

NATIONAL SCHOOL FUNDING FORMULA 2019/20

CONSULTATION FOR HEREFORDSHIRE SCHOOLS

1.0 SUMMARY

- 1.1 This consultation paper briefly sets out the expected financial position for Herefordshire school budgets for 2019/20. The school funding proposal is to implement the national funding values as set by government and to pass through to all schools the final 0.5% increase on baseline pupil funding (compared with 2017/18 baselines). These proposals continue the local implementation of the national formula from 2018/19 into 2019/20.
- 1.2 In previous years Herefordshire has strictly adhered to the DfE's funding block allocations as this practice has served Herefordshire well since 2013 when individual blocks were first published by DfE. Herefordshire is one of the few local authorities nationally not to have a high needs deficit.
- 1.3 Last year Herefordshire Association of Secondary Heads were clear that the transfer of surplus funding from schools to the high needs block would only be supported as a one-off for 2018/19. This view was not supported by primary schools and not all secondary schools, particularly those with above average numbers of high needs pupils. As such this year there is an option for primary schools to agree to transfer some surplus primary funding from the schools block to help fund the primary SEN protection scheme in the high needs block. This is a departure from previous practice and the views of primary schools are sought. We will not be asking Schools Forum to transfer any funds relating to secondary schools as the general view is that secondary schools have budgets large enough to manage the risk arising from high needs payments whilst for much smaller primary schools a protection scheme is required. There is currently no protection scheme for secondary schools and the cost to the high needs block for the primary scheme is £300k per year.
- 1.4 Herefordshire is expected to receive approx. £90,000 from a formulaic share of national growth funding for the first time in 2019/20. Options are to ask Schools Forum to set up criteria to allocate this growth funding to schools with growth due to basic need, set-up costs of new mainstream schools or to help fund schools with key stage 1 classes in excess of 30. Alternatively it has been suggested that some or all of this growth funding could be transferred to the high needs block to fund growth in places in special schools. Schools forum will need to agree this proposal.
- 1.5 Proposals are included to fund £0.5m of cost pressures in the high needs budget by reducing SEN support costs by £200k and to save £220k by limiting PRU funding to statutory places so that intervention places are directly funded by schools from September 2019. There will be some savings in the Complex Needs budget (£50k) and a reduction in the SEN protection scheme for primaries (£40k).
- 1.6 Once again it is emphasised that strong financial planning will continue to be necessary by all schools to maintain financial viability during the coming years. Small primary schools with less than 100 pupils on roll, and schools that are facing potential challenging budgets

for the next four years in particular should seek advice from the council if they wish to reduce costs.

- 1.7 It is proposed to end the de-delegation of free school meals administration and for 2019/20 to include the service on the schools portal as this will simplify the transfer of funding from schools to the service provider Hoople.
- 1.8 There are no new proposals regarding the £13.50 per pupil top-slice of local authority maintained school budgets to fund the council's statutory education services e.g. governor services, strategic HR and school finance, property landlord duties, monitoring national curriculum assessment and SACRE,
- 1.9 It is important that all schools respond to the budget consultation so that Schools Forum is fully informed of schools' views.
- 1.10 **Consultation key dates:**
- You are encouraged to respond by 12 noon on the 3rd December 2018.
 - Schools Forum's Budget Working Group will consider the responses on 7th December and final proposed budgets will be confirmed by Schools Forum in January prior to cabinet member approval and submission to the Education Funding Agency.

