



**Report to:** Schools Forum

**Date of Meeting(s):** 11<sup>th</sup> January 2018

**Subject:** School Funding Formula (SFF) 2018/19 – Schools Block

**Report of:** James Winterbottom - Director for Children and Families

**Contact Officer:** John McDonald Strategic Finance Manager  
Chris Myers Group Finance Manager (Schools)

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**Summary:** To provide details of the DSG allocation for 2018/19 and agree the submission of the pro-forma

**Recommendation(s):** For Schools Forum to note the contents of the report and agree to use the new NFF factors, top-slices and de-delegation of the items in Table 1

**Implications:**

*What are the **financial** implications?* Contained within report

*What are the **staffing** implications?* n/a

**Risks:** n/a

Please list any appendices:-

Appendix number or letter	Description
A	Factors
B	Allocations based on the current formula v the NFF

## 1 NATIONAL FUNDING FORMULA 2018/19

- 1.1 It was agreed by Forum to convene a small working group to consider the new formula once the technical guidance and Authority Pro Forma Tool was issued. Representatives said it would be useful to compare the 2018-19 school budgets using the existing funding formula and the new formula. A report was considered by the group which also looked at the High Needs Block, Central Services Block, Top-slicing for growth and falling rolls and De-delegation. Minutes of the meeting have been circulated as part of the agenda.
- 1.2 The representatives raised a number of points set out in the minutes and asked a number of questions/requests for further information on both the schools and high needs block.
- 1.3 The consensus of the group was to move towards the new national funding formula as this is the direction of travel for 2018/19.
- 1.4 Within the following report there are a number of recommendations for Schools Forum.

## 2.0 SCHOOLS BLOCK

- 2.1 The new NFF model for the schools block will calculate “indicative” budgets for each individual school in their host Local Authority and the aggregated total of such will form the 2018/19 LA baseline schools block allocation. The schools block allocation will be expressed as separate per pupil primary and secondary rates for each LA and will include funding for premises; mobility and growth based on historic spend. The total for 2018/19 is £199.141m.
- 2.2 The LA will remain responsible for determining the local schools funding formula model to be used to distribute final delegated budget allocations to individual schools (referred to in previous DfE consultation documents as the NFF “soft” approach). This is for 2018/19 and 2019/20.
- 2.3 The minimum funding guarantee (MFG) for schools will continue to provide protection and stability to school budgets, but local authorities will have the flexibility to set a local MFG rate between 0% and the current minus 1.5% per pupil. The current system of capping individual school budget gains will continue to be permitted up to the maximum level of the overall cost of the MFG in the local funding formula model.
- 2.4 The schools block will be ring-fenced, but the LA will be permitted to transfer up to 0.5% of the schools block funding allocated to other blocks (i.e. high needs) with the agreement of their Schools Forum. This equates to c. £1.001m based on the 2018/19 allocation. The group considered a request to top slice £0.5m in respect of the projected carried forward deficit for 2017/18 and consult with their respective sectors.

**Forum to agree to top slicing £0.5m from the Schools Block for 2018/19 to support High Needs.**

- 2.6 Appendix A shows the current factors and values against the proposed NFF factors and values. Appendix B shows the modelling under the NFF and using our current formula. This is modelled before and after the Top-Slice for Growth and High Needs.
- 2.7 The ratio of funding is highlighted above each model. The current NFF model is based on a ratio of 1:1.29. Both models for Wigan still result in a ratio of 1:1.29.

### **3 The National Funding Formula**

- 3.1 For members information below are the Factors are described as pupil led funding, school led funding and geographic funding.

#### **Pupil led funding**

- **A basic per pupil entitlement (mandatory)**

The age weighted pupil unit is the fundamental building block of the formula. The NFF rates for 2018/19 are;

Primary £2,747  
Key Stage 3 £3,863  
Key Stage 4 £4,386

The rates have been increased from the initial proposals as a result of the extra £1.3 billion investment. Although these rates are lower than our current rates the formula now includes a minimum per pupil funding level. This has been introduced to help schools where fewer pupils attract funding through the additional needs factors.

