

Title of meeting: Cabinet Member

Date of meeting: 16 January 2020

Subject: School Revenue Funding Arrangements 2020-21

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

Report by: Angela Mann, Finance Manager

Wards affected: All Wards

Key decision: No

Full Council decision: No

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## **1. Purpose of report**

1.1. The purpose of this report is to:

- a. seek approval for the final stage submission to the Education and Funding Skills Agency (ESFA) by the 21 January, of the 2020-21 mainstream school revenue funding pro-forma for the Primary and Secondary phases.
- b. inform the Cabinet Member of the progress towards the initial determination of the schools budget (including individual schools budgets) for 2020-21 and to seek the necessary approvals and endorsements required.

## **2. Recommendations**

It is recommended that the Cabinet Member:

- a. **Approve the proposed changes to the mainstream schools revenue funding formula as set out in section 7.**
- b. **Approve the school revenue funding pro-forma at Appendix 4 for submission to the ESFA on the 21 January 2020.**
- c. **Approve the budget to be held centrally for the payment of central licences negotiated nationally for all schools by the Secretary of State**

- d. Approve the implementation of the disapplication requests as set out in Section 8**
- e. Endorse the carry forward the final balance of the Schools Specific Contingency Fund from 2019-20 to 2020-21 to be used for the same purpose.**
- f. Endorse the Growth Fund criteria for 2020-21 and secondary values as set out in Section 7 and Appendix 5.**
- g. Endorse the budgets to be held centrally, specifically:**
  - Schools Forum**
  - Admissions**
  - Duties retained by the local authority for all schools.**

### **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. It is anticipated that updated School and Early Years Finance (England) Regulations will require each local authority, by no later than 29<sup>th</sup> February 2020, to:
  - a. Make an initial determination of its schools budget; and
  - b. Give notice of that determination to the governing bodies of the schools which it maintains.
- 3.1. This section outlines the progress to date in agreeing the School Funding Arrangements for 2020-21.
- 3.2. In May 2019 the authority consulted with schools regarding the direction of travel for the 2020-21 schools funding arrangements. This initial consultation was held without the benefit of any operational guidance issued by the Department for Education (DfE).
- 3.3. In the May consultation schools were asked for their feedback regarding the following proposals for the financial year 2020-21:
  - Moving primary schools to the national funding formula
  - Continuing to use the minimum pupil level as set by the DfE
  - Setting the minimum funding guarantee at zero percent
  - Consider the potential transfer of up to 0.5% from the Schools Block to the High Needs Block.
- 3.4. The results of the consultation were taken to Schools Forum and Cabinet Member, in July 2019 and they indicated that schools were broadly in

favour of the proposals. However due to the lack of guidance from the DfE, Schools Forum and the Cabinet Member for Education were not asked to approve any specific recommendations. Instead they endorsed the proposal for the authority to develop the indicative Dedicated School Grant (DSG) budget for 2020-21 using the latest information on Special Educational Needs and Disabilities (SEND), and would consult further with schools in the autumn term.

- 3.5. In the absence of guidance, the authority prepared a consultation with schools which provided detail on the anticipated high needs pressures and implications on the mainstream budgets.
- 3.6. On 3 September the Government announced additional funding nationally for mainstream schools and for pupils with SEND. The announcements for Education funding showed a year on year growth over a three year period, £2.6bn for 2020-21, £4.8bn for 2021-22 and £7.1bn for 2022-23. This included an additional £780m for High Needs in 2020-21 to support children with special educational needs and disabilities (SEND). Whilst further detail was released on 9 September, the impact on the funding received by Portsmouth was not clear.
- 3.7. The announcements also set out the Governments proposal to move all schools on to a hard national funding formula in the future along with the intention to implement mandatory minimum per pupil funding levels from 2020-21.
- 3.8. The authority decided to publish the consultation with schools on the morning of 12 September 2019, which closed on 30 September 2019. Following the closure of the consultation the DfE released the indicative 2020-21 DSG funding<sup>1</sup> for Portsmouth, along with details of the 2020-21 provisional National Funding Formula (NFF) factor funding values. As the results of the consultation with schools (Appendix 1) were inconclusive and the increase in funding was significant it was agreed to further engage with schools through two briefing sessions held on 22 and 23 of October. The briefing sessions updated schools on the expected funding for 2020-21 and the long term pressures on the high needs block, highlighting the authority's intention to work with schools to ensure pupils were supported within an inclusive environment and within the resources available. The consultation was re-opened until 25 October and schools were provided with an indicative budget share based on the new NFF factor values and an increased Minimum Funding Guarantee (MFG) of +1.84% per pupil on 31 October.
- 3.9. The results of the of the consultation along with proposals for the 2020-21 formula were taken to Schools Forum on 17 December 2019 and Schools Forum endorsed the following proposals:

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<sup>1</sup> Based on October 2018 census data.

- a. To implement the National Funding Formula (NFF) for primary schools
  - b. To implement a minimum funding guarantee of between plus 0.5% and plus 1.84%
  - c. To retain the Schools Block at its given value i.e. no transfer to the High Needs Block.
  - d. To calculate initial funding allocations in accordance with unit values as shown in the tables at Appendix 3.
  - e. To adopt the Minimum Funding Levels (MFLs) as recommended by the Department for Education (DfE).
  - f. In addition, two disapplication requests, submitted to, and subsequently approved by, the ESFA, were agreed as being appropriate.
- 3.10. This report is intended to provide Cabinet Member with an overview of the main changes highlighted in the operational guide and of the results of the autumn consultation, school briefing sessions, the progress being made towards agreeing the Schools Funding arrangements locally for the financial year 2020-21 and seeks agreement regarding the mainstream funding formula for 2020-21 along with the growth fund criteria and central schools services funding.

#### **4. Financial Context and Strategic Direction**

- 4.1. As in previous years, the pressures on the High Needs budget 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, most noticeably on out of city placements and the Element 3 top-up funding paid to mainstream schools.
- 4.2. Financial modelling of the pressures identified that if the High Needs pressures continued to grow at the same percentage rates as in recent years the authority would be experiencing a £2m gap in high needs funding compared to 2019-20 funding, which could have to be met through the use of the schools block.
- 4.3. Whilst the increase in funding (set out in paragraph 3.6) for the following three financial years has been announced, how the funding will be allocated and the proportion that will directed to high needs has only been confirmed for 2020-21. The authority will continue to work with schools to ensure a move to a more inclusive city ensuring that the high needs funding is focused where it can make the greatest impact whilst remaining within the resources available.
- 4.4. The strategic direction, as set out in the SEND Strategy, remains a commitment to promote inclusion and improve the outcomes for children and young people aged 0-25 with SEND. In order to do this, we aim to ensure that there are in place a continuum of high quality support services that contribute towards removing barriers to achievement and

that children and young people's special educational needs are identified early so that a high quality and co-ordinated offer of support can be put in place.

