

WSGA Briefing Three Year Budgets 6th November 2018

Education Finance Team

Areas of discussion

- The impact of National Funding Formula (NFF)
- Other funding streams, teachers pay and new NJC spinal column points
- Guidance given to schools on funding and inflationary assumptions for next year
- The forecast modelling tool made available to schools

WHY THREE YEAR BUDGETS?

- Why now?
 - To help schools plan more effectively for the transition to the new National Funding 'hard' formula
 - Government expectation is for all governing bodies to produce 3 year budgets

WHY THREE YEAR BUDGETS?

- Major benefits
- To enable schools to strategically plan more effectively at an earlier stage
- Early warning of schools that may go in to deficit in future
- Earlier intervention from WSCC to assist schools in difficulty

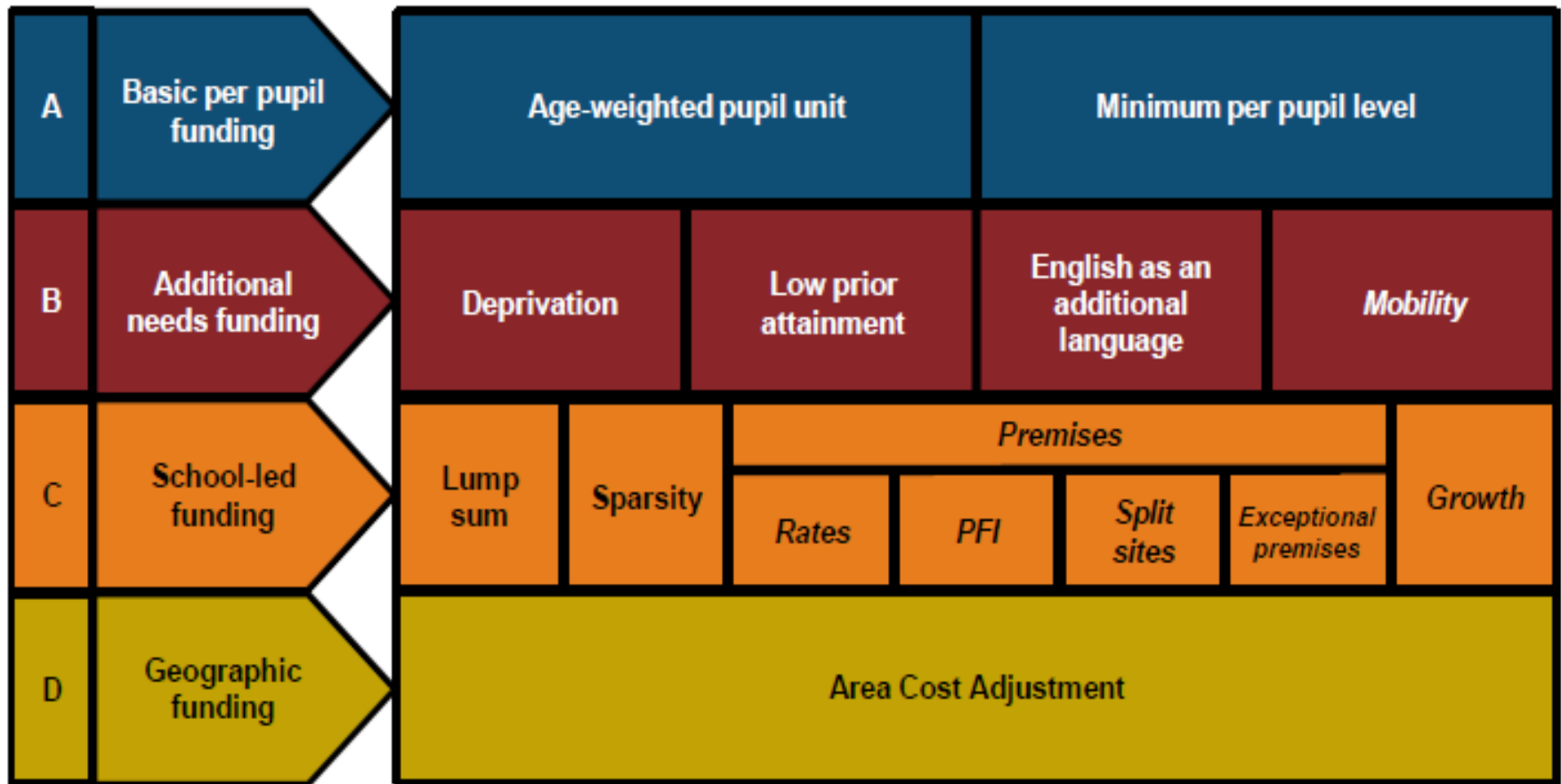
SCHOOLS BLOCK AND NFF

- Long term intention that schools' budgets will be set on the basis of a single national formula
 - Allocations will go directly to schools
['Hard' formula]

SCHOOLS BLOCK AND NFF

- Government has used the NFF to allocate Schools block funding to Local Authorities [**‘Soft’ formula**]
 - LAs do not have to apply NFF for the distribution of funding to schools for 2018/19 and 2019/20 **And now also 2020/21.**
 - LAs are required to set a local formula for schools in these three years to ensure transitional stability.
 - Schools must be consulted about proposed local formula and other changes to their funding.

SCHOOLS BLOCK NFF FACTORS



NB: Not to scale. Funding for factors in *italics* will be allocated to local authorities on the basis of historic spend in 2018-19

NFF IMPACT IN WEST SUSSEX

	Current £m	NFF £m	Diff £m	Diff %
Basic Per Pupil	335.8	339.8	4.0	1.2%
Additional Needs	35.8	61.0	25.2	70.4%
School Led	53.2	42.0	-11.2	-21.1%
