

**Title of meeting:** Schools Forum

**Date of meeting:** 13 December 2017

**Subject:** School Funding Arrangements 2018 to 2019

**Report from:** Alison Jeffery, Director of Children's, Families and Education

**Report by:** Beverley Pennekett, Finance Manager

**Wards affected:** All Wards

**Key decision:** No

**Full Council decision:** No

---

**1. Purpose of report**

The main purpose of the report is to inform Schools Forum of the further progress being made towards the implementation of changes to the school revenue funding arrangements for 2018 to 2019 and to seek the necessary approvals.

**2. Recommendations**

It is recommended that Schools Forum:

- a) Endorse the proposed changes to the mainstream funding formula factors for 2018 to 2019, as informed by consultation with schools and approved by the Cabinet Member as set out in section 4, specifically:
  - To retain the Reception Uplift factor.
  - To calculate initial funding allocations for 2018 to 2019 based on the proposed unit values shown in the table at paragraph 4.6.
  - To add the Primary Free School Meal factor to the list of proposed factors whose financial value could be adjusted to maintain overall affordability following the receipt of the October 2017 census data in December 2017.
- b) Agree for maintained schools to make a contribution of £20.50 per pupil towards central services as set out in paragraph 5.3.

**3. Background**

- 3.1 Schools Forum has already received reports in September and November in respect of the revenue funding arrangements for 2018 to 2019. At its

meeting on 21<sup>st</sup> November 2017, the forum endorsed the following decisions:

- a) The principles adopted by the mainstream working group in guiding and informing the development of the funding arrangements for 2018 to 2019.
- b) The proposed changes to the mainstream funding formula factors, as informed by phase 1 of the consultation with schools and subsequently approved by the Cabinet Member, i.e.
  - To remove the LAC funding factor
  - To cease de-delegation for the licences (CLEAPPS<sup>1</sup> budget)
  - To limit the proposed factors whose financial value could be adjusted to maintain overall affordability following the receipt of the October 2017 census data in December 2017 i.e.
    - Basic Per Pupil Entitlement
    - Prior Attainment
    - Lump Sum
    - Percentage of the financial cap
- c) Two Minimum Funding Guarantee (MFG) exemption requests which have been submitted to the Department for Education (DfE).

3.2 Schools Forum also made certain decisions at that meeting, which are set out below:

- a) Adopted revised growth fund criteria.
- b) Agreed the carry-forward of the final balance of the Schools Contingency Fund from 2017 to18 into 2018 to19, to be used for the same purpose
- c) Agreed to the de-delegation of £1.00 per pupil for the purposes of the Schools Contingency Fund in 2018 to19

3.3 Finally, Schools Forum noted the following:

- a) The local authority is not proposing to make any changes to High Needs place numbers for Special Schools, Resourced Units and Alternative Provision settings for 2018 to 2019.
- b) The local authority is not proposing to make any changes to rates payable to Early Years providers for 2018 to 2019.

---

<sup>1</sup> Consortium of Local Authorities for the Provision of Science Services

## **4 Local Consultation**

- 4.1 As reported previously, the authority has conducted a two phase consultation with schools this year, since guidance from the DfE was issued later than usual. The results of the phase 1 consultation were reported to Schools Forum in November and the results were used to inform initial financial modelling and the phase 2 consultation.
- 4.2 The phase 2 consultation with Portsmouth maintained schools and academies ran from 6 November 2017 to 17 November 2017, setting out more detailed proposals for the 2018 to 2019 funding formula. The results of the consultation are provided at Appendix 1 and have been summarised below:
- 4.3 Of the 59 mainstream Portsmouth Schools and Academies, 22 schools replied to the consultation, although one school provided only one comment and did not answer any of the questions.
- 4.4 90% agreed to maintain the reception uplift factor for 2018 to 2019 so that schools with Year R admissions will receive funding next year for children who did not start in September last year and will have an opportunity to amend their admissions arrangements in future years to ensure that they maximise their funding.
- 4.5 90% agreed to use funding "released" from the discontinued LAC factor to introduce the additional FSM factor which is included in the NFF, rather than adding it into Basic Entitlement, which was the phase 1 proposal.
- 4.6 The consultation included the table below, showing Portsmouth's current unit values, the NFF values and the proposed values for 2018 to 2019. 71% of schools agreed to the proposals shown below. 19% (4 schools) disagreed with the proposal. Of these, three were secondary schools, who wanted to see a faster transition to the NFF as it would increase their funding and one was a primary school who was concerned about the reduction in their IDACI funding.

