

2018-19 SCHOOL FUNDING UPDATE

To: Children and Young People's Committee

Meeting Date: 14 November 2017

From: Jon Lee, Head of Integrated Finance Services, LGSS

Electoral division(s): All

Forward Plan ref: n/a **Key decision:** No

Purpose: The report provides an update on the schools funding arrangements for 2018-19 following the publication of the Department for Education's national funding formula for schools and high needs.

Recommendation: That the Committee note the content of this report and the requirement to approve the Cambridgeshire schools funding formula at its meeting in January 2018.

<i>Officer contact:</i>		<i>Member contacts:</i>	
Name:	Jon Lee	Names:	Cllr Simon Bywater
Post:	Head of Integrated Finance Services	Post:	Chairman, Children and Young People Committee
Email:	jolee@northamptonshire.gov.uk	Email:	Simon.Bywater@cambridgeshire.gov.uk
Tel:	07921 940444	Tel:	01223 706398

1. BACKGROUND

- 1.1 The Department for Education (DfE) has recently made a number of announcements and issued publications relating to the school funding arrangements for 2018-19 and the national funding formula for schools and high needs. The source documents relating to these announcements are included at the end of the end of this report.
- 1.2 This report aims to give the Committee an overview of the key issues resulting from these announcements and the work that is being undertaken with schools and the Schools Forum on the 2018-19 funding formula for Cambridgeshire schools.
- 1.3 The school funding arrangements for 2018-19 have to be in line with the Schools Revenue Funding 2018 to 2019: Operational Guidance published by the DfE. This guidance prescribes what the authority is allowed to do in respect of its funding formula and the requirements the authority must adhere to in setting its schools funding formula.

2. MAIN ISSUES

The 2018-19 Schools Funding Arrangements

- 2.1 From 1st April 2013 the DfE implemented its reformed school funding arrangements with the intended focus being on ensuring the system is fairer, simpler, more consistent and transparent. As part of this the DfE created 3 funding blocks within the Dedicated Schools Grant (DSG) to allocate grant - Schools, Early Years and High Needs.
- 2.2 In September 2017 the DfE concluded on its National Funding Formula (NFF) for Schools and High Needs. The DfE released details and indicative amounts for local authorities and individual schools showing the impact of moving to the National Funding Formula (NFF) from April 2018. It is important to note that the figures published by the DfE are indicative because they will be updated for pupil numbers from the October 2017 pupil census.
- 2.3 As part of the changes the DfE has created a fourth funding block by splitting the existing Schools Block into a new Schools Block covering the formula allocations to schools (including pupil growth) and the new Central Services Schools block (CSSB) to fund areas of activity that local authorities are required to undertake in respect of schools and some historical activities.
- 2.4 The indicative 2018-19 funding for Cambridgeshire for these DSG blocks compared to the 2017-18 baseline are as follows:
 - Schools Block – an increase of £7.9 million (2.4%) from £329.2m to £337.1m; and
 - Central Services Schools Block – an increase of £55k (0.7%) from £7.95m to £8.0m
- 2.5 It should be noted that the schools funding formula applies to all maintained and academy Primary and Secondary schools in Cambridgeshire. The difference is that maintained schools receive their main schools funding through the Local Authority

(funded from its DSG funding) for the April to March period and academies via the Education and Skills Funding Agency (ESFA) for the September to August period.

- 2.6 As part of the National Funding Formula announcements the DfE have published the NFF formula factors and formula unit rates for 2018/19. This includes NFF funding figures for each school for 2018/19 and subsequent years based on October 2016 pupil numbers and data on each school. It should be noted the allocations published by the DfE are indicative and will be updated to take account of the October 2017 pupil numbers and data sets.
- 2.7 The DfE have also introduced a limit on what, with the Schools Forum approval, can be top sliced in 2018/19 from the Schools Block to fund other areas under financial pressure such as High Needs. The limit is set at 0.5% of the Schools Block, which for Cambridgeshire equates to £1.7 million in 2018/19. This would also only be a one off agreement and not built into the base in future years.
- 2.8 In 2018-19 and 2019-20 the DfE are applying a 'soft' formula whereby it remains a local authority decision on the Cambridgeshire funding formula to apply to schools. From 2020-21 the DfE have stated that they will implement a 'hard' funding formula, which means that schools will be funded directly as per the national funding formula. In order to prepare schools the direction of travel being adopted for the Cambridgeshire funding formula is to move to the national funding formula, as closely as possible, taking into account any transfers between funding blocks that are agreed and the cost of the minimum funding guarantee.
- 2.9 It is a requirement of the school funding regulations that schools are consulted on any change to the local formula and any proposals to transfer money from the Schools Block. The Schools Forum meeting on the 3 November 2017 discussed the Authority's proposed approach to the 2018-19 schools funding formula and the consultation arrangements with Cambridgeshire schools. The two proposals that will be consulted on are:
- a) To apply the NFF formula elements and rates being applied in Cambridgeshire from April 2018 as closely as possible; and
 - b) That up to 0.5% (£1.7 million) of the Schools Block allocation be moved to the High Needs Block. There are two reasons why this is necessary. Firstly to meet the base budget requirement resulting from the high needs overspend in 2017-18 (also being reported to the Schools Forum on 3 November 2017). Secondly the proposed implementation of a new funding formula for the Behaviour, Attendance and Improvement Partnerships (BAIP) will create funding losses for some secondary schools, the transfer between blocks will help to manage the transition to the new BAIP formula arrangement.

