever 6 FSM at autumn 2016 + January 2017 FSM pupils |
| -Pupils who are both Jan 2017 FSM and EVER 6 FSM=Pupil Premium pupil numbers***x***£1,320 primary / £935 Secondary=Indicative Deprivation Pupil Premium allocation for 2017-18 |

**9.2** **Payment of pupil premium**

The pupil premium will be paid to the LA through a specific grant. Once the grant has been received this will be distributed to schools. At this point it is anticipated that the grant will be received in quarterly instalments on a similar basis to 2016-17.

The LA has not validated any of the pupil premium information.As the school census is a statutory return, the guidance on free school meal eligibility therefore has legal force. It is the individual responsibility of the school to ensure this had been adhered to.

As the LA has no control over this funding and distributes the income we receive from the DfE as per their allocation, it has been decided that we will not provide indicative numbers of pupil premium in the budget toolkits. Schools can access their own indicative numbers on the DfE website (listed above) for use in planning.

* 1. **Academies**

Schools that are academies on 1 April 2017 will receive their PPG directly from the Education Funding Agency (EFA). The LA will pay PPG to schools due to convert to academy status as set out below:

| **Date of conversion to academy** | **Proportion of PPG paid by LA**  |
| --- | --- |
| On or by 1 September 2017 | 5/12ths of their annual allocation |
| After 1 September 2017 and on or by 1 January 2018 | 9/12ths of their annual allocation |
| After 1 January 2018 | Their full allocation |

* 1. **Looked After Children**

An element of pupil premium will be allocated to the maintained school or academy for each child, who at some point in the year up to 31 March 2016, has been looked after for at least one day in year groups R to 11. It is the responsibility of the LA (Virtual School Team) to determine how this is distributed and therefore is not included as part of the schools budget.

* 1. **Use of pupil premium**

Education and Learning (E&L) has previously issued guidance for the effective use and accountability of pupil premium to narrow gaps in attainment and improve outcomes for pupils that are vulnerable to under achievement. The Government has stated that as a condition of the grant, schools need to publish details of their pupil premium allocation and spending plans in the current year on their school website. Schools also need to publish a statement for the previous year confirming total allocation and how the money was spent and the impact this had on educational attainment. For further information on the use of pupil premium and reporting please contact Adrian.Orr@suffolk.gov.uk.

1. **EARLY YEARS PUPIL PREMIUM**

The eligibility criteria for the Early Years Pupil Premium (EYPP) remain the same as last year for eligible 3 and 4 year olds. The rate also remains the same i.e. 53p per hour in 2017-18, provided at least one of the criteria is met.

 The EYPP eligibility criteria are below:

 <https://www.gov.uk/guidance/early-years-pupil-premium-guide-for-local-authorities>

Children become eligible at different points in the year depending on when they turn 3. All state-funded Early Years providers are eligible for 53p per hour per pupil. This means providers will receive over £302.10 for each eligible 3 or 4 year-old who takes up the full 570 hours of state-funded early education they are entitled to.

# **DUAL PLACEMENT COST SHARING**

The LA advises schools to transfer funding appropriately where pupils are in dual placements or transfer schools.

1. **NATIONAL COPYRIGHT LICENCES**

Detailed guidance about the various copyright licences that a school may or may not need to purchase to ensure that they remain within the current copyright laws is set out in LMS 2016/13. The licences included in the blanket licence remain the same for 2017-18. All the other licensing agencies require a single licence for each school.

1. **UNIVERSAL INFANT FREE SCHOOL MEALS GRANT**

All government-funded schools must offer free school meals to every pupil in reception, year 1 and year 2.

Schools will continue to receive £2.30 per meal.

For 2017 to 2018 academic year, the total allocation is based on the average number of meals recorded in the October 2017 and January 2018 census. The final allocations will be announced in June 2018.

### **For 2016 to 2017 academic year, the final allocations on the average number of meals schools recorded in the October 2016 and January 2017 census. The final allocations will be announced in June 2017.**

Schools will receive two payments.

The first payment for 2017-18 will again be made on 7/12ths of each schools provisional main allocation. This will be paid to schools on subjective 85923 “Other Government Grants” and will be paid in June 2017.

The final main allocation for each maintained school as at 1 April 2018 minus the amount of the main allocation paid in June 2017. Any school that converts to academy status after 1 April 2017, and by 1 April 2018, will receive the remainder of its main allocation direct from EFA in July 2018.

For more info and the latest information held, please click on the following link: <https://www.gov.uk/government/publications/universal-infant-free-school-meals-uifsm-funding-allocations-2016-to-2017/universal-infant-free-school-meals-uifsm-conditions-of-grant-2016-to-2017>

To assist with planning, Schools’ Choice has developed a catering calculator. Please contact finance@schoolschoice.org

# **REDUNDANCY AND PREMATURE RETIREMENT FUNDING**

The Education Act 2002 broadly states that all redundancy costs will be funded by the LA and individual schools will be liable for the premature retirement element of the cost on redundancy.