**Table A - Factor funding rates**

Factor	PCC Current Rate		18/19 NFF Rate		PCC Proposed 18/19 Rate	
	Primary	Secondary	Primary	Secondary	Primary	Secondary
Reception Uplift	Y		N		Y	
AWPU (Primary)	£2,860.62		£2,747		£2,800	
AWPU KS3		£3,669.25		£3,863		£3,766
AWPU KS4		£4,278.25		£4,386		£4,332
Free School Meals (FSM)	£0	£0	£440	£440	£151.50	£93
Free School Meals - Ever 6	£237.25	£299.83	£540	£785	£388.50	£542
IDACI Band F	£0	£0	£200	£290	£0	£0
IDACI Band E	£0	£0	£240	£390	£140	£290
IDACI Band D	£785.03	£473.84	£360	£515	£460	£515
IDACI Band C	£1,100.38	£685.45	£390	£560	£785	£560
IDACI Band B	£1,415.72	£897.06	£420	£600	£1,100	£750
IDACI Band A	£1,731.07	£1,108.67	£575	£810	£1,415	£959.44
EAL	£359.45	£1,821.55	£515	£1,385	£515	£1,603
Prior Attainment	£740	£2,000	£1,050	£1,550	£1,050	£1,775
Lump Sum	£115,000	£139,150	£110,000	£110,000	£112,500	£125,000

- 4.7 It is worth noting that a key difference between the NFF and our current formula is the level of funding used to support the most deprived pupils, since Portsmouth's unit values are significantly higher. Whilst the proposal does reduce those unit values, the level of reduction is deliberately minimal, therefore maintaining a high level of protection for our most deprived schools.
- 4.8 76% of schools agreed with our proposal to add a further factor to the list of factors which could be adjusted to ensure affordability of the formula, following the release of the new dataset in mid-December. This dataset will provide numbers on roll and pupil characteristics at October 2017. It is proposed that adjustments to the formula are restricted to the following factors:
- Basic Per Pupil Entitlement
  - Prior Attainment
  - Lump sum
  - Percentage of the financial cap.
  - Primary (new) Free School Meal Factor
- 4.9 95% agreed to maintain the Minimum Funding Guarantee at minus 1.5% to support the agreed objective of making a gradual transition towards the NFF.

- 4.10 Current modelling, using the values shown in the table above, suggests that it will be possible to relax the cap on gains, possibly lifting it altogether, whilst still providing protection at minus 1.5% for schools adversely affected by the formula changes. 86% of schools agreed with the principle of removing the cap as far as possible, which will allow "gaining" schools to benefit more fully from the redistribution.

## **5 Responsibilities held by the local authority for maintained schools**

- 5.1 In the 2017 to 2018 funding period the DfE recognised that local authorities will need to use other resources to pay for education functions following the removal of the Education Services Grant (ESG) in September 2017. The government allowed local authorities increased flexibility to use part of the schools budget to support the cost of education functions through a contribution from maintained schools. In 2017 to 2018, Schools Forum agreed to a contribution rate of £11.95 per pupil which related to the 7 month period from September 2017 to March 2018.
- 5.2 In setting the Council's budget for 2018 to 2019, the Council is planning to continue to absorb over 80% of the anticipated funding shortfall and is seeking a full year contribution from maintained schools of £188,000 towards the City Council services that support maintained schools. This equates to £20.50 per pupil for maintained schools only and the proposal was included in the phase 2 consultation.
- 5.3 It is requested that maintained schools agree to this contribution to central services. If agreed, the contribution would support the following services to schools:
- KS1 and KS2 moderation of national curriculum assessments
  - Investigation and resolution of complaints relating to maintained schools
  - Inspection / monitoring of attendance
  - Financial advice and support, including for schools in financial difficulty
  - Procurement support and advice
  - Asset management activities in relation to maintained schools
  - Internal audit and other tasks relating to the chief finance officers responsibilities
  - Other support and advice from the education service.
  - Overheads relating to the above services.
- 5.4 11 maintained schools responded to the phase 2 consultation question, of which 7 (64%) agreed to the proposed charge, 3 disagreed and 1 did not express a preference. A detailed list of central services is attached at Appendix 2, showing those services which should be provided to all schools and academies, along with those services which are only provided to maintained schools.

## **6 Next Steps**

- 6.1 The DfE is expected to release the updated pupil data in the middle of December 2017. This will allow officers to model the effects of the funding formula outlined above and to bring final recommendations for endorsement to the January meeting.

## **7 Reasons for recommendations**

- 7.1 7.1 Following the publication of the DfE Guidance "School Revenue Funding 2018 to 2019 - operational guidance" in September 2017, the local authority has worked closely with the School Funding Working Group. The working group provided advice and guidance on the proposed changes to the local funding formula, which in turn informed the 2-stage consultation with schools and which underpin the recommendations contained in this report.

## **8 Equality impact assessment**

This report does not require an Equality Impact Assessment as the proposal does not have an impact upon any particular equalities group.

## **9 Legal implications**

The recommendations in this report are consistent with the requirements of the Department for Education Operational Guidance.

## **10 Director of Finance's comments**

Financial comments are included in the body of the report.

Signed by: Alison Jeffery - Director of Children, Families and Education

### **Appendices:**

Appendix 1: 2018-19 phase 2 consultation responses  
Appendix 2: Central services

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b>Title of document</b>	<b>Location</b>
Schools revenue funding 2018 to 2019 operational guide, September 2017	<a href="https://www.gov.uk/guidance/pre-16-schools-funding-guidance-for-2018-to-2019?utm_source=EFA%20e-bulletin&amp;utm_medium=email&amp;utm_campaign=e-bulletin&amp;mxmroi=2305-33858-96691-0">https://www.gov.uk/guidance/pre-16-schools-funding-guidance-for-2018-to-2019?utm_source=EFA%20e-bulletin&amp;utm_medium=email&amp;utm_campaign=e-bulletin&amp;mxmroi=2305-33858-96691-0</a>
Financial Modelling	Children's Finance Team

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: