

# Herefordshire School Funding Consulation 2016/17



## Today's Agenda

- Introduction – Chris Baird/Jo Davidson
- Detailed overview and points to consider – Malcolm Green
- Looking to the Future – Chris/Jo/Malcolm
- Opportunity for questions
- Close
- Consultation responses by 2 October 2015



## National Funding Formula

- Continuation of last year's financial strategy to move closer to the expected national formula
- National implementation expected September 2017/18
- Underlying principles:
  - Simpler
  - Pupils receive the same basis of funding wherever they are educated
- Herefordshire proposals developed with schools through Budget Working Group and Schools Forum



## DfE funding guidance

1. Consolidation of last year's DfE Fairer Funding £390m for least fairly funded authorities
2. Herefordshire retains the extra £2.7m
3. No national formula changes for 2016/17
4. Expectation of substantial DfE consultation next year ahead of national formula implementation in 2017/18
5. Must deal with schools, high needs and early years funding



## DfE funding guidance

1. No new requirements set by DfE for 2016/17
2. National minimum values not changed for any factor
3. DfE advise to continue benchmarking against national data e.g.
  - Primary/secondary funding ratio
  - Low prior attainment
  - Deprivation

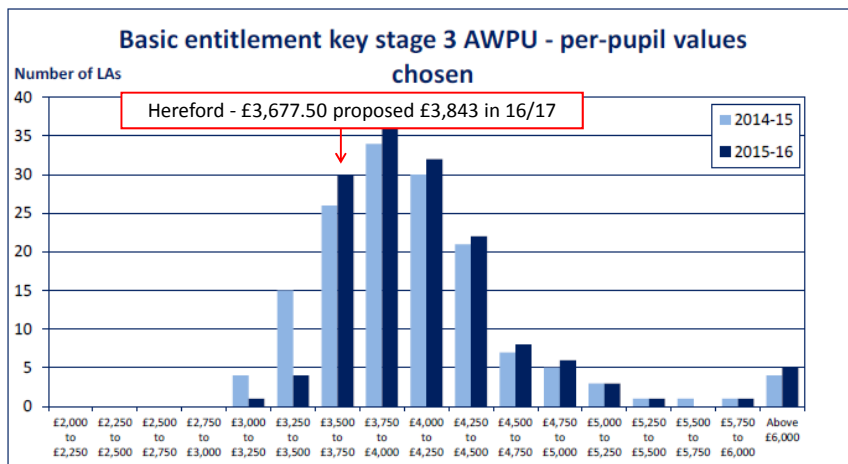


## Herefordshire five year strategy

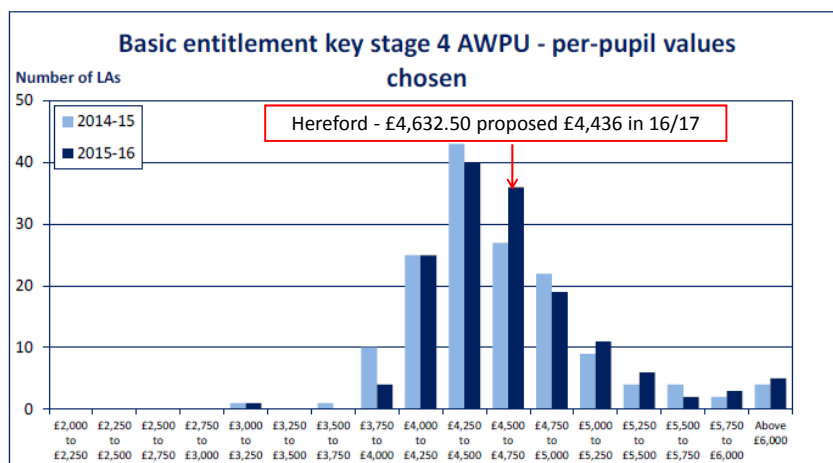
1. Third year of consolidation and planned but gradual change towards the expected national formula
2. Proposals achieve School Forum's target of 1.1:1.23 primary secondary funding ratio of our "family average"
3. Aim to reduce primary lump sum gradually to £75,000
4. Aim to Increase secondary lump sum to £150,000
5. Sparsity funding to change gradually
6. Review national funding comparisons – and amend as appropriate



