

School Funding

Finance Information Groups
October 2019

Karen Stone – Schools, High Needs and Early Years Finance
Manager

School Finance Team Staff Changes

- Karen Stone – Schools High Needs and Early Years Finance Manager (Ian Hamilton replacement)
- Janice Venn – Children Young People and Education Finance Business Partner (Simon Pleace replacement)
- Christopher Scott – High Needs Principal Accountant (Charlotte Landon cover)
- No changes to Robin Goldsmith, Leah Ford, Sarah White, Claire Walker

Schools Budget Funding 2019-20

- Schools Budgets (issued on 28th February)
- Teachers Pay rise from September 2018 (3.5%): TPG 2.5%
Methodology: rate X census count (October 2018)
Rate & individual school allocations confirmed for April 2019 to March 2020.
- Teachers pay rise September 2019 (2.75%) – TPG 0.75% -
Methodology: rate x census count (October 2018).
Rates now confirmed and awaiting individual school allocations for Sept 2019 – March 2020.
- Teachers Pension increase from September 2019:
Increase from 16.48% to 23.68%
Government have said they will fully fund
Methodology: rate X census count (October 2018).
Supplementary fund: ensure unfunded element of pensions cost is no more than 0.05% of individual schools budget. No details

Schools Budget Funding 2019-20

- Year 7 Literacy & Numeracy Catch Up grant (no details)
- Pupil premium - Ever 6 FSM (E6FSM), Ever 6 Service Children (E6SC) & Post Looked After Children (PLAC). (confirmed)
- Devolved Formula Capital (published in May)
- Primary PE and Sport Premium Grant (April to August 2019 confirmed & published); (2019-20 academic year confirmed – awaiting details)
- Universal Infant Free School Meals (September 2019 – August 2020 initial estimates confirmed; final allocations June 2020 (updated for Jan 2020 census)
- Free School Meals Supplementary Grant (no details)

Background/Reminder

School Budgets 2019-20

- Funding for Schools (pre-16) is split into 4 ring-fenced blocks:

Schools	High Needs	Early Years	Central Services
Primary & Secondary School Budgets	Special Schools & Alternative Curriculum & SEN	3 & 4/2 year old payments Central EY services	Local Authority education related services

- Local Authorities have limited ability to transfer money between blocks. School Forum and possibly Secretary of State Approval
- 2018-19 Government introduced a National Funding Formula (NFF) for calculating the schools block (pre 16 funding)
- Soft NFF has been in place for 2018-19 & 2019-20 (no planned date for Hard NFF)
- Individual allocations for each school in the country were calculated and published by the ESFA for the period 2018-19, 2019-20 and when NFF fully implemented (date not stated)
- LA allocations for 2018-19 and 2019-20 were the aggregated value of the notional individual school budgets

Background/Reminder

School Budgets 2019-20 (LFF)

- What did this mean for Kent? received an additional £50m in school budgets since introduction of the NFF

	Annual Increase		Cumulative Increase	
	£'m	%	£'m	%
2018-19	27.6	3.3	27.6	3.3
2019-20	22.3	2.6	49.9	5.9
When NFF is fully implemented	12.2	1.4	62.1	7.4

- Kent at full National Funding Formula (NFF) rates except:
 - Factor 2 - Ever 6 Free School Meals (Primary 60% & Secondary 60%)
 - Factor 6 - Low Prior Attainment (Primary 71% & Secondary 77%)
 - Minimum Funding Level (Primary 97% & Secondary 98%)
 - Lump Sum (incl. Area Cost) – LFF £120,083, NFF £110,076 (109%)

School Budgets 2020-21

The National Picture

	Total Budget £'bn	Of which Pension Funding £'bn	Of which Spending Round £'bn	Increase from 2019-20 levels %
2019-20	44.4	0.9		
2020-21	47.6	1.5	2.6	5.8%
2021-22	49.8	1.5	4.8	10.8%
2022-23	52.2	1.5	7.1	15.9%
			14.5	