- 4.5. The SEND Strategy states that we aim to ensure a continuum of high quality educational provision is in place so that children and young people with SEND can attend a local mainstream nursery, school or college wherever possible.
- 4.6. This means that we need to ensure mainstream providers have the resources, skills and competence to meet the needs of a wide range of children and young people with SEND. In addition, we want to commission high quality specialist provision so that children and young people can be successfully educated within the city.
- 4.7. In 2017/18 Portsmouth and Southampton City Councils undertook a joint SEND Strategic Review. A summary of the key findings that are pertinent to this paper are set out below :
  - The number of EHCPs will increase, at a minimum, in line with population increases and increases in prevalence, but potentially also as a result of increased expectations and demand.
  - This increase is expected to be **most significant in the numbers of children with severe learning difficulties and complex** needs which has already put pressure on special school places.
  - The **need and demand for Special School places is predicted to increase** year on year due to increasing numbers of children and young people with severe and complex needs and autism and the increase in age of statutory protection
  - The review identified that there are children currently in special schools whose needs could be met in an inclusion centre or mainstream school, but additional support and resources for mainstream schools would be needed to achieve this.
- 4.8. These predictions have been further refined and confirmed by the SEN Place Planning Strategy 2018-2024. In the light of this, an SEND accommodation review was commissioned in 2019 to: review existing accommodation; consider how to physically organise the SEND provision on a city wide basis; and identify the need for additional accommodation and / or reconfiguration of existing accommodation.
- 4.9. Key recommendations from the review included:
  - **Inclusion centres** - additional places should be created by extending the capacity of existing facilities (Trafalgar, Milton Park and Portsdown) subject to feasibility work; and that new inclusion provision is considered if future opportunities become available

- **Alternative / SEMH provision (AP)** - capacity at Flying Bull Inclusion Centre is increased to meet the growing need (and to consider an extension to Year 6 on the Flying Bull site); and consideration be given to supporting internal AP provision in secondary mainstream schools
- **Complex and Complex Plus** - a new 140 place school should be built on the former King Richard School (estimated cost of £20m); and that further work be undertaken to look at the commissioning of post 19 places

4.10. A second phase of work is now being undertaken building on these recommendations but looking at other alternatives in terms of the recommendation for a new special school due to the lack of capital funding available and taking into account the revenue implications and the increased pressure that would be placed on the High Needs Block of the DSG if a special school were to be built. The second phase of work is due to be completed later this year and will inform future capital works to support SEND places in the city.

## **5. Engagement with Schools**

- 5.1. The authority consulted with schools in May 2019 regarding the move to the use of the National Fair Funding (NFF) formula for primary schools which would then bring them in line with secondary schools. Schools and Schools Forum endorsed the move to a primary NFF subject to affordability and Section 7 sets out the mainstream schools funding arrangements for 2020-21.
- 5.2. Due to the continued growth in high needs pressures a further consultation was held in the autumn term. The consultation provided schools with an explanation of the current and 2020-21 forecast position, an indication of the amount of funding required to cover the pressure, and how much this would equate to per pupil if the funding should be transferred from the Schools Block to the High Needs Block. The consultation asked schools if they would support a transfer from the Schools Block to the High Needs Block and in light of the additional funding for SEND, their priorities as to how the additional resources should be used.
- 5.3. Following feedback from secondary schools that current funding methodology did not adequately support the secondary curriculum. The authority also took the opportunity to consult with schools regarding the increasing the growth fund budget to support basic need in the secondary sector.
- 5.4. Overall the authority received 30 responses to the consultation within the extended timescale, of which there were 29 (46.8%) schools, 20 Primary, six Secondary/all-through and three Special schools, in addition to the schools one Academy Trust responded separately to the schools in the

Trust. We received three responses from Multi Academy Trusts who responded on behalf of all schools in the Trust (a total of 14 schools), therefore their response has been counted according to the number of schools in the total numbers. A summary of the responses can be found in Appendix 1, a number of schools took the time to provide comments as part of their response and these were shared in full with Schools Forum on 17 December. A copy of these comments is available from the Children, Families and Education Finance team.

- 5.5. Not all schools answered every question in the consultation which has led to some questions not totalling to 30 responses. Of the 30 Schools that responded to the consultation seven schools chose not to prioritise how the additional SEND funding should be utilised and eight schools either did not complete or partially completed the prioritisation of the growth fund options.
- 5.6. Whilst the results of the consultation were inconclusive and did not provide a clear direction of travel for the authority, they have provided useful feedback which will help to inform further discussions with schools over the coming year.
- 5.7. The high needs funding allocation for 2020-21 will be sufficient to fund the pressures for 2020-21 and the proposals will be brought to the February 2020 Decision Meeting.
- 5.8. Whilst schools were not supportive of increasing the value of the growth fund through reducing the funding to all schools, additional funding received as part of the 2020-21 funding allocation has enabled the authority to propose an increase which is detailed in Section 7 below.

## **6. Dedicated Schools Grant**

- 6.1. The determination of the 2020-21 Dedicated Schools Grant and Schools budgets is set out in Appendix 2.
- 6.2. On the 19 December 2019, the ESFA announced the Dedicated Schools Grant allocation for Portsmouth for 2020-21.
- 6.3. The overall DSG allocation includes the funding for both Maintained schools and Academies although Portsmouth City Council will only receive the funding for the Maintained schools as Academies receive this direct from the Education and Skills Funding Agency (ESFA).
- 6.4. In October 2019 the DfE released the indicative funding for 2020-21 based on the National Funding Formula and the October 2018 census data. The funding allocation has been updated for the October 2019 census and reflects the growth in pupil numbers seen both in mainstream schools and high needs settings across the city. The table below sets out the funding allocation for 2019-20 and the provisional funding

allocation for 2020-21. Confirming that Portsmouth's allocation of the £2.6bn additional funding equates to £11.5m.