The minimum funding level rates for 2018/19 are;

Primary £3,300 (2018/19) £3,500 (2019/20)  
Secondary £4,600 (2018/19) £4,800 (2019/20)

All schools will attract the minimum funding above for each pupil (based on all funding factors)

- **Deprivation (mandatory)**

This will be identified through 2 measures –eligibility for FSM where this will be current and historic through the EVER6 measure and the level of deprivation in the postcode the student lives (IDACI).

- **Low Prior Attainment**

This measure is an important tool for schools to identify pupils who are likely to require more support.

A pupil who does not achieve the expected level in Early Years Foundation Stage Profile on entry to primary school will attract an additional £1,050 a year throughout their time in that school. A pupil who does not achieve KS2 will attract an additional £1,550 while in secondary education.

A separate national weighting for the new year 7 pupils will be announced by DfE. This is to ensure the new year 7 cohort (the first pupils to sit the new, more challenging Key Stage 2 tests) do not have a disproportionate influence on the prior attainment totals used in the local formula model.

- **Looked After Children**

This factor has been removed and the funding will form part of the PPG plus allocation. The NFF model to be used to determine “indicative” school budgets and the LA baseline schools block allocation for 2018/19 will no longer include a “Looked after Children” factor as funding allocated via the Pupil Premium Plus grant funding stream will be increased from April 2018 (New funding rate confirmed in September 2017 announcement as £2,300 per LAC).

- **English as an Additional Language (EAL)**

EAL pupils will attract funding for a maximum of 3 years after the pupil enters the statutory age school system. There can be separate unit values for primary and secondary. In Wigan we based the funding on 2 years.

- **Pupil Mobility**

Wigan has never adopted this factor as it only applies to approximately 1% of the school population. The factor uses historic funding allocations therefore there is no amount for Wigan.

- **Sparsity**

This factor targets extra funding for schools that are both small and remote. No school meets the criteria.

### **School Led Funding**

- **Lump Sum**

This will be set at £0.110m for all schools. Wigan currently allocate the same lump sum for primary and secondary schools (£0.150m)

- **Split Sites**

This will not apply for Wigan

- **Rates**

These must be funded at the authority's estimate of the actual cost. Any adjustment to the estimate may be made in the current funding period.

- **Private Finance Initiative (PFI) contracts**

This will not apply for Wigan

## **Top Slicing the Dedicated School Grant (DSG)**

### **Basic Needs Growth Fund**

Local authorities may top slice the DSG in order to create a Growth Fund to support schools which are required to provide extra places in order to meet basic need within the authority. The growth fund may not be used to support schools in financial difficulty. In 2016/17 Wigan allocated £0.500m to this growth fund and have £0.250m left in the closed schools reserve. The estimated cost of continuing to fund growth under our current formula is £0.904m. There is a shortfall in funding of £0.154m for 2018/19.

### **Schools with Falling Rolls**

From 2015/16 local authorities are allowed to top slice the DSG to create a small fund to support schools with falling rolls in exceptional circumstances. The criteria and amount must be agreed by the Schools Forum and applied fairly to academies and maintained schools. Local authorities must apply a criterion which restricts the use of the fund to schools that are considered by Ofsted to be good or outstanding. The authority allocated a token amount of £0.100m for falling rolls in 2016/17 to recognise that this is an issue for some schools. We had only 1 school submit a request last year and we currently do not expect any submissions for this year therefore we will move the £0.100m to support growth pressures.

### **Forum to agree;**

- **To move £100k from the falling rolls fund to support growth**
- **To increase the allocation by £100k for Growth and any unspent funds will be carried forward and added back to the formula in 2019/20.**

### **De-Delegated Services**

De-delegation is not an option for academies, special schools and nurseries. The presumption is that the local authority will offer the service on a buy back basis, in the case of special schools and academy AP provision the funding for such services will be included in the top up.

The table below details those services that can be de-delegated and the amounts relevant to 2017/18 and 2018/19. For each of these services it is for the Schools Forum members in the relevant phase (primary or secondary) to decide whether that service should be provided centrally. The decision then applies to all maintained mainstream schools in that phase.

**Table 1 De-Delegated Services**

<b>De-Delegated Service based on estimated NOR</b>	<b>Budget 2017/18 £</b>	<b>Proposed Budget 2018/19 £</b>	
<b>Contingencies (including schools in financial difficulties and deficits of closing schools)</b>	300,000	300,000	
<b>Behaviour Support Services Staff Primary Only -</b>	665,650	665,650	
<b>Support to underperforming ethnic groups &amp; bilingual learners</b>	455,817	455,817	
<b>FSM eligibility checking</b>	16,803	16,803	
<b>Insurance</b>	6,095	6,095	
<b>Staff Costs - Trade Union Public Duties</b>	271,349	271,349	
	<b>1,715,714</b>	<b>1,715,714</b>	

Members requested further detail on the Staff Costs line for De-delegated Services.

Staff costs – line 42 (p35) – ‘Expenditure on making payments to, or in providing a temporary replacement for, any person who is:

- carrying out trade union duties or undergoing training under sections 168 and 168A of the Trade Union and Labour Relations (Consolidation) Act 1992;
- taking part in trade union activities under section 170 of the Trade Union and Labour Relations (Consolidation) Act 1992;
- performing public duties under section 50 of the Employment Rights Act 1992
- undertaking jury service;
- a safety representative under the Safety Representatives and Safety Committees Regulations 1977;
- a representative of employee safety under the Health and Safety (Consultation with Employees) Regulations 1996;
- an employee representative for the purposes of Chapter 2 of Part 4 of the Trade Union and Labour Relations (Consolidation) Act 1992, as defined in section 196 of that Act or regulation 13(3) of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
- taking time off for ante-natal care under section 55 of the Employment Rights Act 1996;
- undertaking duties as a member of the reserve forces as defined in section 1(2) of the Reserve Forces Act 1996;
- suspended from working at a school;

- or appointed a learning representative of a trade union, in order for that person to analyse training requirements or to provide or promote training opportunities, and to carry out consultative or preparatory work in connection with such functions.

#### **Forum to agree;**

- **To agree to the de-delegation of the items in Table 1**

#### **4.0 CENTRAL SCHOOL SERVICES BLOCK**

- 4.1 The central school services block (CSSB) will become the fourth block of funding within the DSG framework from April 2018 as outlined in the stage 2 consultation document distributed in spring 2017.
- 4.2 The new block will fund local authorities for the statutory duties that they hold for both maintained schools and academies and will bring together the three former funding streams as detailed below:
- Funding previous allocated through the retained duties element of the Education Services Grant (ESG) functions including education welfare and asset management;
  - Funding previously top-sliced from the schools block for ongoing responsibilities (i.e. Admissions/Schools Forum); and
  - Residual funding for historic commitments, previously top-sliced from the schools block
- 4.3 The indicative CSSB block for Wigan is £1.421m for 2018/19 but as the baseline is only £0.610m we will only see a rise of 2.5% to £0.625m. The central school services block includes a protection to ensure no LA sees losses of greater than 2.5% per pupil, year-on-year, for 2018-19 or 2019-20. In 2018-19, the gains cap will be set at 2.5%. In 2019-20, the gains cap will be set at a level which ensures overall affordability within the block. Actual allocations for future years will reflect updated pupil numbers, pupil characteristics and LA planned spend, and will be subject to future spending review decisions.
- 4.5 Schools Forum approval will continue to be required each year to confirm the amounts for activities with the new CSSB and when using centrally held funding, local authorities must treat maintained schools and academies on an equivalent basis.
- 4.6 Wigan is one of the lowest funded authorities in the country and the local authority has raised this as an issue with the ESFA in terms of the baseline information. We have still to receive a response on this matter.

#### **ACTIONS**

- 5.1 To agree the formula factors and rates outlined in section 3
- 5.2 To agree the amount of top slice in respect of growth and falling rolls
- 5.3 To agree the amount in respect of the high needs contribution

- 5.4 To agree the de-delegation of services
- 5.5 To agree the spend on the Central Services Block