Area Cost Adjustment	1.0	4.0	3.0	300.0%
Minimum Per Pupil	0.0	6.6	6.6	n/a
Total	425.8	453.4	27.6	6.5%

IMPACT OF NFF FUNDING

Constituency: Crawley

- Small Primary Schools: 0
 - 18/19 average increase per school £n/a n/a
 - Full NFF average increase per school £n/a n/a
- Larger Primary Schools: 24
 - 18/19 average increase per school £42,860 2.80%
 - Full NFF average increase per school £151,754 9.74%
- Secondary Schools: 6
 - 18/19 average increase per school £141,736 2.89%
 - Full NFF average increase per school £543,055 10.97%

IMPACT OF NFF FUNDING

Constituency: Mid Sussex

- Small Primary Schools: 9
 - 18/19 average increase per school £2,680 0.52%
 - Full NFF average increase per school £4,163 0.85%
- Larger Primary Schools: 23
 - 18/19 average increase per school £28,715 2.31%
 - Full NFF average increase per school £59,310 4.53%
- Secondary Schools: 6
 - 18/19 average increase per school £455,465 4.70%
 - Full NFF average increase per school £620,055 9.24%

IMPACT OF NFF FUNDING

Constituency: Horsham

- Small Primary Schools: 12
 - 18/19 average increase per school £2,870 0.57%
 - Full NFF average increase per school £4,644 0.92%
- Larger Primary Schools: 24
 - 18/19 average increase per school £26,634 2.25%
 - Full NFF average increase per school £54,504 4.41%
- Secondary Schools: 4
 - 18/19 average increase per school £339,915 5.77%
 - Full NFF average increase per school £620,055 10.61%

IMPACT OF NFF FUNDING

Constituency: Worthing West

- Small Primary Schools: 0
 - 18/19 average increase per school £n/a n/a
 - Full NFF average increase per school £n/a n/a
- Larger Primary Schools: 20
 - 18/19 average increase per school £32,356 2.40%
 - Full NFF average increase per school £66,882 4.63%
- Secondary Schools: 2
 - 18/19 average increase per school £155,036 2.89%
 - Full NFF average increase per school £293,043 5.63%