<b>Table 1 DSG funding blocks 2019-20 and 2020-21</b>				
<b>Block funding</b>	<b>2019-20<sup>2</sup></b>	<b>2020-21</b>	<b>Variance</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
Schools Block	116,084,679	123,752,614	7,667,935	7%
Central School Services Block	825,483	856,419	30,936	4%
High Needs Block	21,174,134	24,759,016	3,584,882	17%
Early Years Block	14,175,471	14,415,543	240,072	2%
<b>Total</b>	<b>152,259,767</b>	<b>163,783,592</b>	<b>11,523,825</b>	<b>8%</b>

- 6.5. The authority has explored the option of transferring funding from the Schools Block to the High Needs Block and consulted with schools. However as long as growth continues within the current projections, the increase in funding will enable the authority to manage the forecast pressures for 2020-21 within the High Needs Block funding and without recourse to the Schools Block. Section 4 sets out the strategy for working with schools over the coming years to manage the pressure on the High Needs Block, promote inclusion and improve the outcomes for children and young people 0-25 with SEND.
- 6.6. The amount expected to be received directly by Portsmouth City Council is £73.2m, 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. Table 2 below sets out the DSG funding allocation for 2020-21.

<b>Table 2: DSG indicative and actual funding allocation as at December 2019</b>				
<b>DSG Funding</b>	<b>2020-21</b>			
	<b>Indicative funding inc. Academies</b>	<b>Provisional funding inc. Academies</b>	<b>Academy impact</b>	<b>Provisional exc. Academies</b>
	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>	<b>£,000</b>
Schools Block	120,706	123,753	(82,808)	40,945
Central School Services Block	841	856	0	856
High Needs Block*	24,502	24,759	(7,585) <sup>3</sup>	17,174
Early Years Block**	14,399	14,416	0	14,416
<b>TOTAL</b>	<b>160,448</b>	<b>163,784</b>	<b>(90,393)</b>	<b>73,391</b>

\* This is a provisional allocation which will be updated later in the year for import/export.

\*\* This is a provisional allocation which will be updated later in the year; it reflects the January 2019 census.

<sup>2</sup> As at November 2019

<sup>3</sup> Assumes that the Harbour School will convert to academy status on 1 February 2020.



## **7. Schools Block - Mainstream School Revenue Funding Formula Changes 2019-20**

- 7.1. The Schools Block covers the mainstream (maintained and academy) schools individual budgets and the growth fund. The DfE has advised that the percentage increases to the Schools Block will be measured against the 2019-20 baseline funding to local authorities (previously increases were measured against the 2017-18 baseline).
- 7.2. The 2020-21 policy document on the Schools Block funding to the local authority will allow for:
- A 4% increase to the NFF pupil led factors (with the exception of the Free School Meals factor). The provisional NFF factor values for 2020-21 are listed in Appendix 4.
  - A 4% increase to the Lump sum.
  - Minimum per pupil funding levels of £3,750 for Primary, £4,800 key stage three pupils, £5,300 key stage four pupils (totals £5,000 for secondary pupils). The Primary level will rise to £4,000 by 2021-22.
  - A minimum increase of 1.84% on the per pupil funding provided in 2019-20
  - An increase of 1.84% to the Free School Meals factor
  - An increase to the PFI factor in line with the retail price index.
  - They will remove the cap from local authority funding allocation (local authorities still have the ability to set a local cap on gains). Portsmouth currently does not implement the cap
  - There is no change to the methodology of funding Growth for local authorities, but the funding values will be increased by 4%
  - The teachers' pay grant and teachers' pension employer contributions grant will continue to be paid separately to the NFF for 2020-21.
- 7.3. It should be clarified that the above changes relate to the calculation of the schools block as a whole.
- 7.4. At the December 2019 meeting Schools Forum endorsed the mainstream formula factors and proposed unit values to be used in the 2020-21 school revenue funding formula, which followed on from consultation with schools in the summer term and autumn terms 2019.
- 7.5. For 2020-21 both primary and secondary mainstream schools will be funded using the NFF.
- 7.6. Analysis of the schools block allocation received by the authority has identified that the calculation of the NFF for all Portsmouth Schools has provided more funding than expected. This is due to a change in pupil characteristics and the inclusion of mobility factor funding due to a change in calculation methodology by the DfE. This combined with the

move to all schools to the NFF has allowed the authority greater flexibility to maximise the funding provided to mainstream schools in 2020-21.

- 7.7. The final proposed funding pro-forma for 2020-21 is attached at Appendix 4. The paragraphs below set out the proposed changes to the funding formula and their impact.

#### Minimum funding level per pupil

- 7.8. The mandatory minimum per pupil funding has been applied to both the primary and secondary formulae. This ensures that for each pupil the school will get at least the minimum rate per pupil.

<b>Table 3 Minimum funding level per pupil</b>		
<b>Phase</b>	<b>MFL 2020-21</b>	<b>MFL 2020-21</b>
Primary	£3,500	£3,750
Secondary	£4,800	£5,000
All-through	£4,042 <sup>4</sup>	£4,271 <sup>5</sup>
KS4 only schools	£5,100	£5,300

- 7.9. Following the application of the above rates a total of 4 primary schools received additional funding under the minimum per pupil funding.

#### Minimum Funding Guarantee (MFG)

- 7.10. In October 2019 the Secretary of State confirmed that the national funding formula would provide for a 1.84% per pupil increase in respect of each school between its 2019-20 baseline and 2020-21. An allocation was included in the schools block funding to the council for 2020-21 to accommodate this protection. The DfE has confirmed that local authorities should set a positive MFG of between plus 0.5% and plus 1.84%.

- 7.11. The authority has applied a positive MFG of 1.84% per pupil for 2020-21 11 primary and 2 secondary schools will receive additional funding.

#### Area Cost Adjustment (ACA)

- 7.12. The authority's Schools Block funding allocation includes an area cost of adjustment which provides an uplift on the NFF formula factors of 1.01416 percent. In previous years due to the transitioning of the primary schools the funding provided as part of the ACA has been used to smooth the impact of the primary transition. For 2020-21 with all mainstream schools being funded on the NFF the authority has applied

<sup>4</sup> It should be noted that this value is based on 6 primary and 5 secondary year groups.

<sup>5</sup> It should be noted that this value is based on 7 primary and 5 secondary year groups.

the ACA uplift to the NFF factor values provided by the DfE to both primary and secondary schools. Appendix 3 sets out the NFF factor values and the values to be paid to schools in 2020-21.

