

Title of meeting: Schools Forum

Date of meeting: 17 January 2018

Subject: 2018-19 School Revenue Funding Arrangements and Dedicated Schools Grant Budget

Report from: Alison Jeffery, Director of Children's Services

Report by: Beverley Pennekett, Interim Finance Manager

Wards affected: All Wards

Key decision: No

Full Council decision: No

1. Purpose of report

1.1. The purpose of this report is to:

- a. seek endorsement for the final stage submission to the Education Funding Agency (EFA) by the 19 January, of the 2018-19 mainstream school revenue funding pro-forma for the Primary and Secondary phases.
- b. inform Schools Forum of the initial determination of the schools budget (including the individual schools budgets) for 2018-19 and to seek the necessary approvals and endorsements required.

2. Recommendations

It is recommended that Schools Forum:

- a. **Approve the amount of the growth fund for 2018-19 at £342,600.**
- b. **Approve the determination of the 2018-19 schools budget (including the individual schools budgets) shown at Appendix 1, together with the supporting explanations contained within this report and specifically agree the following budget lines:**
 - i. Admissions;
 - ii. Schools Forum;
- c. **Endorse the proposed changes to the mainstream schools revenue funding formula as set out in section 6.**

- d. Endorse the school revenue funding pro-forma at Appendix 7 for submission to the EFA on the 19 January 2018.**
- e. Endorse the 2018-19 Element 3 Top-up rates for the Resourced Units and Alternative Provision settings as set out in Appendix 5.**
- f. Endorse the decision that any carry-forward balances from 2017-18 be used to assist with the continued introduction of the funding reform changes and fund any potential financial pressures arising during 2018-19.**
- g. Endorse the local funding arrangements in respect of the 2, 3 and 4 year old early years provision for 2018-19; which will comply with the requirements of both the regulations and the operational guide.**
- h. Endorse the submission of the disapplication request to the DfE with regards to the University Technical College, as set out in paragraph 6.13.**
- i. Note the de-delegated unit values for 2018-19 as shown at Appendix 3.**

3. Background and Previous Decisions

- 3.1. The Dedicated Schools Grant (DSG) is a ring-fenced grant for education and can only be used for the purposes of the Schools Budget as defined in the School and Early Years Finance (England) Regulations.**
- 3.2. Under the anticipated updated 'School and Early Years Finance (England) Regulations, by no later than 28th February 2018 the Local Authority must:**
 - a. Make an initial determination of their school budget; and**
 - b. Give notice of that determination to the governing bodies of the schools they maintain.**
- 3.3. Schools Forum has already received reports and has endorsed or made a number of decisions in respect of the revenue funding arrangements for 2018-19, which are summarised below:-**
 - 3.3.1. Endorsed the principles proposed by the mainstream working group to guide and inform the development of the funding arrangements for 2018-19.**
 - 3.3.2. Endorsed that, following the confirmation of the 2018-19 Dedicated Schools Grant (DSG), officers will amend the funding unit values to minimise the impact of fluctuations in funding at**

the school level and to maintain overall affordability. In order to provide schools with some certainty, where possible any changes will be limited to the following formula factors:

- Basic per pupil entitlement
- Primary (new) free school meals
- Prior attainment
- Lump Sum
- The percentage of the financial cap.

3.3.3. Endorsed the proposed changes to the mainstream funding formula factors, together with choices the council has made in implementing these factors locally, specifically:

- To retain the reception uplift factor
- To calculate the initial funding allocations for 2018-19 based on the proposed unit values set out in the Phase 2 consultation.

3.3.4. Agreed by phase to the de-delegation of the budgets for central administration in 2018-19 for maintained schools and noted the proposed rates for de-delegation as set out in Appendix 3.

3.3.5. Noted the decision to cease de-delegation for licences (CLEAPSS¹)

3.3.6. Endorsed the two Minimum Funding Guarantee (MFG) disapplication requests submitted to the Department for Education (DfE) for Mayfield all-through school and Charter Academy.

3.3.7. Adopted the revised growth fund criteria for 2018-19

3.3.8. Agreed the carry forward of the final balance of the Schools Specific Contingency Fund from 2017/18 to 2018/19 to be used for the same purpose.

3.3.9. Noted that the authority is not proposing to make any changes to High Needs Place numbers for maintained and academy special schools, inclusion centres and alternative provision (AP) settings for the academic year 2018-19

3.3.10. Noted the local authority is not proposing to make any changes to the rates payable to Early Years Providers for 2018/19.

3.4. The purpose of this report is to seek the necessary approvals and endorsements in respect of the remaining areas of the budget, which have yet to be finalised.

¹ Consortium of Local Education Authorities for the Provision of Science Services

4. Financial Context

- 4.1. As in previous years the pressures in the High Needs budget area continue to grow. During this financial year, as part of the regular budget monitoring reports, growing pressures have been highlighted in a range of areas including out of city placements and the Element 3 top-up funding paid to mainstream schools to support children with high needs where the cost of additional support exceeds the £6,000 which is expected to be met by the school.
- 4.2. It is anticipated that the financial pressures in these budgets will continue to grow during 2018-19. The demand for these services is also expected to continue to increase whilst the reforms to the local specialist educational provision for children with SEND are implemented.
- 4.3. During 2017, the authority has been undertaking a review of the SEND provision in conjunction with Southampton City Council. The results of this review will be published in March 2018 along with a number of recommendations. An interim report outlining the initial results of the review will be brought to the February 2018 Schools Forum.
- 4.4. In setting the budget for 2018-19, provision has been set-aside to accommodate the anticipated increased funding requirement in these budgets. However, the high needs budgets are the most volatile area of the DSG due to a significant proportion of the expenditure being linked to pupil movements and pupil needs. The budget provision is only an estimate based on the information currently available and It will be necessary to closely monitor these budgets throughout the financial year.
- 4.5. With the introduction of the schools national funding formula in 2020/21, the ability to manage these financial pressures across the whole of the Dedicated Schools Grant has been reduced. It will therefore be necessary to ensure that the remodelling of the SEND provision within the city enables the high needs requirements to be affordable within the future high needs funding allocations.

5. Dedicated Schools Grant

- 5.1. The determination of the 2018-19 Dedicated Schools Grant and Schools budgets is set out in Appendix 1. It has not been possible to set a balanced budget for 2018-19 and the council has had to utilise the DSG reserve to cover the estimated increased requirement for 2018-19. Supporting explanations are set out in the following paragraphs.
- 5.2. On the 21 December 2017, the EFA announced the Dedicated Schools Grant allocation for Portsmouth for 2018-19. The allocation includes the

funding for both maintained schools and Academies; therefore the amount received directly by Portsmouth City Council will be less.

- 5.3. In September 2017 the DfE released the indicative funding for 2018-19 based on the National funding formula as per the October 2016 census data. The funding allocation has been updated for the October 2017 census and reflects the growth in pupil numbers seen both in mainstream schools and high needs settings across the city.
- 5.4. The funding allocation for Portsmouth is shown in the table below. The amount expected to be received directly by Portsmouth City Council is £79.3m, excluding funding for academies. The funding received directly will continue to change during the year as schools convert to Academy status, since they will receive their funding directly from the Education Funding Agency rather than from the Council.

DSG Funding	2018-19			
	Indicative funding inc. Academies	Provisional funding inc. Academies	Academy impact	Provisional exc. Academies
	£,000	£,000	£,000	£,000
Schools Block	110,321	112,780	(63,323)	49,457
Central School Services Block	781	799	-	799
High Needs Block*	19,800	19,569	(4,538)	15,031
Early Years Block**	10,980	11,999	-	11,999
2 Year Old Funding**	2,320	2,044	-	2,044
TOTAL	144,202	147,191	(67,861)	79,330

* This is a provisional allocation which will be updated later in the year.

** This is a provisional allocation which will be updated later in the year, it reflects the July 17 budget revision and excludes early year's pupil premium of £0.161m.

6. Schools Block - Mainstream School Revenue Funding Formula Changes 2018-19

- 6.1. At the Cabinet Member on 7 December 2017 and at Schools Forum on the 21 November and 13 December 2017, the mainstream formula factors to be used in the 2018-19 school revenue funding formula were agreed, together with the choices that the Council had made in implementing these locally.
- 6.2. The proposed rates for each of the revenue funding formula factors reflect the outcomes of consultation with schools and move towards the national funding formula (NFF) rates as published by the DfE in October 2017.
- 6.3. Whilst the outline formula was agreed in December, it was noted that final formula values for 2018-19 would be subject to change, in order to maintain affordability and minimise the impact of fluctuations in funding at the school level.

- 6.4. On receipt of the funding allocation for 2018-19 the funding available for mainstream schools increased to reflect the increased numbers of pupils in the city and the impact of the NFF. This has provided the authority with greater flexibility to maximise the funding provided to mainstream schools in 2018-19. The final proposed funding pro-forma for 2018-19 is attached at Appendix 7. The paragraphs below set out the proposed changes to the funding formula and their impact.

Rates

- 6.5. In setting schools budgets for 2018-19, it has been necessary to amend the funding values in respect of the National Non-Domestic Rates (NNDR) factor, to reflect changes in rateable value, transitional relief or school reorganisation. The annual cost of NNDR for school properties is expected to decrease in 2018-19 due to the clarification of transitional reliefs following the 2017-18 revaluation exercise. As the cost of rates is funded on an actual basis the decrease in the funding requirement for 2018-19 has amounted to £291,484, which has been recycled into the funding formula.