The costs of premature retirement will be charged against the school budget at the time of payment. The redundancy element will be charged centrally.

Premature retirement costs vary based on the age of the employee, length of service etc. Therefore, if schools would like an estimate of this cost for planning purposes they will need to contact the relevant department.

For employees in the Local Government Pension Scheme (LGPS) e.g. non-teaching staff please contact the Pension team by email**:** pensions@suffolk.gov.uk.

For teaching staff please go to the teacher pension agency website.

# **DEVOLVED FORMULA CAPITAL GRANT (DFC)**

The overall capital funding settlement will remain at a low level for both the LA and schools. The priorities for LA maintained schools remain urgent Health and Safety condition work and place provision.

The DFC formula for 2017-18 will continue to be a national formula based on the FTE of pupils aged 3+ to 17+ as recorded on the school census as at January 2016. The rate has remained frozen at the 2011/12 values as follows:

* 1. **Summary of DFC rates**

|  |  |  |  |
| --- | --- | --- | --- |
| **Per School** | **Per Primary School pupil** | **Per Secondary School pupil** | **Per boarding/****PRU/ Special school pupil** |
| £4,000 | £11.25 | £16.88 | £33.75 |

As per last year, early in the new financial year, the Schools’ Accountancy Team will provide each school with a summary statement including their capital brought forward figure, 2017-18 DFC annual allocation (and any details of mutual loan repayments).

It is anticipated that the capital payments will continue to be made in the same format as last year i.e. 60% in May and 40% in July (reflecting the cash flow to the LA).

# **FINANCIAL PLANNING AND STRATEGIES**

* 1. **The Case for Medium Term Financial Planning**

The LA believes there is even more need to plan in financially challenging and uncertain times than in times of plenty. The government is in the middle of the consultations for both the schools national funding formula and high needs funding reform and so there remains some uncertainty about future funding. However, stage 2 of the consultation on the schools national funding formula (which closes on 22 March 2017), includes indicative allocations for individual schools should the proposals be fully implemented.

[Impact of the proposed schools national funding formula](https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/supporting_documents/Impact%20of%20the%20proposed%20schools%20NFF_20161220.xlsm)

This provisional funding information should be used with caution, but may help to inform the strategic plan.

Other areas that continue to cause uncertainty for medium term financial planning, include inflationary pressures; cost of living award assumptions for staffing, NI increases, auto-enrolment, national living wage, apprenticeship levy and changes to future funding levels for high needs, early years, post-16 and pupil premium. These uncertainties increase the need for early planning to provide the greatest opportunities for schools to be able to avoid crisis management at a later date.

The DfE confirmed that MFG will continue to apply at minus 1.5% per pupil in 2017-18 nationally. As previously, the funding arrangements do not allow for the protection of school budgets where pupil rolls are falling.

There are four main reasons that schools should plan and that the authority requires these plans to be submitted:

* to ensure school governors and leadership look at these issues and consider the implications for their schools.
* to make them think carefully and creatively about the future position of the school, and look at options and risks.
* to provide information for decision making, especially around the cost of staffing and the need for schools to have effective, flexible, and affordable staffing structures.
* to enable the LA to assess risk and target intervention where it is most needed.
	1. **Strategic Plan Toolkit**

The toolkit will remain unchanged in 2017-18. The budget estimation toolkit allows schools to calculate funding estimates for years two and three. It is based on current information rolled forward and will not guarantee funding as we do not know details of future funding arrangements.

2017-18 budget planning assumptions will be made available on the Schools’ Choice website imminently.

* 1. **First Step – 2017-18 Detailed Budget**

Schools will receive their 2017-18 budget toolkits earlier this year to aid with earlier planning. The toolkit will be published this year on Suffolk Learning during mid-February. Further communication and instructions will be sent to schools prior to the release. The LA requires a copy of the budget toolkit (containing the 2017-18 approved budget) by 28 April 2017.

Schools are required to update the budget plan page of the budget toolkit to confirm the prepared by/date of preparation and the date of the meeting at which the 2017-18 budget plan was approved.

The completed 2017-18 budget planning toolkit should then be returned by AVCO. Schools should use the following file path for this upload: \other\out\BudgetPlan.

* 1. **Second Step – Strategic, High Level Plans (Strategy Toolkit) for 2018-19 & jo 2019-20**

Schools will then continue to work on the same toolkit completing the 3-Year Budget with a detailed line by line budget for the following two years. This will be based on one realistic scenario.

Although this may be more time consuming to complete initially, we believe it should reduce governor questions and errors and therefore overall be time-neutral or have minimal impact.

The 3 Year plans will need to be signed off by Governors during the first half of the Summer Term 2017. A copy of the approved toolkit will need to be uploaded on AVCO by 31 May 2017.