#### Secondary schools

- 7.13. Secondary schools continue to be funded on the NFF unit values plus the ACA for 2020-21. Details are shown in Appendix 3.

#### Primary schools

- 7.14. The authority has implemented the NFF formula values plus the ACA for the 2020-21 primary mainstream funding formula. Details are shown in Appendix 3

#### Mobility

- 7.15. The mobility factor of the NFF has historically not been used by Portsmouth, additionally the DfE did not have a consistent basis of allocating funding due to the unreliability of the underlying data. This has meant that the NFF funding received by the authority in previous years did not include mobility funding.
- 7.16. For 2020-21 the DfE have used a formula to calculate the impact of mobility on schools nationally. The formula tracks individual pupils through censuses from the past three years and looks to see if the first record of a pupil is on either the spring or summer census, if they are, then the pupil is considered a mobile pupil. If the proportion of mobile pupils attending a school is above 6% the DfE allocates a per pupil amount to all pupils above the 6% value.
- 7.17. The use of this new methodology has provided additional funding to the authority, whilst this is still an optional factor, the use of the new funding methodology and the government's commitment to implementing a hard national funding formula would indicate that schools will receive funding through this factor in the future. Through implementing the factor the authority is able to pass additional funding to those schools where the number of mobile pupils is above the 6% baseline (16 primary and 4 secondary) providing an additional £114,936 to schools.
- 7.18. It is therefore proposed to implement this factor for 2020-21 as set out in Appendix 3.

#### Rates

- 7.19. In setting schools budgets for 2020-21, 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

has decreased for 2020-21 due to a number of properties being revalued and transitional reliefs. Schools are funded for NNDR on an actual basis and the decrease in the funding requirement for 2020-21 amounts to £210,000.

#### Lump Sum

- 7.20. After applying the NFF values plus the area cost adjustment, the minimum per pupil funding, a positive MFG of plus 1.84% and the new mobility factor the authority had a surplus of schools block funding.
- 7.21. The authority has reviewed how best to utilise the remaining funding in a method that maximises the funding to schools in a fair and consistent manner but minimises any impact on the minimum funding guarantee in future years. As the lump sum value is deducted from both sides of the MFG calculation to ensure the comparison of the per pupil values are on a like for like basis, it is proposed to increase the lump sum paid to both primary and secondary schools from £116,020 (NFF value plus the area cost adjustment) to £136,770.

#### Financial cap on gains

- 7.22. No financial cap on gains has been imposed, which continues to allow all gaining schools to benefit fully from the move to the NFF.

#### Growth Fund

- 7.23. The current Growth Fund provides additional funding to support schools who have seen an increase in Published Admission Numbers (PAN) to support basic need in the City. This is based on a national formula on a lagged basis, which may or may not reflect Portsmouth's needs for the coming year (see Table 4 below). The local criteria for distributing this was consulted and endorsed by Schools Forum in the spring 2019 and approved by Cabinet Member in July 2019 for implementation from September 2019.

<b>Table 4 - Growth funding per pupil rates</b>		
	<b>2019-20 rates</b>	<b>2020-21 rates</b>
	<b>£</b>	<b>£</b>
Primary growth pupil	1,370	1,425
Secondary growth pupil	2,050	2,130
New school	65,000	67,600

- 7.24. The current primary funding rate is a lump sum based on the costs of a classroom teacher, plus a part time teaching assistant, contribution for educational equipment and an element for free school meals. The value is then multiplied by a factor of 1:1.34 for secondary settings to reflect the ratio of secondary funding compared to primary funding.

- 7.25. Whilst the current lump sum works for primary settings when the addition of a class has a more direct relationship to the requirement for an additional teacher. In secondary settings this is more complex due to the wider curriculum and the impact across a number of subjects.
- 7.26. Whilst the authority recognises the curriculum pressure in secondary schools, growth funding received by the authority is calculated at £2,130 per secondary pupil but is funding the equivalent of £2,660 per pupil. This has been affordable as the rest of the national formula has been more generous, but this could change in the future because the methodology used by the DfE to calculate Growth may not be consistent with where the actual growth occurs. For example growth in one school may be netted off by a reduction in other schools within the same area. Funding is predicted to reduce in future years in line with a forecast decrease in the primary population. To provide surety of funding for those schools undergoing growth in pupil numbers, the authority needs to ensure the long term sustainability of the Growth Fund in the context of a declining school population.
- 7.27. Following the receipt of the 2020-21 indicative funding allocation the authority notified schools that they would review the funding provided to secondary schools to see if it was possible to bring the value of the lump sum closer to the key stage three per pupil entitlement factor (£4,075).
- 7.28. The 2020-21 growth allocation within the Schools Block funding has provided funding of £1.3m. Of this a proportion has been used to support the implicit growth in primary pupil numbers in September 2020 at Mayfield funded through the School Budget Share.
- 7.29. The authority has financially modelled the expected future growth funding using the planned secondary school expansion programme to inform potential funding in 2021-22 onwards. To support the Growth funding received under the formula the authority also receives funding to cover the 5 month period (April to August) for academy schools in receipt of Growth funding, this is based on the growth funding by the authority to the eligible schools.
- 7.30. The "Schools revenue funding 2020 to 2021, Operational guide" and the subsequent government response to the "Implementing mandatory minimum per pupil funding levels" consultation clarify that the government expects all schools to receive at least the minimum funding levels per pupil. To ensure consistency with the mainstream formula it is therefore proposed to increase the secondary Growth funding lump sum to reflect the key stage 3 minimum funding level of £4,800 per pupil, this would equate to a lump £144,000 for a class of 30 pupils for a full academic year. This is £2,670 more per pupil than the amount funded through the growth formula.

- 7.31. For 2020-21 this provides an overall Growth Fund of £1.4m which covers the cost of all schools currently in receipt of Growth Funding, plus a contingency of £84,000 should there be an unexpected bulge year or should one of the current maintained schools receiving Growth funding decide to convert to academy status. This will provide a potential surplus within the 2020-21 growth fund. It is proposed to roll this surplus forward at the end of 2020-21 to support a potential deficit position in 2021-22. However as the roll forward of growth fund balances, could include the roll forward of a deficit balance, that would need to be recovered further consultation with schools is required and it is proposed that this is undertaken in the Spring 2020. Even with the roll forward of surplus balances there is a risk that the growth fund balance will go into deficit in 2024-25.