Financial cap on gains

- 6.6. As per the Phase 2 consultation with schools in November 2017 we have removed the financial cap on gains to all primary and secondary schools. This allows all gaining schools to benefit fully from the move towards the national funding formula.

Secondary schools

- 6.7. Whilst the Phase 2 consultation identified that schools were in favour of a transitional approach to the NFF to protect those schools that would see a reduction in funding, two of the three secondary schools who responded requested that the secondary sector move straight to the NFF as this would provide the highest level of funding for secondary schools whilst minimising any turbulence that may have been experienced had the transitional approach been applied.
- 6.8. As part of the financial modelling undertaken in late December this proposal was considered and identified as being affordable. It is therefore proposed to move the secondary schools to the NFF factors for the 2018-19 financial year. Details of the proposed rates per formula factor are shown in Appendix 4.

Primary schools

- 6.9. Whilst we saw 20 primary schools gain funding through the removal of the financial cap on gains, there are 11 schools that are receiving protection of up to £50,000 under the minimum funding guarantee.

- 6.10. As stated in previous reports the NFF IDACI² rates are considerably lower than those paid by Portsmouth and this change impacts on those primary schools in the most deprived areas of the City. The impact of the NFF was modelled using the October 2017 census information, this saw 29 primary schools lose funding and receive protection of up to £241,000. Therefore the proposed primary factor funding rates will remain at the values set out in the Phase 2 consultation at Appendix 4.

Other schools block funding changes

- 6.11. The budget set out in Appendix 1 includes a Growth Fund of £342,600 to support 12 schools that have an agreed increase in PAN to support basic need in the City.
- 6.12. No changes are proposed to the Schools Contingency Fund criteria, which are shown at Appendix 2.
- 6.13. An additional request to dis-apply the minimum funding guarantee regulations for the University Technical College has been submitted to the DfE. This is to ensure that the school is not overly protected due to the disproportionate impact of the reduction in lump sum following the first year of opening.
- 6.14. Mainstream schools and academies will be notified of their 2018-19 final budget share after the Education and Skills Funding Agency has confirmed that the pro-forma complies with the legislation and no later than the statutory deadline.

7. Central Schools Services Block

- 7.1. It is proposed that the Schools Forum and the Education Support Grant retained duties budgets will remain at the same values as in previous years.
- 7.2. The DfE have recognised the increased pressures on the admissions service and that DSG funding has not increased since April 2012 and provided additional funding within the Central Schools Service block to cover the associated costs. It is therefore proposed to increase the Admissions budget by £42,000 to £294,000 to reflect these changes.
- 7.3. The EFA has agreed with the following agencies to continue to purchase a single national licence managed by them for all state funded schools in England:
- Christian Copyright Licensing International (CCLI);

² Income Deprivation Affecting Children Index

- Copyright Licensing Agency (CLA);
- Education Recording Agency (ERA);
- Filmbank Distributions Ltd (for the PVSL);
- Mechanical Copyright Protection Society (MCPS);
- Motion Picture Licensing Company (MPLC);
- Newspaper Licensing Authority (NLA);
- Performing Rights Society (PRS);
- Phonographic Performance Limited (PPL); and
- Schools Printed Music Licence (SPML).

- 7.4. These licences are funded centrally and for 2018-19 the budget provision has been set at £115,400. This is anticipated to be sufficient to meet the central charges from the DfE for the financial year.
- 7.5. The overall budgeted expenditure under the Central Schools Block totals £798,900 and matches the authorities funding allocation for 2018-19.

8. Early Years

- 8.1. The DfE have confirmed that the DSG hourly funding rate for 2018-19 remains at £4.69 for 3 and 4 year olds and £5.43 for 2 year olds. As a consequence, no changes to funding for 2, 3 and 4 year olds are proposed. The table below sets out the proposed allocation of the hourly funding rates for 2018-19.

2018-19 allocation of the funded hourly rate for 2, 3 and 4 year olds				
	3 and 4 year olds		2 year olds	
	£	%	£	%
Basic hourly rate per pupil	4.09	87.21%	5.03	92.63%
Deprivation average hourly rate	0.20	4.26%	-	-
SEN Inclusion fund	0.04	0.85%	0.04	0.74%
Growth fund	0.13	2.77%	0.13	2.39%
Total funding passed to settings	4.46	95.10%	5.20	95.76%
Central retained funding	0.23	4.90%	0.23	4.24%
Total	4.69	100.00	5.43	100.00%

9. High Needs

- 9.1. In setting the budget for 2018-19 the High Needs budgets have been adjusted for the increased costs seen within the Element 3 Top-up to mainstream schools, Element 3 Top-up "band creep" for special schools, Out of City Placements and Post 16 places.
- 9.2. These adjustments have provided an additional pressure of £412,800 above the increased funding being received for the High Needs block. Therefore it will be necessary to review the funding provided to schools and services from the High Needs Block of the DSG.

