

<b>Item 8</b>
Schools Forum
29 September 2017

### **Issues for inclusion in school consultation**

There will be a number of issues arising from the implementation of the “soft national funding formula”. The issues described below are other issues, not directly linked to the NFF, which require consideration, ie delegation of former combined services funding and redistribution of surplus school specific contingency funding.

### **Proposed delegation of former Combined Services allocations for school confederations/partnerships and for school improvement.**

#### **Summary**

We are proposing to consult schools on delegation of the former combined services allocations for school confederations/partnerships, and of the residual former combined services allocations for school improvement.

#### **Funding for school confederations/partnerships**

Since 2013/14, a total of £657,000 has been devolved annually, directly to local school confederations and partnerships, on behalf of primary schools, using the “combined services” power. This allowed the LA to allocate DSG funding for purposes otherwise outside the scope of the Schools Budget, if the Schools Forum supported the allocations and if the services were also partly funded from non DSG sources. In 2013/14, secondary schools declined to support continued direct funding of confederations and therefore, since then, their notional share has been delegated directly to individual secondary schools.

As part of its preparation for the national funding formula, the DfE has reviewed combined services funding and has advised that in future it can only be used where a contractual commitment exists which originated prior to 2013/14. As not all of the existing budget is committed in this way, the LA is unable to continue direct funding of confederations. However, the DfE has now confirmed that the existing funding will remain in Surrey’s centrally managed schools budget in 2018/19 and thus the LA is able to delegate the total to individual schools in 2018/19. Thereafter allocations to individual schools will form part of those schools’ minimum funding guarantee baselines going into 2019/20.

Therefore the LA's preferred option is to delegate the sum of £657,000 to primary schools from April 2018, on the basis of

\*40% pupil numbers (year R to 6)

\*55% FSM6 (ever 6 free school meals)

\*5% IDACI using the DfE NFF bandings and weightings

It thus maintains the existing pattern of allocating 60% of the total on deprivation.

This combination is preferred because it is the combination of permissible NFF formula factors which creates the fewest large gainers and losers. The formula currently used to distribute funding to confederations cannot be used to fund individual schools, because it uses factors which are not eligible NFF formula factors. This funding would be over and above minimum funding guarantee/ceiling in 2018/19, because it is new delegation (although we still require clarification as to whether it can be above the DfE's new minimum per pupil funding levels). This should mean that a **similar level of funding for confederations would remain in each area in 2018/19 and therefore individual primary schools would be able to pool this funding to continue the work of their local confederations and partnerships if they so wish**. Therefore there should be no need to scale down the work of successful confederations if all local schools wish them to continue. This funding arrangement would be the same as the arrangement which currently applies in secondary schools and is consistent with the general move to a "school led" system where the amount of funding going to individual schools is maximised and schools decide when and how to work together. (However, it is likely that academies will only receive the additional funding from September 2018, even though the DfE will "recoup" it from Surrey from April 2018).

The annex shows the number of confederations gaining and losing under the proposed method, the next best fit method and the use largely of pupil numbers, (which might be seen as the simplest method). Several other possible methods have been considered and rejected.

### **School improvement funding**

Prior to 2017/18, DSG funding of £1.292m was held centrally, under the combined services powers, to fund additional school improvement services. For 2017/18 the Forum agreed a combined services allocation for this purpose for the summer term only (£430,000). The remainder of the funding (£862,000) was delegated to individual schools on the basis of pupil numbers.

For 2018/19, the LA proposes to delegate the remaining allocation of £430,000 to primary and secondary schools, using the same basis as that used last year ie a sum per pupil, retaining the existing secondary/primary ratio (1.3023) and KS4/KS3 funding ratio (1.23488).

On the basis of 2017/18 pupil numbers this would mean allocations of:

- \* £2.7567 per primary pupil
- \* £3.2951 per KS3 pupil
- \* £4.069 per KS4 pupil.