## **8. Disapplication requests**

- 8.1. Each year, local authorities can submit disapplication requests to the ESFA, where strict adherence to the legislation as set out in the School and Early Years Finance (England) regulations (as amended each year), would generate perverse results for specific schools. The authority submitted two disapplication requests by the deadline of 11 October 2019 in respect of the operation of the minimum funding guarantee (MFG), as set out in the following paragraphs.
- 8.2. **Charter Academy:** Charter has historically enjoyed a high level of MFG protection, which dates back many years and was caused by a sudden and significant drop in pupils. The local formula at that time, in common with most other local formulae, provided "real term protection", which ensured that a school would receive at least 95% of the previous year's funding in cash terms. This funding was subsequently locked in by the MFG, which provides protection on a per pupil basis. As the pupil numbers at Charter have increased, so the MFG protection has grown.
- 8.3. Capital investment for Charter is needed to increase the capacity of the school to meet basic need; however the local authority could not sanction the capital investment if the increase in capacity would also increase the level of MFG support. The local authority has agreed a compromise with Charter, whereby only 600 pupils (2018-19 capacity) would continue to receive MFG protection and any new pupils above that level will receive appropriate pupil-led funding for that school, i.e. basic entitlement, deprivation, prior attainment funding etc. Official approval to this agreement has now been received from the DfE, but needs to be applied for annually.
- 8.4. **Mayfield School:** Mayfield is continuing to open new primary year groups as it moves towards becoming an all-through school. The MFG, in its pure form, uses the average per pupil funding from the previous year

as a baseline to calculate any protection due. Whilst the school is growing, the per-pupil average is skewed towards the existing secondary provision, which means that any additional primary age pupils would be artificially protected at the "whole school" rate. We have therefore requested that the MFG is amended to ensure that the school is funded appropriately for the age profile of its pupils. This is expected to be the final year of this request as the primary school is expected to have all years full from September 2020.

- 8.5. The authority received approval to dis-apply the regulations for 2020-21 for both of the above disapplication requests on 29 October 2019.

## **9. Central Schools Services Block**

- 9.1. The Central Schools Services Block (CSSB) has seen a small increase in the per pupil funding value from £32.84 to £33.48 in addition to the increase due to pupil numbers.
- 9.2. The EFSA 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);
  - 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).
- 9.3. These licences are funded centrally and for 2020-21 the budget provision has been set at £123,800, a decrease of around £2,300, which is expected to meet the central charges from the DfE for the financial year.
- 9.4. Other proposed budget increases in the CSSB are £26,500 for the Admissions Service, reflecting the increase in the cost of the salaries, and £6,700 for the Education Support Grant retained duties, reflecting the increase in the number of pupils in the City.
- 9.5. It is proposed that the Schools Forum budget will remain at the same value as in previous years.
- 9.6. The overall budgeted expenditure within the CSSB is £856,400, which matches the authority's funding allocation for 2020-21.

## 10. Early Years

10.1. On the 31 October the DfE issued the hourly funding rates for 2, 3 & 4 year olds for 2020-21. This is expected to provide Portsmouth with an additional £0.2m funding to the early years block. The table below sets out the hourly funding rates for 2019-20 and 2020-21.

<b>Table 5 Early Years Block funding Two, Three and Four Year old hourly rates</b>			
	<b>2019-20</b>	<b>2020-21</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Two year olds	5.43	5.51	0.08
Three and four year olds	4.69	4.77	0.08

10.2. The authority is currently out to consultation with early years settings regarding the additional funding and a proposal will be brought back to Schools Forum and Cabinet Member at the February 2020 meeting.

## 11. High Needs

11.1. For 2019-20 the authority was able to set a balanced budget due to the additional funding announced in December 2018. However as the financial year has progressed the high needs pressures have continued to grow, showing forecast expenditure at £805,000 above the funding available (as at September 2019).

11.2. In December 2019 the initial high needs block allocation is indicating an increase in High needs funding of approximately £3.6m. Although following the receipt of the import/export adjustment in July 2020 this is expected to decrease to £3.4m.

11.3. At the time of writing this report there are a number discussions in progress regarding the high needs budgets, including Inclusion Centre and Special School places, Solent Academies Trust Top-up values and proposals to support inclusion in mainstream schools. The proposed High Needs Block budget will be brought to the February Schools Forum.

## 12. Dedicated Schools Grant Balances

12.1. Current modelling suggests that the final carry forward balance from 2019-20 will be in the region of £2.5m. This includes the schools specific contingency of £141,800 which it is proposed is carried forward, to be used for the same purpose in 2020-21.



- 12.2. Any residual balance carried forward would be a one-off funding source and therefore should be used to support one-off expenditure items rather than recurrent expenditure.
- 12.3. The impact of the above proposals on the brought forward balance is set out in Table 5 below.

<b>Table 5 - Estimated 2019-20 brought forward</b>	<b>£m</b>
Estimated brought forward from 2019-20	2.500
Schools specific contingency (earmarked reserve)	(0.142)
<b>Estimated DSG reserves</b>	<b>2.358</b>

- 12.4. It is prudent to retain a healthy carry forward balance to support the potential financial risks and pressures arising in 2020-21. The potential balance will be around 1.9% of the total DSG funding for 2020-21, placing the authority potentially at risk of being unable to cover any unexpected cost pressures during 2020-21. The additional funding allocation, should help to improve the on-going sustainability of the high needs elements of the budget and this will be closely monitored and reported during 2020-21.

### **13. Reasons for recommendations**

- 13.1. The recommendations within this report seek to allocate DSG resources appropriately and fairly, to provide the best possible outcomes for pupils in the City. They are consistent with the requirements that are anticipated will be contained within the School and Early Years Finance (England) Regulations. It is expected that Local Authorities will be required to make an initial determination of their schools' budget no later than the 29th February 2020.

### **14. Equality impact assessment (EIA)**

- 14.1. This report and the proposals within form part of, and are consistent with, the national implementation of the schools and high needs national funding formula as directed by the Department of Education.
- 14.2. The DfE has conducted a full Equality Impact Assessment which can be found on their website<sup>6</sup>. The funding system does not seek to target funding by reference to particular protected characteristics under the Equality Act 2010, but instead targets funding to those groups which the evidence demonstrates face barriers to their educational achievement.