- 9.3. The Council recognises that at this late stage it is not possible to identify the proposed changes, consult with schools and set up new arrangements in time for the start of the 2018-19 financial year on 1 April 2018. It is therefore proposing to cover the shortfall from the use of DSG carried forward in 2018-19 whilst plans are put into place to ensure affordability by 2019-20. Proposals being considered include:
- The removal or reduction of Outreach funding to PSENSP and the transfer of services to a traded arrangement.
 - Review/reduction in Element 3 Top-up funding rates to mainstream schools.
 - Review/reduction of Element 3 Top-up rates for Special Schools, Inclusion Centres and Alternative Provision setting.
- 9.4. The sections below provide details of the High Needs budgets and the anticipated financial pressures for 2018-19; which have been funded from the proposed use of the carry forward. The funding allocations have been explained in more detail in section 5.

Element 3 Top-up Funding

Special Schools, Inclusion Centres and Alternative Provision

- 9.5. No changes are currently proposed to the current Element 3 Top-up funding rates at Special Schools, Inclusion Centres and Alternative Provision settings for pupils placed by the Local Authority in 2018-19. However these may need to be reviewed in light of overall affordability for 2019-20. The proposed rates for 2018-19 are shown in Appendix 5.
- 9.6. During 2017-18 the Council worked with the Special Schools in the city to review the banding mechanism and associated Element 3 Top-up rates. The new banding and funding mechanism was approved in September 2017 along with the element 3 top-up rates for 2018-19. The Element 3 Top-up budget provision has been amended to reflect the full year effect of the changes arising from the re-banding exercise, the increased number of places at Mary Rose and Cliffdale and the known and forecast effect of 'band creep' across all special schools.

Pupils attending a inclusion centre at a mainstream schools

- 9.7. As set out in the Phase 2 consultation with schools the DfE have changed the way in which schools with Inclusion Centres are funded where pupils are sole or dual (main) registered at the school and also attend the inclusion centre. More details can be found in Appendix 6. The impact of the change means that schools now receive £4,000 (Element 1) of their place funding through the pupil led funding within their school budget rather than via the High needs funding. A review of the per pupil funding has been undertaken for each of the schools that

have a inclusion centre and where the per pupil funding is under £4,000 they will be provided with additional element 3 top-up for these pupils.

- 9.8. As a result of this change in methodology 1 school will have a total shortfall in funding of £1,331. Schools will be notified how this funding will be paid in the 2018-19 high needs guidance notes.

Mary Rose highly exceptional band Top-up Rates

- 9.9. The Albert Annex is a complex provision which provides education to children who would otherwise be placed out of the City. Discussions with the school have identified that the cost of supporting pupils with the highest level of need is leading to potential viability concerns under the current funding format.
- 9.10. The authority is currently working with the school to review both the place numbers at Mary Rose to include the Albert Annex and the Highly Exceptional Element 3 Top-up rates for 2018-19. The agreed place numbers and Element 3 Top-up rates will be brought to Cabinet Member and Schools Forum in February 2018 for the necessary approvals.

Pupils with SEND in mainstream schools

- 9.11. During 2017-18 the number of requests for Education, Health and Care Plan (EHCP) assessments from mainstream schools has continued to increase. In addition, the average cost per pupil has increased by approximately £600 between 2016-17 and 2017-18, indicating that there is an increased complexity of need.
- 9.12. The increase in finalised EHC Plans, has led to an increase in the Element 3 funding being paid to mainstream schools to support children with high needs where the cost of additional support exceeds the £6,000 expected to be met by the school. The number of pupils with an EHCP plan in mainstream schools (not including inclusion centres) has increased by 38 from 325 in 2016-17 to 363 in 2017-18³.
- 9.13. For 2017-18, the funding being provided to mainstream schools is anticipated to exceed the budget by approximately £270,000. For 2018-19, it is anticipated that the current budget requirement will need to increase by £267,500 from £938,000 to £1.205m

³ Pupil numbers as at December 2017.



Out of City Placements

- 9.14. The expenditure on out of city placements continues to increase, with the 2017-18 forecast position expected to overspend in the region of £149,000. Therefore in setting the budget for 2018-19, the budget provision for out of city pupils has been increased by £149,000 to £2.149m.
- 9.15. The overall number of children and young people placed out of city remains relatively low, the 2017-18 financial year has seen the forecasts remain on budget until late in the autumn term when there has been an increase in costs of which the full year impact will be seen in 2018-19.
- 9.16. Actions being taken to address the budgeted growth in this area include the remodelling of special school provision within the city. The aim of the changes to the accommodation being funded at Cliffdale Primary and the proposed special free school for children with autism and associated challenging behaviour, should reduce the requirement to place children out of the city in the future.

