**BARKING AND DAGENHAM SCHOOLS FORUM**

**Tuesday 21 November 2017**

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| **Title:** **School Forum Report**  |
| **Report of: DIRECTOR of EDUCATION**  |
| **Open** | **For Decision / For Information** |
| **Wards Affected: All** | **Key Decision: No** |
| **Report Author:** Daksha Chauhan, Group Accountant (Finance) | **Contact Details:**Tel: 020 8227 2250E-mail: daksha.chauhan@lbbd.gov.uk |
| **Accountable Director:** Jane Hargreaves – Commissioning Director Education |
| **Summary:** The purpose of this report is to update the Barking and Dagenham Schools Forum on:1. The proposed Schools Funding Formula model for 2018-19, and
2. The de-delegation rates for 2018/19.
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| **Recommendation(s)**The Schools Forum is asked to consider the following:1. Schools funding formula options,
2. To approve de-delegated budgets, per pupil, per sector for Free School Meals Eligibility checks and Support for Trade Union Duties;
3. The Dedicated Schools Grant contribution of £50K to the running of the Local Safeguarding Children’s Board;
4. Agree the Growth Funding for 2018/19.
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| **Reason(s)** |
| None |

1. **Introduction and Background**
	1. The School Forum is a decision making and consultative body in relation to matters concerning schools’ budgets as defined in the School Finance (England) Regulations 2012 and the Schools Forums (England) Regulations 2012. The Forum is required to meet at least four times a year.
	2. The London Borough of Barking and Dagenham School Forum meet five times per academic year and meetings dates were agreed at the meeting 21 June 2016.

* 1. This meeting 21 November 2017 is a special agreed meeting to discuss and approve the 2018/19 schools funding formula model in preparation for submission to the Education and Skills Funding Agency (ESFA) in January 2018. The final model will be presented to Schools Forum at the January 2018 meeting.

1. **National Funding Formula**
	1. It is the intention of central government that schools’ budget should be set on the basis of single, national formula (a ‘hard’ national funding formula). As part of the transition, under the ‘soft’ approach, the national formula is being used to set the notional budget for each school in the next two years (2018/19 and 2019/20). These are then aggregated to give Schools Block funding for each local authority. In this transition phase, local authorities can continue to set the local formula in consultation with local schools and schools forum.
	2. The main funding changes in 2018/19 are as follows:
2. The central school services provided by Local Authorities will now be funded through the newly created Central School Services Block;
3. All four funding blocks (Schools, Central, High Needs and Early Years) are for the first time determined on a formulaic basis;
4. The schools block allocations provide for at least a 0.5% per pupil increase;
5. Funding block allocations of at least £4,800 per pupil for all secondary schools that have pupils in years 10 and 11;
6. Local authorities will have flexibility to set Minimum Funding Guarantee (MFG) of between 0% and minus 1.5% per pupil;
7. Local authorities can transfer up to 0.5% of their Schools Block funding.
	1. Other smaller changes being introduced are as follows:
8. Local authorities can now use both current Free School Meals (FSM) and Ever 6 in the deprivation factors;
9. There will no longer be a Looked After Children factor under the NFF, instead Pupil Premium Plus rates for 2018/19 are being increased;
10. Disapplication is no longer required to fund growth by adjusting pupil numbers;
11. There will no longer be a deduction for high needs places in mainstream schools, but instead be funded through the Schools Block.
12. **Schools Funding Formula Models**
	1. As part of the consultation process, the local authority wrote to maintained and academy schools in the borough on 25 October 2017 setting out the possible funding options and illustrative allocations, and seeking their views and comments. Consultation closed on 10 November, and the main responses are summarised below.

* 1. There were 23 responses to the consultation (40%), with 13 (56.5%) selecting option 1 as their preference, with 10 (43.5%) selecting option 2.

**Table 1**: Consultation responses.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Options** | **Primary** | **Secondary** | **All-through** | **Total** |
| Option 1: Keep to a ratio of 1:1.30 for 2018/19 | 13 | 0 | 0 | 13 |
| Option 2: 2018/19 1:1.34, 2019/20 1:1.39, 2020/21 1:143  | 6 | 2 | 2 | 10 |
| Option 3: Full transition to NFF in 2018/19 | 0 | 0 | 0 | 0 |
| **Total Responses Received** | **19** | **2** | **2** | **23** |

* 1. Options that have been modelled are as follows (see **Appendix 1**):

(a) Option 1 - maintain the Primary to Secondary ratio at 1:1:30 in 2018/19;

(b) Option 2 - transition to 1:1.34 in 2018/19, 1:1.39 in 2019/20 and 1:1.43 in 2019/20;

(c) Option 3 - full transition to 1:1.43 in 2018/19.

* 1. The modelling is based on October 2016 data. The final funding will depend on the actual October 2017 Numbers on Roll (NOR), factor data, and funding options agreed by the forum.
	2. The local authority level school funding options for 2018/19 have been modelled on the NFF. **Appendix 2** sets out NFF rates against 2017/18 and rates used in the different funding models.