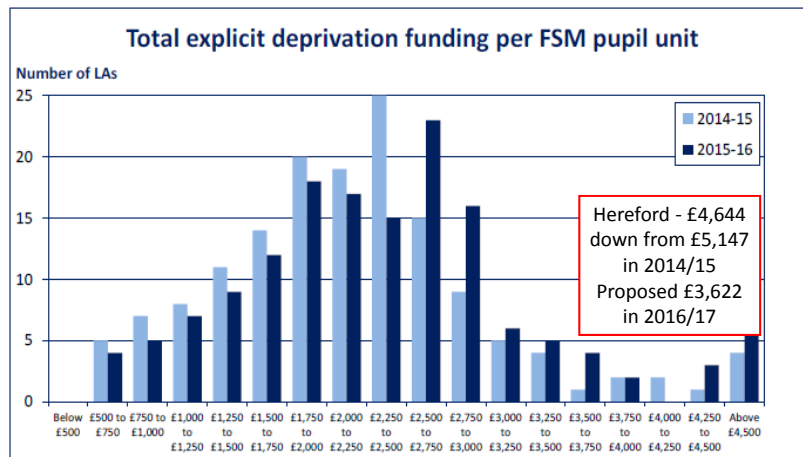
## Basic per-pupil entitlement



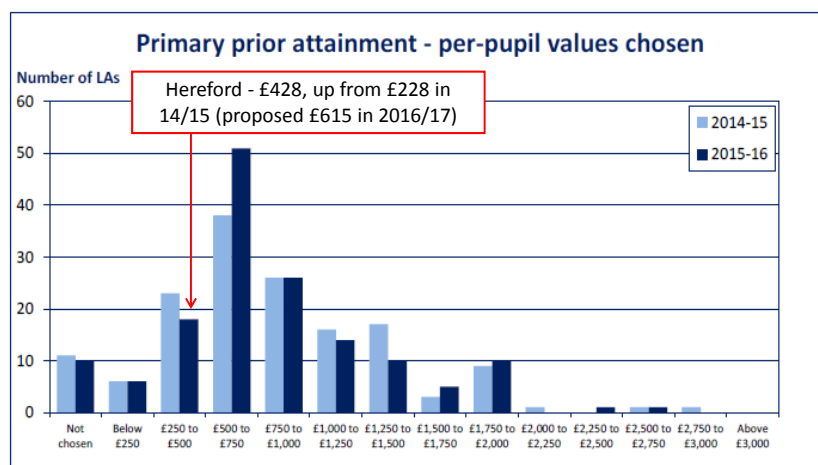
## Basic per-pupil entitlement



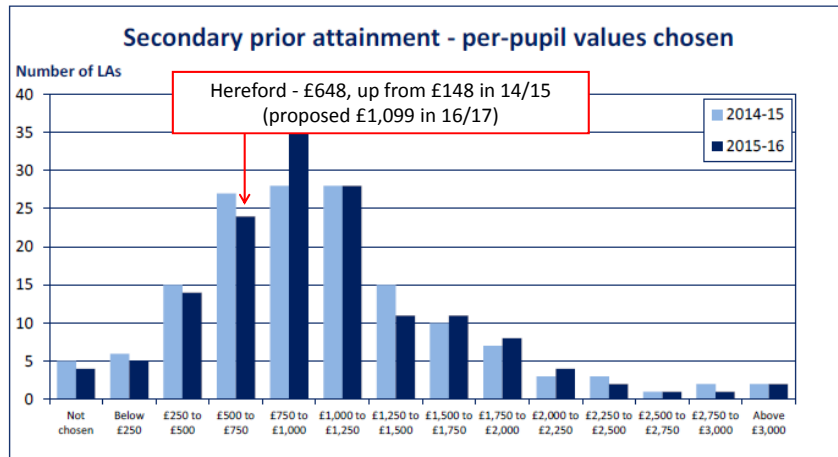
## Deprivation



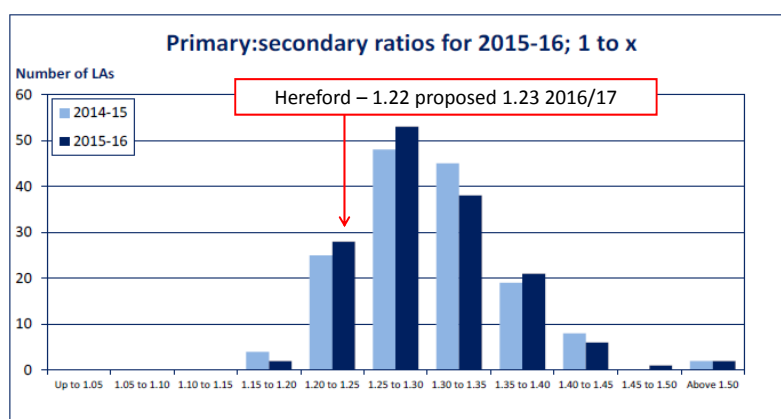
## Prior attainment - primary



## Prior attainment - secondary



## Primary : secondary funding ratios



## Herefordshire 2016/17 Proposals

### Continuation of existing strategy

1. Reduce primary lump sum to £87,000
2. Increase secondary lump sum to £143,000
3. Increase primary sparsity for qualifying primary schools
4. Transfer funding from deprivation to low prior attainment
5. Small adjustment to secondary per pupil funding
6. More de-delegation to improve financial planning

## Low Prior Attainment & Deprivation funding

Funding Factor	Hereford 2014/15	Proposed 2016/17	DfE Fairer Funding
Deprivation – Ever-6 FSM	£11m	£7.5m	£5.5m
Prior Attainment	£1m	£4.5m	£3.8m
<b>Total</b>	<b>£12m</b>	<b>£12m</b>	<b>£9.3m</b>

## Low Prior Attainment Primary

	2014/15			2015/16			Proposed 2016/17		
	per pupil	total funding	%	per pupil	total funding	%	Per pupil	Total funding	%