2.0 SCHOOLS BLOCK STRATEGY 2019/20

- 2.1 Estimated allocations for the schools block, based on an estimated 22,338 pupils in the October 2018 census, are as follows:

DSG schools funding allocation	£100.6m
National Funding Formula 2019/20	£100.5m
Unallocated school funding available	£0.1m
Reduction in primary LPA from £1,050 to £1,022	£0.1m
Estimated share of national growth fund	£0.1m
Estimated surplus available	£0.3m

- 2.2 As final Dedicated Schools Grant allocations will not be available until mid-December, it is important to have school views on how best to use this potential £0.3m of surplus funding. Options are as follows
- a) Allocate the growth funding of £0.1m to either
 - i. schools with basic need, set-up costs or requiring key stage 1 infant class size funding; or
 - ii. transfer to the high needs block to fund growth in special schools; or
 - iii. allocate to primary and secondary schools at approx. £5 per pupil

- b) Allocate any savings from the reduction of primary low prior attainment funding to either
 - i. restore the primary LPA to £1,050 per qualifying primary pupil or as near as can be achieved; or
 - ii. transfer £0.1m to the high needs block to support the SEN protection scheme for primary schools using funding from the reduction in primary low prior attainment

- c) Allocate the estimated £0.1m surplus funding in the national funding formula to both primary and secondary schools at £5 per pupil

3.0 HIGH NEEDS BLOCK STRATEGY 2019/20

3.1 It is forecast that the high needs block faces £0.8m of cost pressures in 2019/20 arising from the withdrawal of the one-off funding transfer from the schools block in 2018/19 (£324k), increasing LGPS pension costs in the PRU/H3 (£62k), unfunded teachers' pay and pension increases for centrally employed SEND teachers (£47k), continued growth in PRU/H3 places (£80k), increasing numbers of commissioned places in special schools (£200k) and increasing pupil numbers requiring places in out county schools (£100k). This is expected to be offset by an increase in DSG high needs funding of £0.25m giving a net increase in costs of £0.55m in 2019/20.

3.2 Options for savings in the high needs budget for 2019/20 are

- a) Reduction in Complex Needs funding £50k
 - £80k has already been assumed in 2018/19, a further £50k in 2019/20

- b) Reduction in Primary SEN protection £40k
 - School forum already agreed an increase last year in the cap to 140 NOR

- c) Reduction to statutory PRU places £220k
 - Reduce to statutory places paid for by LA, increase cost of non-statutory places to schools

- d) Reduction in SEN support services £200k
 - Traded services, vacancy savings, reduce business support & overheads, schools take on some services. There is a risk that if schools then do not take up trading options some services may be reduced to the statutory minimum.

Please note that the above options leave a shortfall of £40k which will need to be found from elsewhere in the high needs budget or transferred from the schools block. This will be considered further by the Budget Working Group in December after the consultation has closed.

4.0 EARLY YEARS BLOCK

4.1 It is not proposed to change the current early years funding formula

5.0 CENTRAL SCHOOL SERVICES BLOCK

5.1 In addition to the statutory retained duties formerly funded by Education Services Grant (£345k), the central schools block will be used to fund Schools Forum administration costs (£12k), school admission costs (£142k) and national licence costs (£127k) as in previous years. It is not expected that the budgets will change from 2018/19.

6.0 NATIONAL FUNDING FORMULA – HEREFORDSHIRE PROPOSALS

6.1 Herefordshire does not intend to change the funding values from the 2018/19 financial year with the exception of mirroring the national change in the Low Prior Attainment value, which is due to reduce from £1,050 to £1,022 in 2019/20. As in previous years, school budgets can only be fully finalised after the October pupil census and confirmation by the DfE of the financial settlement in December. To aid school budget planning, we are committed to maintaining the formula values as published in this consultation paper and changes will be made only if absolutely necessary.