Again this would be over and above minimum funding guarantee and ceiling levels in 2018/19, although it may not be in addition to the DfE's new minimum per pupil funding levels-the detailed methodology for these has yet to be published...

This funding forms part of the LA's central schools services block ie it is outside the National Funding Formula

Again, as with all formula funding changes, academies would only benefit from September, although the ESFA would "recoup" academies' share of the additional funding from Surrey from April.

#### **Action requested of the Forum**

The Forum is invited to discuss the proposals to delegate the "combined services" funding previously held centrally for school confederations and for additional school improvement services, and the proposed methods of delegation.

## Annex

### Illustration of impact of possible methods of delegating confederation funding to individual primary schools, at confederation level

	Preferred method	Nearest equivalent to current method	For illustration Pupil nos only
Pupil nos	40%	40%	100%
FSM6	55%	30%	
IDACI using DFE NFF bands and weightings	5%	30%	0
Confederation areas which			
gain more than 20%	0		3
gain more than 15%	0	2	4
gain more than 10%	1	3	5
gain more than 5%	3	7	9
gain more than 3%	7	7	11
gain more than 2%	9	7	11
lose more than 2%	6	12	9
lose more than 3%	4	12	6
lose more than 5%	1	9	5
lose more than 10%	1	6	4
lose more than 15%	0	4	3
lose more than 20%	0	2	1
total where variation is +/-3%	11	19	17
total where variation is +/-5%	4	16	14
Max gain	10.57%	17.68%	34.61%
Max loss	-10.55%	-30.65%	-33.37%
Max £ gain	1,903	8,213	5,267
Max £ loss	3,587	5,984	-14,322

The “nearest equivalent” to the current method is to maintain the current 30% FSM/30% IDACI weightings but to move to FSM6 rather than simple FSM and to the DFE IDACI weightings rather than using average IDACI scores. It can be seen that this would produce far more turbulence than the preferred option. A number of other methods were also looked at but they create greater turbulence than that proposed..

Distribution on 100% pupil numbers has been shown for illustration as the simplest method of distributing additional funds. Not surprisingly it creates much higher turbulence than the preferred method.

Remember –the actual allocations in 2018/19 will be different again, because they will be based on 2018/19 funding data

## **Proposed refund of surplus “de-delegated” contingency to maintained primary schools**

### **Summary**

Since 2013/14 a sum has been “de-delegated” annually from maintained primary schools’ budgets, with the agreement of their representatives on Schools Forum, in order to provide a contingency from which additional funds could be allocated to individual schools facing significant unforeseeable and unavoidable costs. By their nature eligible costs are rare, unpredictable and uneven, and thus any such contingency has to be set prudently. Thus a surplus has accumulated.

The LA proposes to refund part of the accumulated unspent balance at 31 March 2017, during 2018/19, to those primary schools which were maintained at the time the surplus accumulated. This is consistent with previous years’ practice. The LA still proposes to “de-delegate” a new contingency amount in 2018/19.

### **Background**

A surplus has developed on the de-delegated maintained primary schools contingency over the last few years. In 2016/17 and 2017/18, part of this surplus was redistributed to those primary schools which had contributed to it (ie those which were maintained by the LA in 2013/14 and 2014/15, even if they were no longer maintained in the year in which the refund was made)

The LA is proposing a similar refund in 2018/19, As in previous years this would be a one off allocation. outside minimum funding guarantee and ceiling, and would require the approval of the Secretary of State as it is not provided for within the funding regulations.

The total deductions and surpluses from the school specific contingency between 2014/15-2017/18 (so far) can be seen below

	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s
Underspend brought forward	576	844	974	786
Sums dedelegated from maintained schools’ budgets	485	224	212	199
Less Contingency allocations	-217	-94		??
Less Refunded to schools			-400	-300
Underspend c/f	844	974	786	Up to 685

The LA proposes to refund £330,000 in 2018/19 (subject to review should there be a large call on the contingency before the final 2018/19 units of resource are set, in mid January 2018). The proposed basis of distribution is:

\* 100% of schools' contributions to the "de-delegated" contingency in 2015/16 plus

\* 50% of schools' contributions in 2016/17

on the basis that the oldest contributions are spent (or refunded) first.