The full Schools Forum report is included as Appendix 1 and can also be found at the following link as Agenda Item 4:

[Cambridgeshire Schools Forum meeting 03/11/2017](#)

- 2.9 The results of the consultation with schools will be presented to, and voted on at, the Schools Forum meeting on the 13th December which will then be reported to the Committee at its meeting in January 2018.
- 2.10 The DfE will issue revised DSG High Needs and Schools Block funding allocations (updated for October 2017 pupil data) around 18 December. This will allow the schools formula budgets to be calculated and then presented to the Committee and Schools Forum meetings in January. The deadline for submission to the Education Skills and Funding Agency (EFSA) being 19 January. The funding formula arrangements will need to be approved by the Committee prior at its January meeting.

3. ALIGNMENT WITH CORPORATE PRIORITIES

3.1 Developing the local economy for the benefit of all

There are no significant implications for this priority

3.2 Helping people live healthy and independent lives

The following bullet points set out details of significant implications identified by officers:

- Ensuring that the best possible use of the Dedicated Schools Grant funding in the schools funding formula arrangements is vital in enabling schools to provide the education for our children in turn giving them the skills to live healthy and independent lives.

3.3 Supporting and protecting vulnerable people

The following bullet points set out details of significant implications identified by officers:

- Ensuring the funding for the High Needs Block of the DSG is key to ensuring that the education of high needs pupils is supported within the county, this is important in respect of the potential requirement to transfer 0.5% (£1.7m) from the Schools Block to support the High Needs Block.

4. SIGNIFICANT IMPLICATIONS

4.1 Resource Implications

There are no immediate resource implications for the authority however the ongoing demand for services in the High Needs Block may result in further financial pressures that would have to be funded from within the DSG High Needs Block. In turn this could result in the need to review the local high needs arrangements in future years.

4.2 Procurement/Contractual/Council Contract Procedure Rules Implications

There are no significant implications in this area

4.3 Statutory, Legal and Risk Implications

The following bullet point sets out details of significant implications identified by officers:

- The need to set the schools funding formula in line with the DfE requirements
- The need to submit the final 2018-19 Authority Pro-forma Tool (the schools budget data) to the ESFA by the 19 January
- The requirement to publish school budgets by the statutory deadline of 28 February 2018

4.4 Equality and Diversity Implications

The following bullet point sets out details of significant implications identified by officers:

- The national funding formula for schools will create a redistribution of funding between schools, which in theory could impact on the equality and diversity of certain pupils. However the increase in funding for the schools formula by the DfE in 2018-19 and 2019-20 plus the operation of the minimum funding guarantee protection should enable any impacts arising from such a redistribution to be managed.

4.5 Engagement and Communications Implications

The following bullet point sets out details of significant implications identified by officers:

- During November schools will be consulted on the Cambridgeshire schools funding formula proposals for 2018-19.
- Discussions will take place with the Schools Forum, which will include the outcome of the consultation with schools.
- The final schools formula arrangements for 2018-19 will be presented to the Committee for approval at the January 2018 meeting.

4.6 Localism and Local Member Involvement

The following bullet point sets out details of significant implications identified by officers:

- Members of the Committee are also local authority representatives on the Schools Forum where the subject of this report are discussed in detail.

4.7 Public Health Implications

There are no significant implications in this area

SOURCE DOCUMENTS

Source Documents	Location
<p>Schools revenue funding 2018 to 2019: Operational Guide – this document provides guidance to support local authorities and schools forums in planning for the 2018-19 financial year;</p> <p>Schools Block and High Needs NFF Technical Note – providing the details on the DfE calculations; and</p> <p>The response to the NFF which includes numerous sources of information such as:</p> <ul style="list-style-type: none">• Analysis of and response to the schools NFF consultation;• The NFF for schools and high needs: Policy Document;• Indicative allocations at local authority level;• The indicative impact on schools of the NFF;• Provisional High Needs allocations at local authority level; and• The impact of the new Central Services Schools Block.	<p>https://www.gov.uk/guidance/pre-16-schools-funding-guidance-for-2018-to-2019</p> <p>https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs</p> <p>https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs</p>