* 1. Initial modelling indicated that full local implementation of NFF rates would change the current Primary Secondary ratio from 1:1.30 (that is secondary schools receive 30% more funding) to 1:1.40 in 2018/19 because of the realignment of factor led funding rates under the NFF, particularly the Age Weighted Pupil Unit (AWPU) rates. The factor led funding rates should be the primary driver allocating the funding. However, because of the differences between existing and NFF rates, along with differences in pupil led factor data compared to the national average, means that the factor data are not fully effective in driving the funding at local level. As a result, there is significant reallocation of funding between the different phases through the Minimum Funding Guarantee and capping / scaling. Higher levels of capping and scaling are needed to fund MFG protections.
	2. **Appendix 3** sets out the quantum and percentages passing through MFG and capping. In 2017/18, £558K, or 0.3% of the funding, passed through MFG. If NFF were to be fully implemented locally, the MFG requirement would be £6,034K, or 3% of the total funding to provide protection to schools. The impact of capping in 2017/18, is to scale back £207K of gains to contribute to MFG but under the full NFF model £2,085M will need to be scaled back to fund MFG.

**Table 2:** Impact of options on MFG and capping and scaling (also see **Appendix 4**)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **2017/18** | **Option1****1:1.30****2018/19** | **Option2****1:1.34****2018/19** | **Option 2****1:1.39****2019/20** | **Option 2****1:1.43****2020/21** | **Option 3**  **1:1.43****2018/19** |
| MFG  | 557,676 | 1,556,903 | 1,527,068 | 2,464,744 | 6,033,959 | 6,033,959 |
| Capping and Scaling | (207,140) | (289,475) | (1,512,457) | (2,328,925) | (2,084,800) | (2,084,800) |
| **Net** | **350,536** | **1,267,428** | **14,611** | **135,819** | **3,949,159** | **3,949,159** |

* 1. Continuing with the exiting primary secondary ratio is problematic as the lack of convergence toward the NFF means that disparity between local and national formula are not being addressed. Therefore, the schools would continue to operate on a different funding trajectory and opportunities to take incremental remedial measures are lost.
	2. The consultation outcome was not conclusive between Options 1 and 2, and the expectation is that in the ‘soft’ years local authorities move towards the NFF. Therefore, in readiness for the changeover to NFF, **it is recommended that Schools Forum agree Option 2.**
	3. The data used to calculate 2018/19 budgets would be different from the data used to model the funding options, and therefore the actual funding would be different from the illustrative amounts shown in the models. However, the same broad principles, set out in this report, would be applied for calculating the actual budgets for 2018/19.
1. **Formula Funding Factors**
	1. The options have been modelled on NFF rates uplifted for Area Cost Adjustment (ACA) for AWPU, deprivation, low prior attainment, English as an Additional Language. The changes in APWU, largely account for the movement in funding between the primary and secondary phases.
	2. Under the NFF, the reduction in Primary AWPU is just over 20% compared to 7% for KS3 and 12% for KS4 compared to 2017/18 rates. To model the different options, the AWPU rates have been flexed to achieve the target primary secondary ratios. The different rates used in the funding models are set out in table 3 below.

**Table 3: AWPU rates under different options (includes ACA)**



* 1. The total funding that would be passing though the AWPU rates under the different ratios are shown under Table 4. Under the full NFF, there are reductions of £19,757K (20%) in primary the AWPU, £3,159K (9%) in KS3, and £2,771K in KS4 (11%) compared to 2017/18 quantum.

**Table 4: Funding passing through AWPU under different options (in £’000s)**



* 1. Detailed illustrative quantum values and percentages of funding passing through the different factors are set out in **Appendix 3.**
	2. The funding for Looked After Children (LAC) has been transferred out of the DSG into the Pupil Premium Plus by the Department for Education (DfE). To reflect this change, in the funding model LAC factor has been removed.
	3. The 2018/19 funding for split sites, rates and PFI will be based on the local authority’s planned spend in 2017/18. There are no prescribed rates for split sites under the national funding formula. The proposed funding models assumes that, primary schools with split sites will continue to receive £160k and secondary schools £200K. The criteria for split sites to remains unchanged.
	4. At a national level, there is no robust data to allocate mobility funding on a formulaic basis. Therefore, local authorities have been allocated funding on a historic basis. In the local funding models, mobility rates have been adjusted to maintain the existing quantum.
	5. To enable year on year comparisons, uplifts have not been applied to rates and PFI in the funding models. However, budgetary provisions have been set aside for these to be built into the final funding model to be submitted to the DfE. Business rates will be allocated on estimated liability for 2018/19 plus adjustments for any difference between 2017/18 allocations and actual liabilities.
1. **Decision required – Schools Forum is asked to agree the funding model option for 2018/19.**
2. **Growth Fund**
	1. The demand for school places continues to grow, driven by increases in birth rates and inwards migration / new housing developments. It is anticipated that 1,470 new places will have to be funded that are not on the October 2017 headcount. Growth consists of new growing schools, schools that are extending the age range, as well on-going permanent expansions undertaken at the request of the local authority to meet basic needs.