IMPACT OF NFF FUNDING

Constituency: East Worthing and Shoreham

- Small Primary Schools: 0
 - 18/19 average increase per school £n/a n/a
 - Full NFF average increase per school £n/a n/a
- Larger Primary Schools: 20
 - 18/19 average increase per school £41,966 2.70%
 - Full NFF average increase per school £81,458 5.01%
- Secondary Schools: 5
 - 18/19 average increase per school £136,739 2.89%
 - Full NFF average increase per school £303,961 6.49%

IMPACT OF NFF FUNDING

Constituency: Arundel and South Downs

- Small Primary Schools: 15
 - 18/19 average increase per school £2,711 0.59%
 - Full NFF average increase per school £4,693 1.03%
- Larger Primary Schools: 19
 - 18/19 average increase per school £22,334 1.83%
 - Full NFF average increase per school £42,791 3.34%
- Secondary Schools: 5
 - 18/19 average increase per school £195,445 4.00%
 - Full NFF average increase per school £392,418 8.03%

IMPACT OF NFF FUNDING

Constituency: Bognor Regis and Littlehampton

- Small Primary Schools: 1
 - 18/19 average increase per school £1,563 0.35%
 - Full NFF average increase per school £3,242 0.73%
- Larger Primary Schools: 18
 - 18/19 average increase per school £31,712 2.44%
 - Full NFF average increase per school £65,308 4.57%
- Secondary Schools: 3
 - 18/19 average increase per school £168,953 2.91%
 - Full NFF average increase per school £353,687 6.17%

IMPACT OF NFF FUNDING

Constituency: Chichester

- Small Primary Schools: 18
 - 18/19 average increase per school £4,068 0.88%
 - Full NFF average increase per school £6,951 1.52%
- Larger Primary Schools: 24
 - 18/19 average increase per school £14,549 1.62%
 - Full NFF average increase per school £23,857 2.63%
- Secondary Schools: 6
 - 18/19 average increase per school £124,034 3.12%
 - Full NFF average increase per school £245,117 6.55%

2019/20 INDICATIVE FUNDING

- Transitional plan agreed by Schools Forum
 - Variant of Option 3 in School Funding Consultation 2017
- Indicative school budget statements on WSSfS portal

2019/20 INDICATIVE FUNDING

- Main assumptions
 - 0.5% transfer to High Needs Block (SofS approval required)
 - Reduction in primary school lump sum to £130,000
 - London weighting (Crawley) of 4.26% (as per current year)
- Final allocations subject to consultation just issued

2020/21 INDICATIVE FUNDING

- Based on DfE full implementation ‘hard’ NFF figures
 - Updated figures (Oct 17 census) published on 24th July 2018
 - Additional protection given to primary schools through the local formula falls away
- Detailed breakdown by school still being worked on
 - Supporting information published by DfE on 30th August 2018

2020/21 INDICATIVE FUNDING

- DfE announced 'hard' NFF delayed by at least a year
 - WSCC will continue to determine local school allocations
 - Final allocations will still be subject to the current LA consultation