- A three year funding commitment for schools is very welcome
- 2020-21 includes £780m for High Needs – no news on years 2 or 3
- No clear detail yet of what additional cost pressures will need to be found from within this new funding i.e. inflation, rising secondary population, starting teachers salary = £30k
- A firm commitment to move towards a hard NFF but no news on when
- 2020-21 remains a Soft NFF year with “hardening” features

School Budgets 2020-21

Minimum Funding Levels (per pupil)

NATIONAL FF	Primary	Secondary
2018-19	£3,300	£4,600
2019-20	£3,500	£4,800
2020-21	£3,750	£5,000
2021-22	£4,000	£5,000

KENT FF	Primary	Secondary
2018-19	£3,200	£4,500
2019-20	£3,400	£4,700

DfE have launched a consultation on how the mandating of MfL factor into the Local Funding Formula is implemented– closing date for responses is 22 October

2020-21 Spending Round Statement

Other key points from the announcement

- NFF core factor values to increase by 4% (except FSM 1.84%)
- MFG can only be set between +0.5% and +1.84%
- Local Authorities can continue to transfer funding into the High Needs Block – normal rules apply
 - Up to 0.5% with Forum approval
 - Above 0.5% (or below without Forum approval) – requires SofS approval
- Confirmation that the additional costs associated with Teachers Pension will be separately funded at £1.5bn per annum, but silent on where Teachers Pay Grant will be funded
- Both Teachers Pension and Teachers Pay will continue to be paid as separate grants in 2020-21

2020-21 Spending Round Statement

Other key points from the announcement

Post 16 specific

- Post 16 National Funding Formula base rate for 16 & 17 year olds to increase by 4.7% from £4,000 per pupil to £4,188
- Other elements linked to the base rate also set to increase
- Post 16 increases apply from the start of the 2020-21 academic year
- £120m additional funding to support higher value courses (STEM) via the Programme Weighting Factor
- £35m for targeted interventions to support Level 3 students who secured grades below level 4 in GCSE English and maths

Early Years

- Confirmed £66m additional funding for 2020-21. Confirmed hourly rate will increase but no further details

High Needs

- Confirmed that our share of the £780m will be £16m (8% increase for floor funded authorities). Some OLA +17%
- Reminder of current year figures

Current in-year overspend	£16m
Add back 1% transfer	£9m
Add back share of £125m	£3.6m
Underlying overspend	£28.6m

A spooky coincidence,
not the same £16m

- Still going to be a significant in year overspend, let alone the accumulated deficit which we estimate to be in the region of £22m at the end of this financial year (£6.5m brought forward plus £16m in year overspend)

School Block 2020-21

Kent's Share

- Indicative DSG funding to be confirmed later in October
- Our estimate is an increase to our Schools Block of £52m (which equates to +5.7%), based on the following assumptions
 - Previous NFF rates increased by 4% except FSM which is to increase by 1.84%
 - Minimum Funding Levels of £3,750 for Primary and £5,000 for Secondary
 - **No cap**
 - Using 2019-20 school data from October 2018 census

2019-20 Schools Block	£918m
Estimated increase	£52m
Estimated 2020-21 Schools Block	£970m

Consultation Proposals (LIVE 14 OCTOBER)

- All school consultation required on any changes to the Local Funding Formula
- List of issues to consult upon (in no particular order) . . .
 1. General Principle – continue to move towards NFF and take into consideration areas of local concern **or** full steam ahead to the NFF?

Areas of Local Concern

2. Continue to protect small primary schools by keeping lump sum at £120k (before ACA) all the time we have the ability? We could lower the lump sum for secondary schools to NFF rate?
3. Whether we should transfer any funding into the High Needs block? KCC are proposing to repeat the 1%.
4. Whether we introduce a Falling Roll fund

Consultation Proposals

Increasing the factor rates

5. Minimum Funding Levels – should we set at NFF rates or something lower?
6. Replicate NFF increases (most +4%) to all LFF formula factors?
7. Funding of areas of local concern – who pays?
 - Two scenarios modelled and impact illustrated, one pays MFL at full rate, other £50 reduction to the MFL (both phases).