<sup>6</sup> <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs-equalities-impact-assessment>

## 15. Legal comments

15.1. Although at the time of preparing this report these are yet to be published by central government, it is anticipated that updated School and Early Years Finance (England) Regulations will require local authorities to make an initial determination of their Schools Budget by the 29th February 2020. The recommendations in this report have regards to officers understanding of the requirements to be contained in those updated regulations and in particular identify elements of the proposals in respect of which Cabinet Member specific approval or endorsement is required.

## 16. Head of Finance comments

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

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

### Appendices:

Appendix 1 - Autumn consultation 2020-21 results

Appendix 2 - Dedicated Schools Grant, Schools Block and Central Schools Services Block 2020-21

Appendix 3 - Funding formula factor rates 2020-21

Appendix 4 - School funding pro forma 2020-21

Appendix 5 - Growth Funding Criteria 2020-21

### 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 2020 to 2021 - operational guide (updated December 2019)	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831848/Schools_operational_guide_2020_to_2021.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/831848/Schools_operational_guide_2020_to_2021.pdf</a>
Schools Block national funding formula: technical note (October 2019)	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/844007/2020-21_NFF_schools_block_technical_note.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/844007/2020-21_NFF_schools_block_technical_note.pdf</a>
High Needs funding 2020 to 2021 operational guide (updated October 2019)	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/837971/Operational_guide.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/837971/Operational_guide.pdf</a>
The School and Early Years Finance (England) Regulations	<a href="http://www.legislation.gov.uk">www.legislation.gov.uk</a>
School revenue funding working	Children, Families and Education Finance

<b>Title of document</b>	<b>Location</b>
papers	Team
Schools Funding Arrangements Autumn Consultation 2020-21	Children, Families and Education Finance Team

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

.....  
Signed by:

## Appendix 1: 2020-21 School Funding Formula Stage 2 Consultation - Results

<b>High Needs Funding Proposals</b>			
<b>Mainstream Education Health and Care plans</b>			
1	Do you agree with the proposal to move to a banded funding system for pupils in mainstream schools with an EHCP as set out in section 3.4 from 1 September 2020?	Y = 11	N = 17
2	Agree to support the provision of EHCP in mainstream schools by transferring funding from the Schools Block to the High Needs Block through:		
	<ul style="list-style-type: none"> <li>Using a minus -0.58% MFG adjustment at a cost of approximately £21.70 per pupil to provide £547,200 of funding to enable the continuation of an un-banded mainstream funding approach. Option 1 on Table 19 and Table B. Or:</li> </ul>	Y=0	N=19
	<ul style="list-style-type: none"> <li>Using a minus -0.33% MFG adjustment at a cost of approximately £12.42 per pupil to provide £308,700 of funding to enable the implementation of a banded mainstream funding approach Option 1a on Table 19 and Table B.</li> </ul>	Y=18	N=10
<b>Independent Specialist Provision</b>			
3	Do you support the provision of education to pupils with highly complex needs at independent specialist provision through using a minus -0.30% MFG adjustment at a cost of £11.30 per pupil to transfer £284,100 of funding from the Schools Block to the High Needs Block. Option 2 in Table 19 and Table B.	Y=2	N=23
<b>Special Schools - Element 3 Top-up</b>			
4	Do you support the transfer of £694,700 from the Schools Block to the High Needs Block through the use of a minus - 0.75% MFG adjustment at a cost of approximately £27.76 per pupil? To fund the additional Element 3 Top-up costs due to the increased numbers and needs of pupils in special schools. Option 3 in Table 19 and on Table B.	Y=4	N=24
<b>Solent Academies Trust - Element 3 Top-up</b>			
5	Do you support the introduction of single banding funding rates which reflect the level of need of the child rather than the location of the child across the special schools within the Solent Academies Trust? By either :		
	<ul style="list-style-type: none"> <li>Using a weighted based on the current top-up values and at no extra cost to the authority. (Section 3.7.4 b) Or:</li> </ul>	Y=19	N=12
	<ul style="list-style-type: none"> <li>Increasing the funding to the Trust by developing a new banded system based on the current costs of the Trust. By transferring £335,300 from the Schools Block to the High Needs Block through the use of the minus -0.35% MFG at a cost of</li> </ul>	Y=3	N=25



	approximately £13.18 per pupil. Option 4c in Table 19 and on Table B. Or:		
	<ul style="list-style-type: none"> <li>Increasing the funding to the Trust by developing a new banded system based on the Mary Rose Academy rates. By transferring £594,800 from the Schools Block to the High Needs Block through the use of the minus -0.63% MFG at a cost of approximately £23.48 per pupil. Option 4d in Table 19 and on Table B.</li> </ul>	Y=3	N=25
<b>Special Schools - Place funding</b>			
6	Do you support the transfer of £81,600 from the Schools Block to the High Needs Block through the use of a minus - 0.09% MFG at a cost of approximately £3.39 per pupil? Option 5 in Table 19 and Table B.	Y=6	N=18
<b>Post 16 Colleges</b>			
7	Do you support the transfer of £152,600 from the Schools Block to the High Needs Block through the use of a minus - 0.16% MFG at a cost of approximately £6.02 per pupil? Option 6 in Table 19 and Table B.	Y=3	N=25
<b>Transfer from the Early Years Block</b>			
8	Do you support the transfer of £58,500 from the early years block to the High Needs Block through the reduction of the centrally retained funding as set out in Tables 11 and 12?	Y=18	N=8

<b>Schools Block proposals</b>			
<b>Growth funding - Secondary Schools</b>			
9	Which of the following proposals relating to changes to the Secondary lump sum payment of the growth fund do you support? Please rank in order of preference with 1 being your preferred choice and 4 being your least preferred choice.		
		Average score	Priority
	1. Do nothing, maintain current funding rate of £79,800 lump sum (section 4.2.2 1). Or:	2.00	1
	2. Use the basic per pupil entitlement to increase the lump sum to £115,900 and fund by using a minus -0.15% MFG at a cost of £5.65 per pupil (section 4.2.2 2). Or:	2.45	3
	3. Use an average per pupil rate to provide a secondary lump sum of £153,900 and fund by using a minus -0.34% MFG at a cost of £12.80 per pupil (section 4.2.2 3). Or:	2.73	4
	4. Increase the lump sum to £84,000, which remains within the affordability of the budget (section 4.2.2 4).	2.18	2