Post 16 Element 3 top-up and place funding

- 9.17. When setting the 2017-18 Post-16 budgets the authority alerted Cabinet Member and Schools Forum of a noticeable increase in the number of students with an EHCP attending Post-16 colleges during the academic year 2016-17. A review of the pupil numbers for the academic year 2017-18 has shown that pupil numbers have stabilised and the budgeted Element 3 Top-up requirement is expected to reduce by £83,000 to £800,000 for the financial year 2018-19.
- 9.18. The proposed reduction is supported by a forecast underspend in this area of approximately £90,000 for 2017-18 financial year.
- 9.19. In response to need a request has been submitted to the DfE to increase the number of places by a further 8, the outcome of which will not be known until late January 2018. In setting the 2018-19 budget it has been assumed that these places will be approved and the funding recouped from the authority to pass to the college.
- 9.20. As part of the introduction of the national funding formula for funding local authorities High Needs blocks the DfE have undertaken an exercise to readjust the funding received by council according to whether they are a net importer/exporter of places. This exercise has identified Portsmouth as being a net importer of places and the authority has been provided an additional £54,000 (9 x £6,000) within the High Needs Block to fund places that were previously commissioned by other local authorities. In light of these changes to the commissioning arrangements the Council has had to fund an additional 9 places at an independent post 16

provider on behalf of another council. This is a cost neutral impact to Portsmouth.

Inclusion centre place changes

- 9.21. From September 2018 the SEND team have agreed with Northern Parade Junior School to reduce the number of places at the inclusion centre from seven to five places. This will enable two additional emergency places at Flying Bull Primary academy to be commissioned from 1 September 2018, providing greater flexibility in the provision of support for children with social emotional and mental health (SEMH) needs. There is no funding impact to these proposals.

SEND Strategy

- 9.22. The effectiveness of the continuum of educational provision available in Portsmouth to meet children's special educational needs is kept under close review as part of the SEND Strategy. Grant funding has also been provided by the Department for Education for all local authorities to carry out a strategic review of high needs provision to ensure there is sufficient provision in place to meet future needs, the review will focus on a number of shared key priorities, namely:
- Reviewing the use of high cost out of city placements, where provision is not available locally
 - Reviewing the availability of post-16 provision for students with SEND, including for those with a sensory impairment
 - Meeting the needs of the growing number of children and young people with autism/social communication needs and associated sensory integration difficulties and challenging behaviour
 - Meeting the needs of the growing number of children with severe learning difficulties and complex needs, which is currently putting pressure on special school places
 - Reviewing the use of resourced provision/inclusion centres
 - Reviewing the identification of SEND and thresholds for requesting EHCP needs assessments.
- 9.23. The review is due to be completed and the outcomes reported in March 2018.
- 9.24. The proposed 2018-19 budget does not contain any specific funding set aside to support the outcomes of the review. Therefore any changes will need to be accommodated within the current funding envelope.

10. Carry Forward Balances

- 10.1. Current modelling suggests that the final carry forward balance will be in the region of £3.1m.
- 10.2. Any carry-forward balance would be a one-off funding source and therefore should be used to support one-off expenditure items rather than recurring expenditure budgets.
- 10.3. In addition to the proposals above there is a commitment for the DSG to fund the deficit balance on the Harbour School which is expected to be in the region of £800,000 to £1m on their conversion to an academy in 2018-19 financial year. A paper regarding the Harbour School and predicted deficit will be brought to Schools Forum in February 2018.
- 10.4. As stated earlier in the paper the current pressures on the High Needs budget will need to be covered through the use of the carry forward during 2018-19, whilst the actions outlined in the report are progressed. This is expected to be in the region of £412,800 which is not sustainable for the future.
- 10.5. It has previously been agreed⁴ that the unspent balance on the schools specific contingency, estimated to be £132,600, will be carried forward for use for the same purpose in 2018-19. The impact of the above proposals on the brought forward balance is set out in the table below.

	£m
Estimated brought forward from 2017-18	3.100
Schools specific contingency (earmarked reserve)	(0.132)
High needs block pressures	(0.413)
The Harbour School	(1.000)
Estimated DSG reserves	1.555

- 10.6. It is prudent to retain a healthy carry forward balance to assist with the continued introduction of the National Fair Funding Formula arrangements and to support the potential financial risks and pressures arising in 2018-19. The potential balance will be around 1% of the total DSG funding for 2018-19 placing the authority potentially at risk of being unable to cover any unexpected risks and pressures during 2018-19. This risk will need to be mitigated via the proposed actions identified in para. 4.5 and section 9.