**Table 5: Growth fund requirement for 2018/19**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **School Type** | **PAN Increase** | **No of Primary Additional Classes** | **No of Secondary****Additional Classes** | **Growth Fund**  |
| Primary - LA | 150 | 5 | 0 | 290,063 |
| Primary - Academies | 60 | 2 | 0 | 116,025 |
| Secondary - LA | 270 | 0 | 9 | 667,013 |
| Secondary –Academies | 360 | 0 | 12 | 889,350 |
| All-thorough - LA | 330 | 6 | 5 | 718,638 |
| All-through - Academies | 300 | 6 | 4 | 644,525 |
| **Contingency (estimate)**  |  | **1** | **1** | **174,386** |
| **Total** | **1,470** | **20** | **31** | **3,500,000** |

* 1. The growth fund is funded from top-slicing the schools block funding, and can only be used to support pre-16 basic needs growth. It cannot be used to support general growth due to popularity, which is managed through lagged funding. Any underspend on growth funding is carried forward to the following funding period. Growth fund estimates, set out in table 5, have been based on AWPU ratio for 1:1.34.
	2. Growth funding may not be the most appropriate way to fund expansions in growing schools. Instead, the local authority can vary the pupil numbers on the funding model to reflect the change in admission limit so that these attract funding through the other factors.
1. **Decision required – Schools Forum is asked to approve the growth fund for 2018-19 for each of the respective phases.**
2. **De-delegation**

6.1 De-delegated services are for maintained schools only. The proposed per pupil de-delegation rates for 2018-19 are set out on table 6 below. These are as follows: £3.49 for school specific contingency to meet in year business rates revaluations / adjustments, 79p for school meals eligibility assessments, and £7.87 for supply cover for trade union duties. There is also a recommendation that an additional £1.31 per pupil is de-delegated to fund the Local Children’s Safeguarding Board. The rates are based on the provisional October 2017 data.

**Table 6: De-delegated Budgets and Per Pupil Rates**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Description** | **2016/17 Per Pupil (£)** | **2017/18 Per Pupil (£)**  | **2017/18 Total (£)** | **2018/19 Pupil (£)** | **2018/19 Total (£)** |
| Schools in Financial Difficulty | 7.96  | 0 |  |  |  |
| Schools Specific Contingency | 5.02  | 3.49 | 108,490 | 3.43 | 108,600 |
| Free School Meals Eligibility | 1.59  | 0.80 | 24,869 | 0.79 | 25,013 |
| Support for Trade Union Duties | 8.55  | 8.02 | 249,310 | 7.87 | 249,180 |
| Local Children’s Safeguarding Board | 1.36 | 1.33 | 41,344 | 1.31 | 41,477 |
|   | 24.48  | 13.64 | 424,013 | 13.40 | 424,270 |

* 1. Table 7 sets out the contribution by each of the phases. The quantum has been fixed, and any movement in pupil numbers between the provisional and final October 2017 will be reflected as a change in per pupil unit rate.

**Table 7: De-delegated Budgets & Per Pupil Rates by phase.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Primary** | **Secondary** | **Total** |
| Schools in Financial Difficulty | 0 | 0 |  |
| Schools Specific Contingency | 77,830 | 30,770 | 108,600 |
| Free School Meals Eligibility | 17,926 | 7,087 | 25,013 |
| Support for Trade Union Duties | 178,578 | 70,602 | 249,180 |
| Local Children’s Safeguarding Board | 29,725 | 11,752 | 41,477 |
| **Total** | **304,059** | **120,211** | **424,270** |

 ***(ii)* Decision required – Schools Forum is asked to agree, separately for primary and secondary phases, the de-delegated budgets for centrally provided services.**

1. **Options Appraisal**

7.1 Not applicable.

1. **Consultation**

8.1 Not applicable.

1. **Financial Implications**

9.1 The School Funding Formula is contained within the Dedicated Schools Grant

1. **Legal Implications**

10.1 The Schools Forums (England) Regulations 2012 govern the constitution and conduct of meetings of the Forum. The Schools Finance (England) Regulations 2012 determine those matters on which the Local Authority must or may consult the Schools Forum and those in respect of which the Schools Forum can make decisions. These Regulations make provision for the financial arrangements of local authorities in relation to the funding of maintained schools and providers of prescribed early years provision in England, for the financial year 2013/14.

1. **Other Implications**
	1. Risk Management - None
	2. **Contractual Issues** - None
	3. **Staffing Issues** – None
	4. **Customer Impact** – None
	5. **Safeguarding Children-** None
	6. **Health Issues** - None
	7. **Crime and Disorder Issues** – None
	8. **Property / Asset Issues** – None

**Background Papers Used in the Preparation of the Report:**

None.

**List of appendices:**

Appendix 1 – Indicative budgets under different funding options

Appendix 2 - NFF and 2017/18 rates

Appendix 3 - Quantum and percentages of funding passing through the different factors

Appendix 4 – Impact on MFG and Capping / Scaling