Other issues

5. Introduce mobility factor? (in line with NFF – new for 2020)
6. What level should we set the MFG at? (between +0.5% and 1.84%). KCC favours 0.5%

Increasing Factor Rates - Options

% of NFF (rate in £s)	2019-20 Current Rates	Scenario 1: Implementing NFF	Scenario 2: Addressing areas of local concern & Implementing MFLs	Scenario 3: Spreading cost of addressing areas of local concern
1% transfer to high needs	Yes	No	Yes	Yes
Lump Sum - Primary	109%	100%	105%	105%
Lump Sum - Secondary	109%	100%	100%	100%
Ever 6 FSM - Primary	60%	100%	70%	59%
Ever 6 FSM – Secondary	60%	100%	70%	74%
Low Prior Attainment - Primary	71%	100%	87.3%	100%
Low Prior Attainment - Secondary	77%	100%	93.3%	100%
MFL - Primary	97%	100%	100%	98.7%
MFL – Secondary	98%	100%	100%	99%
All other rates	100%	100%	100%	100%

Options do not model impact of introducing a falling roll or introduction of a mobility factor

Consultation: Individual School Template

Primary School

Please enter your four digit DfE number in this cell	1234
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No	Factors	Pupil Data	A 2019-20 LFF (your current budget)	B Scenario 1 (see note below)	C Difference between columns B and A	D Scenario 2 (see note below)	E Difference between columns D and A	F Scenario 3 (see note below)	G Difference between columns F and A
1	Basic Entitlement Primary	407	£1,118,796	£1,163,548	£44,752	£1,163,548	£44,752	£1,163,548	£44,752
	Total Basic Entitlement Funding		£1,118,796	£1,163,548	£44,752	£1,163,548	£44,752	£1,163,548	£44,752
2	Deprivation FSM - Primary	60.0	£26,418	£26,904	£486	£26,904	£486	£26,904	£486
	Deprivation Ever 6 FSM - Primary	108.4	£35,146	£59,655	£24,509	£41,759	£6,612	£35,146	£0
	Deprivation IDACI Band F - Primary	29.0	£5,804	£6,036	£232	£6,036	£232	£6,036	£232
	Deprivation IDACI Band E - Primary	98.0	£23,536	£24,478	£941	£24,478	£941	£24,478	£941
	Deprivation IDACI Band D - Primary	9.0	£3,242	£3,372	£130	£3,372	£130	£3,372	£130
	Deprivation IDACI Band C - Primary	20.0	£7,805	£8,118	£312	£8,118	£312	£8,118	£312
	Deprivation IDACI Band B - Primary	14.0	£5,884	£6,119	£235	£6,119	£235	£6,119	£235
	Deprivation IDACI Band A - Primary	0.0	£0	£0	£0	£0	£0	£0	£0
	Total Deprivation Funding		£107,837	£134,682	£26,846	£116,786	£8,949	£110,174	£2,337
4	English as an additional language - Primary	36.4	£18,738	£19,488	£750	£19,488	£750	£19,488	£750
6	Low cost, high incidence SEN - Primary	124.9	£91,637	£136,443	£44,806	£119,143	£27,506	£136,443	£44,806
7	Lump Sum		£120,083	£114,479	-£5,604	£120,083	£0	£120,083	£0
8	Sparsity - Primary		£0	£0	£0	£0	£0	£0	£0
9	Area Cost Adjustment - London Fringe (3.64%)		£0	£0	£0	£0	£0	£0	£0
10	Split Sites		£0	£0	£0	£0	£0	£0	£0
11	Rates		£40,730	£40,730	£0	£40,730	£0	£40,730	£0
12	PFI funding		£0	£0	£0	£0	£0	£0	£0
13	Exceptional Premises Factors		£0	£0	£0	£0	£0	£0	£0
14	Minimum Funding Levels		£0	£0	£0	£0	£0	£0	£0
	Formula Factors Total		£1,497,821	£1,609,370	£111,549	£1,579,778	£81,957	£1,590,465	£92,645
	Minimum Funding Guarantee (MFG)		£0	£0	£0	£0	£0	£0	£0
	LFF - School Budget Share		£1,497,821	£1,609,370	£111,549	£1,579,778	£81,957	£1,590,465	£92,645