Refunds would be made to schools which were LA maintained in the relevant years (and thus contributed to the surplus), irrespective of whether they have since converted to academies.

The LA still proposes to deduct funding from maintained primary schools for a separate de-delegated contingency in 2018/19, This is because refunding previous surpluses, and making new deductions, is the simplest way of ensuring that the cost of the 2018/19 contingency is borne by those schools which are currently maintained and which, thus, could benefit from the contingency in 2018/19...

### **Action requested of the Schools Forum**

The Forum is invited to support the proposals.

<b>Item 10 pt 1</b>
Schools Forum
29 September 2017

## **Growing schools funding Request from Broadmere School**

### **Summary**

The Forum is asked to consider a school request for exceptional funding of vacancies in undersubscribed junior bulge classes.

### **Background**

Where a primary school admits a year R bulge class, vacancies in that class currently attract partial funding for the first three years. On 9 January 2017, the Forum considered a proposal to extend vacancy funding to seven years for schools with a particularly high level of vacancies. The Forum rejected this proposal, but suggested that exceptions might be considered, for example where a school had been unwilling to accept a bulge class but there was no practical alternative.

Broadmere Primary Academy is a 30 PAN school which currently has three infant bulge classes. These classes will automatically receive vacancy funding in the infant years. However, three years from now, when all have moved into junior, the school would expect to have around 25 unfunded junior vacancies. The school has asked to be considered for exceptional vacancy funding when these classes move into junior year groups. The bulge classes are already in place and thus the availability of additional vacancy funding will not affect whether or not the school admits the pupils. The School has been advised that the request is within the scope of the growing schools fund criteria, and thus that the request would need to be considered by Schools Forum.

In considering this application the Forum might wish to consider the following issues:

- \* a school with bulge classes is making a change in order to fulfil a local need. Were it not to admit a bulge class there would most likely be a shortage of places locally. The situation is not the same as that where a school has vacancies within its normal PAN, and which any school is expected to manage, without recourse to growing schools funding;
- \* Broadmere is a school which serves a relatively isolated (and disadvantaged) area and the bulge classes were needed to meet local demand. Its location means that the school is relatively unlikely to fill the vacancies by drawing in pupils from a wider area;
- \* the vacancies are spread across three year groups. This is not a case where a bulge class was added which was not required,
- \* the school was judged Good by OFSTED in May 2017.

- \* the estimated number of junior bulge class vacancies in this school in October 2020 is around 25. There are currently only three schools with more than 20 unfunded junior bulge class vacancies (and a further seven with 11-20 vacancies) so the number of vacancies is relatively high;
- \* In Oct 2015 and Oct 2016 the school was within the 20% most deprived in Surrey measured by FSM

In considering this issue the Forum may wish to fund vacancies above a threshold (eg above the first ten) and may wish to consider whether additional vacancy funding should apply:

- \* only to schools which specifically ask and where a suitable case can be made or
- \* to all schools meeting specified criteria.

For example, if we funded Broadmere Primary Academy for vacancies above the first 10 it might cost £44,000 whereas if we funded all primary schools within the 20% most deprived schools for bulge class vacancies above the first ten it might cost £127,000. The annex provides further details, and shows that many of the schools with significant vacancies in bulge classes are among the more deprived schools. Actual costs will depend on pupil numbers in these classes when they reach junior year groups.

Any agreement now must be subject to it being permissible and affordable under the growing schools funding arrangements in the relevant year, as it would have to be funded from schools block funds. If the Forum supported the proposal in principle, this caveat would be made clear to the school. We know little yet about the likely growing schools funding arrangements under the hard National Funding Formula.

### **Action requested of the Forum**

The Forum is asked whether it supports additional vacancy funding for Broadmere Primary Academy, subject to it being feasible under the funding arrangements in place at the time.