6.2 Herefordshire's school funding proposals for 2019/20 are the national funding formula values supplemented by a 0.5% increase in baseline funding (compared with 2017/18) as follows:

- a) Basic Entitlement per pupil:
 - i. Primary KS1/2 - £2,747
 - ii. Secondary KS3 - £3,863
 - iii. Secondary KS4 - £4,386

- b) Low prior attainment (low cost, high incidence special education needs)
 - i. Primary funding - £1,022 per pupil
 - ii. Secondary funding - £1,550 per pupil

- c) Deprivation per Free Meal pupil
 - i. Primary - £440
 - ii. Secondary - £440

- d) Deprivation per Ever-6 Free Meal pupil
 - i. Primary - £540
 - ii. Secondary - £785

- e) Socio-economic deprivation Income Deprivation Affecting Children Index (IDACI)

- Band A (3% of pupils) primary £575 secondary £810
- Band B (8% of pupils) primary £420 secondary £600
- Band C (7% of pupils) primary £390 secondary £560
- Band D (8% of pupils) primary £360 secondary £515
- Band E (9% of pupils) primary £240 secondary £390
- Band F (10% of pupils) primary £200 secondary £290
- Band G (55% of pupils) primary £0 secondary £0

- f) English as Additional Language (EAL) for all eligible pupils
 - i. Primary - £515
 - ii. Secondary - £1,385
- g) Lump sums
 - i. Primary - £110,000
 - ii. Secondary - £110,000
- h) Sparsity
 - i. Tapered lump sum of £25,000 for qualifying primary schools with an average year group size of 21.4
 - ii. Tapered lump sum of £65,000 for qualifying secondary schools with an average year group size of 120 pupil
- i) Business Rates – no change, funded at cost with a presumed 2% increase.
- j) Looked After Children – £0 as funding has been transferred to the pupil premium grant
- k) Mobility – not used
- l) Exceptional premises factor – increased by 3.1% RPI to £8,763.50 to meet rent costs for Eastnor Primary School
- m) PFI factor – increased by 3.1% RPI to £286,824 in accordance with the retail prices index
- n) Secondary schools have been guaranteed a minimum of £4,800 per pupil and primary schools a guaranteed minimum of £3,500 by April 2019.

6.3 De-delegation Proposals for locally maintained schools

6.4 It is proposed that the de-delegation charge for primary and secondary free school meals will transfer to a Service Level Agreement through the schools portal as this simplifies the purchasing and payment processes for both Hoople and schools. Beyond this there are no proposals to change any other de-delegation arrangements.

6.5 The education management deduction will remain at £13.50 per pupil for local authority maintained schools.

7.0 TIMESCALES

7.1 The budget process and expected timeline is:

- Consultation closes 12 noon 3rd December 2018
- There is no requirement this year for the submission of an interim budget to the EFA in October
- Schools Forum meets in January 2019 to consider the recommended funding values to be submitted to the Education Funding Agency.
- Budgets issued to locally maintained schools by 28th February 2019
- Education Funding Agency to issue budgets to academies for academic year 2019/20.

8.0 CONSULTATION RESPONSES BY 3rd December 2018

8.1 A separate consultation form is attached and must be returned to School.funding@herefordshire.gov.uk by 12 noon on 3rd December 2018 in order that your views can be considered by the Budget Working Group on 7th December 2018 and Schools Forum at their meeting in January 2019.

8.2 Please respond to this consultation as all views are important and do contribute towards the budget decision which aims to achieve the best possible schools budget for Herefordshire within the funding allocated by government.

9.0 FURTHER INFORMATION

9.1 If you have any questions regarding the detailed content of this consultation paper or the calculations and comparisons for your school as set out in the appendices, please contact either Malcolm Green, Schools Finance Manager (malcolm.green@herefordshire.gov.uk) or any member of the Budget Working Group as follows;

Primary

Mrs J Rees, Ledbury (Chairman)
Mrs K Weston, Trinity
Mr S Kendrick, Ashfield Park
Mr M Maund, Almeley
Mrs H Webb, Colwall
Mr P Box, Lord Scudamore

Secondary

Mr S Robertson, Aylestone
Mr S Fisher, Kingstone
Mrs C Bryan, John Kyrle
Mrs N Emmett, Fairfield
Mrs A MacArthur, Wigmore High (and Primary)

9.2 Others contributing to the development of these budget proposals included Mrs S Williams, Barrs Court representing special schools and Mrs R Lloyd and Mrs A Jackson representing early years.