LPA funding	£228	£0.7m	0.8%	£428	£1.3m	1.4%	£615	£2m	2.1%
Deprivation	£2,860	£6.4m	7%	£2,572	£6.0m	6.3%	£2,192	£5.2m	5.4%

## Low Prior Attainment Secondary

	2014/15			2015/16			Proposed 2016/17		
	Per pupil	Total funding	%	per pupil	total funding	%	per pupil	total funding	%
LPA funding	£148	£0.3m	0.3%	£648	£1.5m	1.6%	£1,099	£2.5m	2.6%
Deprivation	£2,860	£4.6m	5%	£2,162	£3.6m	3.8%	£1,419	£2.3m	2.4%



## Impact on average pupil funding

Year	Primary per pupil	Secondary per pupil
• 2013/14	£4,016	£4,774
• 2014/15	£4,015	£4,793
• 2015/16	£4,085	£4,983
• 2016/17	£4,053	£4,976

Note: 2015/16 includes the 2.9% fairer funding increase

## High Needs Funding

- DfE set high needs funding on historic spend basis
- No increases for 2016/17
- DfE research study proposes formula funding in future
- Identifies Herefordshire as low funded but high demand
- Unfunded rising costs in future; increasing demand for places
- Small overspend in 2015/16
- Using balances to fund high needs protection schemes for primary schools and PRU charges – can't continue.....
- f40 modelling suggests Herefordshire £2m underfunded