<b>Prioritisation of additional funding</b>		
To help us focus the additional funding on those areas which reflect the priorities of the Schools in the City please put a number against each of the options below, with 1 being the most important and where the additional funding should be used first and 13 being the least important.		
Options	Average score	Priority
Pupils at Mainstreams schools with EHCP - no banding	4.64	3
Pupils at Mainstreams schools with EHCP - with banding	2.50	1
Pupils in specialist independent provision (Out of City)	6.78	8
Special schools Element 3 Top-up (increased numbers and complexity)	8.10	10
Solent Academies Trust - Trust wide banding rates to reflect the needs of the child rather than the location - based on current banding rates	6.89	9
Solent Academies Trust - Trust wide banding rates to reflect the needs of the child rather than the location - based on increased banding rates	10.10	12
Solent Academies Trust - Trust wide banding rates to reflect the needs of the child rather than the location - based on Mary Rose banding rates	11.80	13
Additional special school places	4.45	2
Post 16 colleges additional places and associated Element 3 top-up	9.30	11
Early years complex needs inclusion fund	5.70	4
Growth funding - Secondary unit rate of £115,900 (funded by any increase in the school block)	5.70	4
Growth funding - Secondary unit rate of £153,900 (funded by any increase in the school block)	6.20	6
Growth funding - Secondary unit rate of £84,000 (funded by any increase in the school block)	6.44	7

## Appendix 2 - Dedicated Schools Grant Original Budget 2020-21 (Schools Block and Central School Services Block)

	Approved 2019-20 Budget July 2019 (Inc. Academies)	Proposed Budget Revisions	2020-21 Schools Budget Jan 2020 (Inc. Academies)	2020-21 Schools Budget Jan 2020 (Exc. Academies)
	£000	£000	£000	£000
<b>Schools Block</b>				
<b>Individual Schools Budgets (ISB)</b>				
Primary	65,978	2,041	68,019	27,302
Secondary	49,453	5,181	54,634	12,543
<b>Total ISB</b>	<b>115,431</b>	<b>7,221</b>	<b>122,653</b>	<b>39,845</b>
<b>De-Delegated and Central Budgets</b>				
Growth Fund	754	649	1,403	1,403
De-delegated Budgets	142	(142)	0	0
Academy Conversions	25	(25)	0	0
<b>Other Schools Block Sub Total</b>	<b>921</b>	<b>482</b>	<b>1,403</b>	<b>1,403</b>
<b>Total Schools Block</b>	<b>116,352</b>	<b>7,703</b>	<b>124,056</b>	<b>41,248</b>
<b>Central School Services Block</b>				
Schools Forum	16	0	16	16
Admissions	307	26	333	333
Licences (negotiated by DfE)	126	(2)	124	124
ESG retained duties	377	7	384	384
<b>Central School Services Block Total</b>	<b>826</b>	<b>31</b>	<b>856</b>	<b>856</b>
<b>Total Expenditure</b>	<b>117,178</b>	<b>7,734</b>	<b>124,912</b>	<b>42,104</b>
<b>Income</b>				
Schools Block	(116,085)	(7,668)	(123,753)	(40,945)
Central Schools Services Block	(826)	(31)	(856)	(856)
DSG Income <sup>2</sup>	<b>(116,911)</b>	<b>(7,699)</b>	<b>(124,609)</b>	<b>(41,801)</b>
One-off use of Carry Forward <sup>1</sup>	(142)	142	0	0
Academy conversions <sup>3</sup>	(126)	(178)	(303)	(303)
<b>Total Income</b>	<b>(117,178)</b>	<b>(7,735)</b>	<b>(124,913)</b>	<b>(42,104)</b>

<sup>1</sup> Schools specific contingency

<sup>2</sup>2020-21 per ESFA allocations 19th December 2019

<sup>3</sup> Includes reimbursement of Growth funding for Academy schools

Calculations are rounded to the nearest thousand therefore some columns may not add up to the total amount.

### Appendix 3 - Formula Factor Funding rates 2020-21

**Table A - Primary Factor funding rates**

	PCC 2019-20 Rate	19/20 NFF Rate	PCC Consultation Proposed 2020-21(NFF) Rate	PCC Final proposed 2020-21 funding factor rates (NFF plus Area Cost Adjustment) <sup>7</sup>
Factor	Primary	Primary	Primary	Primary
Minimum per pupil funding level	£3,500	£3,500	£3,750	£3,750
AWPU (Primary)	£2,782	£2,747	£2,857	£2,897
Free School Meals (FSM)	£440	£440	£450	£456
Free School Meals - Ever 6	£540	£540	£560	£568
IDACI Band F	£200	£200	£210	£213
IDACI Band E	£240	£240	£250	£254
IDACI Band D	£390	£360	£375	£380
IDACI Band C	£560	£390	£405	£411
IDACI Band B	£715	£420	£435	£441
IDACI Band A	£950	£575	£600	£609
EAL	£515	£515	£535	£543
Mobility	0	0	£875	£887
Prior Attainment	£1,050	£1,022	£1,065	£1,080
Lump Sum	£110,000	£110,000	£114,400	£136,770

**Table B - Secondary Factor funding rates**

	PCC 2019-20 (NFF) Rate	2020-21 (NFF) Rate	PCC Final proposed 2020-21 funding factor rates (NFF plus Area Cost Adjustment) <sup>8</sup>
Factor	Secondary	Secondary	Secondary
Minimum per pupil funding level	£4,600	£5,000	£5,000
AWPU KS3	£3,863	£4,018	£4,075
AWPU KS4	£4,386	£4,561	£4,626
Free School Meals (FSM)	£440	£450	£456
Free School Meals - Ever 6	£785	£815	£827
IDACI Band F	£290	£300	£304
IDACI Band E	£390	£405	£411
IDACI Band D	£515	£535	£543
IDACI Band C	£560	£580	£588
IDACI Band B	£600	£625	£634
IDACI Band A	£810	£840	£852
EAL	£1,385	£1,440	£1,460
Mobility	0	£1,250	£1,268
Prior Attainment	£1,550	£1,610	£1,633
Lump Sum	£110,000	£114,400	£136,770

<sup>7</sup> Values are rounded to the nearest £1.00.

<sup>8</sup> Values are rounded to the nearest £1.00.