⁴ Schools Forum meetings 21 November 2017 respectively

11. Reasons for recommendations

- 11.1. Schools Forum is recommended to endorse or approve the proposals contained within this report. Under the anticipated 'School and Early Years Finance (England) Regulations, Local Authorities are required to make an initial determination of their schools' budget no later than the 28th February 2018.

12. Equality impact assessment (EIA)

- 12.1. This report and the proposals within form part of the national implementation of the schools and high needs national funding formula as directed by the Department of Education and set out in the School and Early Years Finance (England) Regulations 2018.
- 12.2. As part of the implementation the DfE conducted an Equality Impact Assessment which identified that they were not aware of any evidence that the method of distributing school and high needs funding could impact on children or young adults of particular ages disproportionately.
- 12.3. The funding proposals targets funding to those groups which evidence demonstrates face barriers to their educational achievements.
- 12.4. Details of the Equalities Impact Assessment carried out by the DfE can be found via <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs-equalities-impact-assessment>

13. Legal comments

- 13.1. The anticipated School and Early Years Finance (England) Regulations 2018 will require local authorities to make an initial determination of their schools budget by the 28th February 2018. The recommendations in this report have regard to the requirements of those regulations and in particular identify elements of the proposals in respect of which Schools Forum's specific approval or endorsement is required.

14. Head of Finance comments

- 14.1. Financial comments have been included within the body of this report.

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Signed by: **Alison Jeffery, Director of Children's Services**

Appendices:

- Appendix 1 - Dedicated Schools Grant Budget 2018-19
- Appendix 2 - De-delegated Schools Specific contingency criteria 2018-19
- Appendix 3 - De-delegated unit values 2018-19
- Appendix 4 - Funding formula factor rates 2018-19
- Appendix 5 - Special School, Inclusion Centre and Alternative Provision Element 3 Top-Up Rates 2018-19
- Appendix 6 - Changes to Pupil number for schools with Inclusion Centres
- Appendix 7 - School funding pro forma 2018-19

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:

Title of document	Location
School revenue funding 2018 to 2019 - operational guide (updated December 2017)	https://www.gov.uk/guidance/pre-16-schools-funding-guidance-for-2018-to-2019
The School and Early Years Finance (England) Regulations	www.legislation.gov.uk
School revenue funding working papers	Education Finance

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

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Signed by:



Appendix 1 - Dedicated Schools Grant Budget 2018-19				
	2017-18 Revised (Including Academies)	Estimated Budget Revisions	2018-19 Schools Budget (Including Academies)	2018-19 Schools Budget (Excluding Academies)
	£000	£000	£000	£000
Schools Block				
Individual Schools Budgets				
Primary	62,597	2,034	64,631	34,206
Secondary	44,643	2,999	47,642	14,744
	107,240	5,033	112,273	48,950
De-Delegated and Central Budgets				
Growth Fund	275	67	343	343
De-delegated Budgets	454	(209)	243	243
Other Schools Block Sub Total	729	(143)	586	586
Total Schools Block	107,970	4,889	112,859	49,536
Central School Services Block				
Schools Forum	16	0	16	16
Admissions	252	42	294	294
Licences (negotiated by DfE)	120	(5)	115	115
ESG retained duties	374	0	374	374
Central School Services Block Total	762	37	799	799
Early Years Block				
3 & 4 Year Old Provision ¹	10,471	1,119	11,590	11,590
2 Year Old Provision	2,206	(264)	1,942	1,942
Central Expenditure on under 5's	623	49	672	672
Early Years Block Total	13,300	905	14,204	14,204
High Needs Block				
INDIVIDUAL SCHOOLS BUDGET				
Special School Place Funding	5,328	33	5,361	1,556
Resource Unit Place Funding	921	(371)	549	346
Alternative Provision Place Funding	1,190	12	1,202	1,082
	7,439	(327)	7,112	2,984
Element 3 Top-up funding	8,144	586	8,729	8,729
Out of City Placements	2,000	149	2,149	2,149
SEN Support Service	675	0	675	675
Medical Education	660	0	660	660
Outreach Services	187	0	187	187
Fair Access Protocol	60	0	60	60
Post-16 high needs places	290	120	410	0
	12,016	855	12,870	12,460
Total High Needs block	19,455	527	19,982	15,444
Total Expenditure	141,486	6,358	147,844	79,983
DSG Income ^{2,3}	(141,353)	(6,078)	(147,431)	(79,570)
One-off use of Carry Forward	(133)	(280)	(413)	(413)
Total Income	(141,486)	(6,358)	(147,844)	(79,983)

¹ Includes early years pupil premium.