**Annex Number of schools with significant numbers of unfunded vacancies in junior bulge classes (2017/18)**

	All schools	of which within 20% most deprived
Number of schools with >10 vacancies	10	5
Number of vacancies >10	66	46
Estimated cost of funding above 1st 10 £000s	181	127
Broadmere (Est) fund 16 £000s		44
Number of schools with >15 vacancies	5	4
Number of vacancies >15	29	25
Estimated cost of funding vacancies above 1st 15 £000s	80	70
Broadmere (Est) fund 11 £000s		30



<b>Item 10 pt 2</b>
Schools Forum
29 September 2017

## **Proposed minimum funding guarantee variations and use of average pupil numbers for appropriate schools 2018/19**

### **Summary**

Officers propose to seek DfE approval to vary the minimum funding guarantee (MFG) baselines for a number of schools in 2018/19. The proposed variations concern split site funding, premises rents and one off allocations for previous years. Officers also propose to use average pupil numbers to fund schools which are changing age range or losing bulge classes, and to allocate a transitional lump sum to a recently merged school. All of these proposals are similar to proposals supported by the Forum in previous years.

### **Minimum funding guarantee variations**

In 2018/19, as in previous years, the DfE will consider applications by local authorities to vary the minimum funding guarantee baselines for individual schools, where it can be demonstrated that the normal calculation is anomalous and the impact on specific schools is significant. The impact of a variation is usually that a specific amount is excluded from the minimum funding guarantee calculation, ie it is paid to a school without being offset by a reduction in the minimum funding guarantee, or is deducted from the budget without being compensated for by an increase in minimum funding guarantee<sup>1</sup>. For example, if a school sees a large increase in rent costs (historically funded at actual cost), following a five yearly review, we would ask to be allowed to fund that increase over and above the minimum funding guarantee, so that the school actually receives the additional funding for the increased rent in full. Such adjustments cannot be made without DfE approval.

The deadline for applications for 2018/19 is 30 November 2017 and the DfE specifically requires evidence that equalities issues have been considered.

The proposals for 2018/19 are similar to those supported by the Schools Forum in previous years. The exact impact will depend on whether the relevant schools would otherwise be on minimum funding guarantee or ceiling in 2018/19, which we will not know until January.

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<sup>1</sup> The same applies to schools on the ceiling, ie if an exception is made for rent increases for a school on ceiling, it means that the funding for the rent increase is not offset by a larger ceiling deduction

### Variations in rent costs for essential accommodation

As in previous years, we propose that where the council has agreed to fund rents on essential accommodation, significant increases in those rents should be funded over and above the minimum funding guarantee/ceiling. We do not yet know of any schools in this position in 2018/19, but they often arise at a late stage in the budget process. Equally, where a school ceases to be eligible for rent funding, the rent funding should be removed from the budget without being offset by increased minimum funding guarantee. We expect this to affect one school in 2018/19. As funding for rent is at actual cost, we do not believe that the proposal has an equalities impact, because the change in funding will be matched by an equivalent change in cost.

### Split site funding

There is one school facing a loss of split site funding through no longer meeting the criteria: Scott-Broadwood CE Infant School. A proposal to remove the split site allocation, in instalments, was supported by the Forum at the 3 May 2017 meeting and was shared with the school. Again we do not see an equalities issue here since the second site is no longer in use and the school was aware of the likely loss of split site funding when it agreed to close the second site.

### Removal of contingency allocations from 2017/18

In 2017/18, one off allocations were made to primary schools totalling £300,000, from the underspend on “de-delegated” school specific contingency. As one off allocations, we do not think they should be preserved through MFG into 2018/19. Proposals for similar redistribution in 2018/19 would also be outside MFG and ceiling, ie any redistributed sums would be over and above MFG and ceiling,

### **Transitional lump sum Send Primary**

Where two schools merge, they are entitled to 85% of two lump sums for the financial year following merger. The LA may ask the DfE for approval to pay a transitional lump sum in the following year. This applies to Send CE Primary School, which was formed from a merger of two schools in September 2016. The LA proposes that this school should receive 70% of two primary school lump sums in 2018/19 (£189,000, or £54,000 extra, on the basis of the current formula, but reduced appropriately if the primary lump sum is reduced as part of the transition to a national funding formula). This is the same sum as approved for a similar school in 2017/18 and will allow the school more time for staff restructuring etc.