**Appendix 4: 2020-21 school Funding Proforma (see separate document)**

## Appendix 5: Growth funding criteria 2020-21

Centrally held funds to support Primary and Secondary Schools in 2020-21

Exceptional Growth Fund

**Applies to:** Maintained schools and Academies

### Increasing Published Admission Number

Funding additional to the budget share will be allocated to schools that experience a planned increase in the Published Admission Number (PAN). The criteria (see below) to determine whether a school is eligible for funding for growth was agreed at schools forum in January 2020 for implementation from April 2020.

#### Criteria

*Growth funding will be allocated to schools who meet the following criteria:*

- *Funding will only be allocated when the growth (either permanently or as a bulge class) meets the basic need requirement of the local authority and the school is increasing both its Published Admission Number (PAN) and its planned intake of pupils in the current financial year (1 April to 31 March).*
- *And - The Deputy Director of Education formally approves to increase the capacity of a school.*
- *<sup>1</sup>And - The planned growth in pupil numbers is a multiple of a complete half form entry, where a half form entry is equal to 15 pupils.*

1. It is acknowledged that some form entries may be below the full form number of 30 pupils e.g. 28 pupils. In these instances numbers will be rounded to the nearest eligible entry level.

#### What the growth fund covers

The additional pupils joining a school in September will be included in the October census. The census data is used to calculate the funding for the following financial year; which maintained schools receive from April. Therefore the growth fund finances the "gap" for maintained schools from September to March.

Academies are funded through the same local formula as maintained schools but receive their funding on an academic year basis, rather than the financial year basis of maintained schools.

Therefore academies will not receive their formula funding based on the October census until the following September. The growth fund for academies finances the "gap" from September up to the following August. The additional 5 months funding

for academies is paid by the Local Authority and reimbursed by the Education and Skills Funding Agency.

## **Methodology**

The allocation from the growth fund to schools who meet the above criteria will be as follows:

The annual payment for approved growth for a full form entry of 30 pupils will be equal to a lump sum of £60,900 for Primary Schools and Academies and £144,000 for Secondary Schools and Academies.

Where a growth payment has been approved for a maintained or academy school the amount paid will be as follows:

### **Period September to March - maintained schools and academies**

Payments for the period September to March will equate to 7/12ths of the annual amount as follows:

- £35,525 - Primary schools and academies
- £84,000 - Secondary schools and academies

### **Period April to August - academies only**

Payments to academies for the period April to August will equate to 5/12ths of the annual amount as follows:

- £25,375 - Primary academies
- £60,000 - Secondary academies

Funding will be pro-rated for part form or multiples of full form entry, for example:

- The total sum above will be multiplied by 0.5 for a part form entry of 15 pupils
- For an increase of one and a half form entry (45 pupils) the total sum will be multiplied by 1.5
- Entry numbers falling under the half form or full form levels will be rounded to the nearest eligible entry level. Where form entries are less than 50% of the half form entry numbers these entries will not be eligible for growth funding.

A payment will be made for each year that the school is growing until the earliest of the following:

- The school reaches full capacity attributable to the increase in PAN approved by the Deputy Director of Education
- The Growth Fund criteria changes due to affordability
- There is a change in the funding formula as directed from the Education and Skills Funding Agency.

*No allocation will be made to a school or academy where the school or academy:*

- *Has surplus places and then takes additional children up to the PAN*
- *Admits over PAN at their own choice*
- *Admits extra pupils where those pupils have a reasonable alternative school place*
- *Increases the PAN of one year by reducing the PAN of another (e.g. increasing the PAN in year 7 by reducing the PAN in year 10)*
- *Is directed and/or requested to admit additional pupils as a result of errors, appeals, fair access protocol, SEN, LAC etc. as these numbers will be low on an individual school basis.*

*Funding will not be allocated from this fund to a school which has received additional funding in the year, through its budget share as a result of an agreed variation in its pupil numbers.*

**\*Example**

The maintained/academy primary school has been requested by the Local Authority to increase the PAN from a one and a half form entry (45 pupils) to a two form entry (60 pupils) from September 2020; this was approved by the Head of Sufficiency, Participation and Resources in October 2019.

Whilst the increase was agreed in 2019-20, the payment will be made in financial year 2020-21 as this is the year that the changes will come into effect.

The Increase in PAN is for half a form entry of 15 pupils therefore the payment will be pro-rated by 0.5.

For example the calculation would be: 7/12ths of £60,900 lump sum ( $£60,900/12 \times 7$ ) = £35,525

$£35,525 \times 0.5 = \textbf{£17,763 payment to the school.}$

For an academy school they will receive an additional payment to cover the period April 2021 to August 2021, which would be calculated.

5/12ths of £60,900 lump sum ( $£60,900/12 \times 5$ ) = £25,375

$£25,375 \times 0.5 = \textbf{£12,687 payment to the school.}$

*\*Example calculated using primary school rate*

## Payment method

Where a maintained or academy school meets the criteria and the growth is known at the point of setting the budget for the financial year, payment will be made within 30 days of the beginning of the financial year which runs 1 April to 31 March

Where growth is identified during the financial year funding will be paid within 30 days of the receipt of the following notification:

- Maintained and Academy schools - PAN increases  
Written approval to change the Published Admissions Number (PAN), by the Deputy Director of Education
- Maintained and Academy - Bulge classes:  
the receipt by the Children's Finance team of the written confirmation from Deputy Director of Education that the Bulge class has materialised.

**Applies to:** Maintained schools and Academies

### **Increasing Age Range**

Where a school is amending its age range, funding may be allocated from the 'Growth Fund' up to a maximum of £280,000, with the specific approval of schools forum, where the following criteria 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.
- The new school places are not within the schools current phase.
- A business case has been submitted by the school which sets out the expected set-up costs to be incurred.
- Any funding allocated would be to support the following areas of expenditure:
  - additional leadership team capacity
  - additional 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

If the above criteria are met, the funding would be allocated from the 'growth fund' in full to the school in a single funding period. The funding allocation would be calculated as £445 multiplied by the total number of additional places anticipated to be created in the school as a result of the change in the schools age range up to the maximum permitted.

Where a school is eligible for an allocation from the growth fund based on both the 'Increasing Published Admission Number' and the 'increased age range' criteria, then the school will only be eligible for an allocation from one of these mechanisms within the financial year.

## School Specific Contingency

**Applies to:** Maintained Primary and Secondary 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 academy 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', then the governing body should submit a request to the Finance Manager for Children, Families and Education.

The submission will be reviewed by the Deputy Director of Education and the Finance Manager for Children Families and Education. 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 Deputy Director of Education and the Finance Manager for Children Families and Education 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.