² 2018-19 per EFA allocations 19th December 2017

³ includes reimbursement of Growth funding for academy schools

Appendix 2 - School's specific contingency criteria

School Specific Contingency

Applies to: Maintained Schools only

Purpose of the fund

The School and Early Years Finance (England) Regulations, permit the creation of a 'schools specific contingency' via the de-delegation of funding through the schools revenue funding formula. The contingency fund supports only Primary and Secondary maintained schools.

The purpose of the fund is to support maintained Primary and Secondary schools that have incurred expenditure, which it would be unreasonable to expect them to meet from the schools budget share. This may include:

- schools in financial difficulty
- new, amalgamating or closing schools
- the writing-off of deficits of schools which are discontinued, excluding any associated costs or overheads
- other expenditure where the circumstances were unforeseen when initially determining the schools budget share.

Section 4 of the Scheme for Financing Schools continues to apply in respect of schools that are or are likely to be facing a deficit balance.

Criteria for accessing the fund

The fund is only available to maintained Primary and Secondary Schools in Portsmouth.

Where as a result of exceptional expenditure or loss of income a school is experiencing financial difficulty, or has incurred other expenditure which it would be unreasonable to expect the school to meet from its budget share, then financial support will be considered for eligible schools where the following criteria are met:

- The costs or loss of income **must** have had a disproportionate effect on the schools budget.
- The costs or loss of income:
 - arose as a consequence of decisions by bodies outside of the control of the school or its governing body;
 - are exceptional in nature;
 - could not have been foreseen by the school or governing body;

- The governing body has taken steps to mitigate the impact, where possible.
- Additional costs for new, amalgamating or closing schools:

Criteria for new maintained schools:

Funding of costs in respect of the initial set-up of new maintained schools will be considered where a business case has been submitted by the school which sets out the expected costs to be incurred; and the following conditions are met:

- The increased school places are required in order to meet basic need within the area and have been agreed with the Local Authority.
- The increased places relate to pre-16 pupils.
- Any funding allocated would be to support the following areas of expenditure:
 - initial leadership team capacity
 - initial secretarial support
 - publicity, promotion and advertising of the new school
 - consultancy
 - curriculum costs
 - recruitment costs
 - other revenue costs related to set-up of the new school

One-off funding will be allocated based on the business case submitted, up to a maximum funding allocation of £445 multiplied by the total number of additional places anticipated to be created in the school.

Criteria for amalgamating schools:

Where two or more schools amalgamate, an amount equivalent to the closing balances of the previously maintained schools will be allocated to the new school.

Criteria for closing schools:

In the case of closing maintained schools, which are not amalgamating or converting to academies status under the Academies Act 2010, the contingency may fund additional costs where the school has insufficient balances and the costs are eligible to be funded from the Dedicated Schools Grant.



Where a maintained school is discontinued, any remaining deficits balances may be charged against the contingency. Where it is necessary to use the contingency for this purpose it will be reported to the Schools Forum at the next scheduled meeting.

Decision Making Process

Where a school believes that their circumstances warrant support from the 'schools contingency fund' the governing body should submit a request to the Finance Manager for Education and Children's Services.

The submission will be reviewed by the Head of Education and the Finance Manager for Education and Children's Services. The level of the schools revenue and capital balances will also be considered as part of the review of any submission.

Any application which the Head of Education and the Finance Manager for Education and Children's Services assess as meeting the above criteria, will be presented to the Schools Forum at the October and February meetings to make the final decision as to whether to provide financial support from the fund.

Appendix 3 - De-Delegated Budgets

Expenditure Item	Phase	De-Delegation Rates			Notes
		Basis	2017-18 £	2018-19 £	
Licences	Primary	NOR	£0.13	£0.00	To be funding by the Education Department from April 2018.
	Secondary		£0.29	£0.00	
Union Duties	Primary	NOR	£1.49	£0.00	The service moved to traded arrangements from 1 September 2017.
	Secondary		£1.49	£0.00	
Schools Contingency Fund	Primary & Secondary	NOR	£0.01	£1.00	Low amount due to planned use of 2017-18 carry forward for 2018-19.
Behaviour Support	Primary	NOR	£5.69	£0.00	The service moved to traded arrangements from 1 September 2017.
	Primary	FSM	£16.89	£0.00	
Education Functions	Primary & Secondary	NOR	£11.95	£20.50	Full year contribution to support the costs of services provided to maintained schools previously funded from the Education Services Grant - general duties.