### **Use of average pupil numbers to fund schools where bulge classes are leaving**

Where a bulge class is leaving a school, we normally fund the additional pupils in the bulge class for the summer term only, because they have already been funded from September in the year in which they were admitted. Again this requires DfE

approval. The schools likely to be affected in 2018/19 are shown in the Annex. Individual schools have been notified and any significant concerns raised by individual schools will be reported to the Forum.

Once again we do not see this proposal as having an equalities impact because we are removing funding for pupils who can be expected to leave the school and giving early notice of the proposed reduction.

### **Use of average pupil numbers to fund schools adding new year groups**

We propose to continue using the average (of Oct 2017 and Oct 2018 pupil numbers) to fund schools in these circumstances. This no longer requires DfE approval but the LA is expected to share the list (and impact) with the Schools Forum. A list of schools expected to be funded on average pupil numbers in 2018/19 is attached.

Schools adding bulge classes, or increasing PAH within the same age range, would continue to be funded through growing schools fund. The Forum will be asked to approve growing schools criteria at a later meeting.

### **Recommendation**

That the Forum supports these proposals, subject to no significant issues being raised in discussions with the individual schools.

## Annex

### Schools where bulge classes are leaving in July 2018

(The proposed adjustment is that the difference between the pupil numbers in the leaving group and the higher of the pupil numbers or PAN of the entering group, should be funded for 5/12 of the year only. The final calculation would be based on actual Oct 2018 pupil numbers, when known) In response to a school request we have also shown the current number of bulge classes in each school in October 2016 (including those which will leave in July 2018 and those which will not).

School	bulge year group	PAN	Expected reduction in nos	Estimated reduction £000s	No of bulge classes Oct 16
Thames Ditton Infant School	2	90	30	49	1
Horley Infant School	2	90	28	52	1
Shottermill Infant	2	60	30	53	1
Merrow C of E Infant School	2	60	29	50	1
Byfleet Primary School	6	30	16	31	2
William Cobbett Primary School	6	90	26	47	1
Town Farm Primary School	6	60	22	56	3
Wray Common Primary School	6	60	30	56	3
Springfield Primary School	6	60	29	58	
Broadmere Primary School	6	30	21	52	3
Hillcroft Primary School	6	60	11	23	1
Sandcross School	6	120	31	21	1
Manorfield Primary and Nursery	6	30	13	32	2
Furzeffield C. Primary School	6	60	15	34	3
St Andrew's Primary School	6	60	9	18	4

Estimated reductions are the difference between full year and summer term funding for the pupils leaving, at 2017/18 funding rates.

Schools adding year groups and expected to be funded on average pupil numbers in 2018/19

(In all cases the proposed method is to fund all year groups at Oct 2017 pupil numbers except for new year groups or year groups where the PAN is changing as part of the reorganisation)

	year to add in Sept 2018	other issues
Trinity Oaks CE Primary School	4	
Charlwood Village Primary School	5	
Ewell Grove Primary and Nursery	4	
West Ewell Primary School	4	PAN reduction at year R
Reigate Parish Church School	5	
Clandon CE Primary	5	Pan reduction 25 to 15
Lyne and Longcross CE Primary	6	
Hawkedale Primary	4	
Cobham Free School	11	
Lime Tree Primary School	5	
Danetree School	2	
Hoe Valley Free School	10	
Chertsey High School (free)	8	

(plus new free schools opening in Sept 2018 TBC)

There are no existing schools currently expected to start extending age range in September 2018