* 1. **Other Financial Planning Calculators available**

Teaching Staff Spreadsheet. Allows calculation of estimated teaching costs from 2017-18 until 2021-22. This calculator is provided by Schools’ Choice and has been issued via AVCO. Please check with Schools’ Choice.

Support Staff Spreadsheet. Allows calculation of estimated support costs from 2017-18 until 2021-2022. This calculator is provided by Schools’ Choice and has been issued via AVCO. Please check with Schools’ Choice.

Maternity Cost Calculator [(Maternity Cost Calculator)](https://ask.schoolschoice.org/schools/finance/budget-15-16/calculate-cost). Only estimates costs for teaching staff.

High Needs Calculator ([Calculators](https://ask.schoolschoice.org/schools/help/finance/htncalc1617)). Planning toolkit to estimate top up funding for mainstream schools. Note: check that the correct top up values are included in cells F190-F202.

The Early Years Calculator is located within each school’s 2017-18 Budget Toolkit.

* 1. **Budget Plan Submission Deadlines**

|  |  |
| --- | --- |
| **Action** | **Deadline** |
| 2017-18 one-year Budget Plan must be approved by Governors N.B. School term ends 31 March | 31 March 2017 |
| 2017-18 Budget Toolkit (containing the one-year budget) must be with the LA  | 28 April 2017 |
| 2 Year Strategy Toolkit approved by governors must be with the LA  | 31 May 2017 |

# **2017-18 FINANCIAL DIFFICULTIES**

Schools that are struggling to balance their budgets should, in the first instance, contact the Schools’ Accountancy Team sat@suffolk.gov.uk who will be able to advise the schools on the next steps.

Please note schools cannot set a deficit budget without the approval of the LA. Where a deficit budget is approved the school has three years to repay the deficit and regain a secure financial position.

A Licensed Deficit Application Form is available upon request from the Schools Accountancy Team, sat@suffolk.gov.uk. A detailed 3 year financial plan and staffing cost estimates will be required to support the deficit application; the Schools’ Accountancy Team can provide guidance on tools available to assist with this. The application then has to be signed off by the LA.

Schools with a Licensed Deficit or who are deemed to be at potential financial risk as per the LA risk assessment will be subject to intervention. Intervention may include compulsory governor training, Notices of Financial Concern (NOFC), meetings with LA Officers and/or submission of detailed 3 year financial plans to the LA (the Schools’ Accountancy Team will confirm with the school where applicable).

# **CASHFLOW**

Schools with a cashflow advance loan will need to produce a cashflow forecast in addition to the one-year budget plan. Guidance and templates are available on Schools’ Choice website to assist schools with this ([Cashflow Forecast Guidance and Templates](http://www.suffolklearning.co.uk/leadership-staff-development/schools-accountancy/banking/cash-flow-advances)). This should be presented to Governors at the beginning of the financial year.

Schools that require a cash flow advance should contact the Schools’ Accountancy Team: sat@suffolk.gov.uk

Schools in receipt of a cash flow advance whilst maintaining significant surplus funds within their bank account should consider whether repayment of the advance would provide better value for money by eliminating interest charges.

# **USEFUL CONTACTS**

|  |  |  |
| --- | --- | --- |
| Overall budget strategy  | Gavin Bultitude  | gavin.bultitude@suffolk.gov.uk01473 264575 |
| Fiona Heath | fiona.heath[@suffolk.gov.uk](file:///%5C%5CEuser.eroot.eadidom.com%5C..%5C2013-14%5CBudget%20Info%20for%20Schools%5CCommentary%20and%20Slides%5Cmichael.quinton%40csduk.com)01473 260791 |
| Questions on the delegated formula budget | Schools Accountancy Team | sat@suffolk.gov.uk |
| 01473 265626 |
| School in financial difficulties | Schools Accountancy Team | sat@suffolk.gov.uk |
| 01473 265626 |
| Seeking financial support and advice | School Finance Helpdesk | finance@schoolschoice.org |
| 0345 6037 684 |
| Onsite Financial Support and Advice & Academy Support | Enhanced Finance Service | efs@schoolschoice.org |
| 01473 264054 |
| Seeking HR support and advice | Schools HR Helpdesk | HR@schoolschoice.org |
| 0345 6066 046 option 1 |
| Schools’ Choice Services to Schools | Service Managers | services@schoolschoice.org0300 1231 420 |
|  | [www.schoolschoice.org](http://www.schoolschoice.org) |
|   |  |
| Energy, Water and Energy Efficiency |   | energyservices@vertas.co.uk |
| 01473 264484 |
| Devolved Formula Capital Grant | Schools Infrastructure Team | [capitalfinance@suffolk.gov.uk](file:///%5C%5CEuser.eroot.eadidom.com%5C..%5C2013-14%5CBudget%20Info%20for%20Schools%5CCommentary%20and%20Slides%5Ccapitalfinance%40suffolk.gov.uk) |
| 01473 265074 |