NOR = Number on roll

FSM = Free school meals factor

Appendix 4 - Formula Factor Funding rates 2018-19

Table A - Factor funding rates								
Factor	PCC Current Rate		18/19 NFF Rate		PCC Consultation Proposed 18/19 Rate		PCC Final proposed 2018-19 funding factor rates	
	Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
Reception Uplift	Y		N		Y		Y	
AWPU (Primary)	£2,860.62		£2,747		£2,800		£2,800	
AWPU KS3		£3,669.25		£3,863		£3,766		£3,863
AWPU KS4		£4,278.25		£4,386		£4,332		£4,386
Free School Meals (FSM)	£0	£0	£440	£440	£151.50	£93	£151.50	£440
Free School Meals - Ever 6	£237.25	£299.83	£540	£785	£388.50	£542	£388.50	£785
IDACI Band F	£0	£0	£200	£290	£0	£0	£0	£290
IDACI Band E	£0	£0	£240	£390	£140	£290	£140	£390
IDACI Band D	£785.03	£473.84	£360	£515	£460	£515	£460	£515
IDACI Band C	£1,100.38	£685.45	£390	£560	£785	£560	£785	£560
IDACI Band B	£1,415.72	£897.06	£420	£600	£1,100	£750	£1,100	£600
IDACI Band A	£1,731.07	£1,108.67	£575	£810	£1,415	£959.44	£1,415	£810
EAL	£359.45	£1,821.55	£515	£1,385	£515	£1,603	£515	£1,385
Prior Attainment	£740	£2,000	£1,050	£1,550	£1,050	£1,775	£1,050	£1,550
Lump Sum	£115,000	£139,150	£110,000	£110,000	£112,500	£125,000	£112,500	£110,000

Appendix 5 - Element 3 Top-Up Rates 2018-19
Special Schools

	Cliffdale	Harbour	Mary Rose	Redwood	Willows
	2018-19	2018-19	2018-19	2018-19	2018-19
	£	£	£	£	£
Band A	18,834	21,283	19,461	21,283	20,182
Band B	10,486	11,898	11,246	11,898	12,462
Band C	8,844	10,051	9,629	10,051	10,943
Band D	7,491	8,529	8,299	8,529	9,692
Band E	5,802	6,630	6,636	6,630	8,130
Band F	3,475	4,014	4,346	4,014	5,978
Band G	2,663	3,101	3,547	3,101	5,227
Band H	1,191	1,446	2,098	1,446	3,866
Core	5,500	8,500	8,500	3,800	9,600
Enhanced	9,700	11,200	11,200	9,000	12,400
Exceptional	18,800	21,200	19,400	18,800	20,100
Highly Exceptional	-	28,190	25,448 ⁵	-	-

Inclusion Centres

	2017-18	2018-19
	£	£
Devonshire Infant	1,934	1,934
Milton Park	8,476	8,476
Northern Parade Junior	0	0
Portsdown	1,934	1,934
Southsea Infant	2,731	2,731
Victory	1,934	1,934
Craneswater Annex	25,448	25,448 ³
St Edmunds	0	0
Trafalgar	0	0

Alternative Provision

	2017-18	2018-19
	£	£
Flying Bull	4,638	4,638
Harbour	8,000	8,000

⁵ Under review, report to be brought to February 2018 Schools Forum.

Appendix 6 - Changes to Pupil number for schools with Inclusion Centres

- 1.1. In previous years where schools have an inclusion centre, those pupils who are main registered at the school and attending the centre were deducted from the number on roll (NOR) and the school was paid for these pupils via the £10,000 per place funding they receive for the inclusion centre from the High Needs Block.
- 1.2. In 2018-19 the DfE have changed this process. From April 2018 pre-16 places at an inclusion centre occupied by pupils recorded on the school census as **sole** or **dual (main)** will be funded via the mainstream formula. Therefore the schools' NOR will not be adjusted in 2018-19 as they have been in previous years. The table below illustrates the change in pupil numbers where a school has a 12 place inclusion centre and 5 pupils are sole or dual (main) registered.

Number on roll adjustments for resourced unit	2017-18	2018-19
Total number on roll October census	200	200
Number of sole or dual (main) registered pupil attending the inclusion centre	5	5
NOR funded through the mainstream formula	195	200

Funding for inclusion centre pupils	2017-18	2018-19
Place funding (High Needs Block) @ £10,000 per place	£120,000	£70,000
Place funding sole or dual (main) pupils (High needs block) @ £6,000 per place	0	£30,000
Funding sole or dual (main) pupils (schools block) @ £4,000 per place provided as part of the schools' budget share.	0	£20,000
Total funding per place	£120,000	£120,000

- 1.3. The DfE has moved funding from the High Needs Block to the Schools Block to cover the funding of these sole or dual (main) registered pupils.
- 1.4. There are no changes to the way that Element 3 top-up funding is paid to inclusion centres in 2018-19.