Funding Proposals 2016/17	Primary	Secondary
Basic entitlement per pupil	£2,875	£3,843 re KS3 £4,436 re KS4
Deprivation per Ever-6 FSM pupil	£2,192	£1,419
Low Prior Attainment	£615	£1,099
Lump Sum – all schools	£87,000	£143,000
Looked After Children	£1,300	£1,300
Sparsity for qualifying schools £42,000 taper & threshold 105 pupils (DfE now use year group basis of 15 pupils)	£400 per pupil subsidy up to threshold	Included in lump sum
EAL pupils – as per DfE minimum funding	£505	£1,216
Pupil Mobility – per mobile pupil	£0	£0
Split Site costs	£0	£0
PFI Contract	£0	£242,500
Business rates	At cost	At cost

## Timelines

1. Consultation response by 2nd October (\*earlier preferable)
2. Budget Working Group to review feedback on 8<sup>th</sup> October
3. Schools Forum to agree formula and values on 23<sup>rd</sup> October
4. Provisional submission to EFA by 31<sup>st</sup> October
5. Adjust based on October pupil numbers and final DSG
6. Schools Forum to finalise 15<sup>th</sup> January
7. Final submission to Education Funding Agency 21st January
8. Issue of school budgets by 26<sup>th</sup> February

[school.funding@herefordshire.gov.uk](mailto:school.funding@herefordshire.gov.uk)

## Looking to the Future

- School funding protected by DfE i.e. **frozen at current levels**
- **Cost pressures forecast to rise** by 15% over five years from 2015/16
- Cost increases
  - Increase in teachers pension contributions 2.38% from September 2015
  - Increases in support staff pensions 4.4% April 2015
  - Further increases in support staff pensions 6.2% April 2016
  - National insurance rises 3% from April 2016 (estimated 2% support staff)
  - Unfunded pay rises 1% pa for each of five years
  - Unfunded performance increments for each of five years
  - General inflation for non-pay costs
- First letter to schools in July and second letter now.



## Looking to the Future

- All schools face identical financial pressures
- Academies responsibility of Education Funding Agency
- Maintained schools responsibility of Herefordshire Council
- Schools Forum taking the lead for all Herefordshire schools as body that sets revenue funding
- Local authority risk categories
  - A – potential deficit by March 2017 (18 schools)
  - B – potential deficit by March 2018 ( 12 schools)
  - C – potential deficit by March 2019 ( 9 schools)
  - D – no projected deficit within three years
- Exemplar Budgets show even schools in good financial health will face deficits within 4 years without action



## Key role of heads & governors

- Nicky Morgan, Secretary of State stressed the key role of governing bodies in ensuring schools remain financially healthy with robust management systems in place in return for the trust that schools are given to spend their money wisely.
- We need to be sure that each school is aware of financial pressures to come and is taking appropriate action
- School Forum wants commitment from schools that plans will be put in hand
- New financial planning software to help schools



## Suggested strategies

- Share leadership and management
- Do not automatically replace staff who leave
- Ensure teaching arrangements are efficient and well targeted whilst ensuring costs affordable
- Curriculum review to ensure cost effectiveness of teaching
- Do not increase your education support staff budgets
- Use Permanent Variable contracts for teachers and support staff to increase flexibility of staffing
- Teaching Assistants start and end the school day at same time as pupils
- Ensure expenditure on resources and facilities is appropriate to need



## Support and advice

- Four task and finish groups (Outcomes, Capital, High Needs and Early Years) to recommend options for the future
- Support available from NLE and LLEs
- Financial advice available to help plan budgets
- Headteacher support groups if wanted
- Key governor responsibility – more support & training?
- Don't ignore the warnings
- Act now and plan ahead
- Any questions?

- queries to: [malcolm.green@hoopleltd.co](mailto:malcolm.green@hoopleltd.co).