Percentage increase from 2019-20 LFF

7.4%

5.5%

6.2%

Options do not model impact of introducing a falling roll or introduction of a mobility factor

Scenario 1: Implementing full NFF without addressing areas of local concern

Table 1	0% to 0.9%	1% to 1.9%	2% to 2.9%	3% to 3.9%	4% to 4.9%	5% to 5.9%	6% to 6.9%	7% to 7.9%	8% to 8.9%	9% to 9.9%	Above 10%	Grand Total
Primary Below 105		1	9	23	11	7	1					52
Primary 106 to 140	1	1		10	10	4	5					31
Primary 141 to 175		1		3	13	12	8	2	1			40
Primary 176 to 210	2			1	13	41	25	13	2			97
Primary 211 to 315	2				2	15	31	18	4	4	1	77
Primary 316 to 420	3	1		1			15	24	13	9	16	82
Primary 421 and above	1	1			1		1	22	14	6	31	77
Selective							32					32
Non-selective				1		7	23	23	8	2		64
All-through								2	2			4
Grand Total	9	5	9	39	50	86	141	104	44	21	48	556

Options do not model impact of introducing a falling roll or introduction of a mobility factor

Scenario 2: Fully implementing the MfLs whilst also recognising the areas of local concern

	0% to 0.9%	1% to 1.9%	2% to 2.9%	3% to 3.9%	4% to 4.9%	5% to 5.9%	6% to 6.9%	7% to 7.9%	8% to 8.9%	9% to 9%.9%	Above 10%	Grand Total
Primary Below 105	1			30	21							52
Primary 106 to 140	1	1		6	21	2						31
Primary 141 to 175		1		3	28	8						40
Primary 176 to 210	2		2	1	49	37	4	2				97
Primary 211 to 315	2			1	18	37	9	6	1	2	1	77
Primary 316 to 420	4	1			1	37	10	5	4	4	16	82
Primary 421 and above	2			1		19	8	7	6	5	29	77
Selective							32					32
Non-selective		1		3	9	39	12					64
All-through						3	1					4
Grand Total	12	4	2	45	147	182	76	20	11	11	46	556

Options do not model impact of introducing a falling roll or introduction of a mobility factor

Scenario 3: impact of spreading the cost of the areas of local concern across all schools (not fully implementing MFLs)

	0% to 0.9%	1% to 1.9%	2% to 2.9%	3% to 3.9%	4% to 4.9%	5% to 5.9%	6% to 6.9%	7% to 7.9%	8% to 8.9%	9% to 9.9%	Above 10%	Grand Total
Primary Below 105	1			9	33	9						52
Primary 106 to 140	1		1	4	10	13	2					31
Primary 141 to 175		1		1	9	27	2					40
Primary 176 to 210	2			3	9	64	19					97
Primary 211 to 315	2				4	43	23	3	2			77
Primary 316 to 420	4		1		1	19	35	4	18			82
Primary 421 and above	2				1	5	28	8	33			77
Selective						32						32
Non-selective			1		6	24	32	1				64
All-through							3	1				4
Grand Total	12	1	3	17	73	236	144	17	53	0	0	556

Options do not model impact of introducing a falling roll or introduction of a mobility factor

Timetable of key events

Oct	Provisional NFF allocations alongside PUFs and SUFs
14 Oct	KCC launch consultation with schools
Nov	Presentations and briefing sessions across Kent
18 Nov	Close consultation with schools
29 Nov	Forum meeting
Dec	DSG allocations confirmed
Jan & Feb	School budgets calculated

Any Questions?

Link to Consultation page:

Please take the time to read the consultation document before answering the questions

www.kent.gov.uk/schoolfundingconsultation