HIGH NEEDS BLOCK

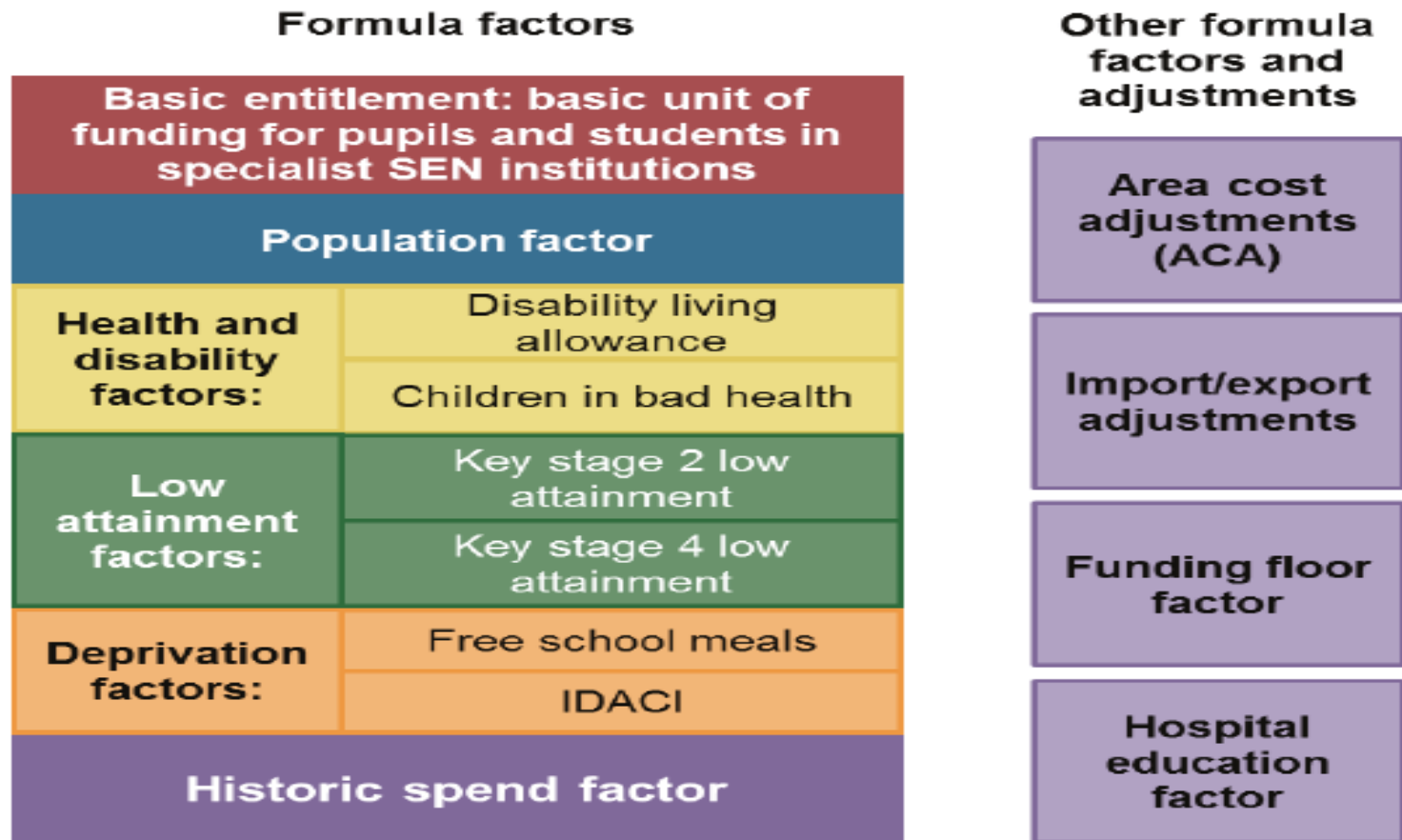
- 2018/19 is the first year of the new NFF for the High Needs block. Under this formula the key factors of the new funding allocation are as follows:
 - Basic Entitlement Factor – provides £4k per pupil who attend special schools or are in alternative provision,
 - Historic Spend Factor – provides 50% of a local authorities baseline expenditure, and will be maintained at a cash-flat level,
 - The remaining funding is allocated using Proxy Measures such as 2-18 year old population, deprivation, health and disability etc,
 - Funding floor - applied to elements 2 and 3 to ensure they will increase by at least 0.5% per head of 2-18 year old population in 18/19 and 19/20

HIGH NEEDS BLOCK

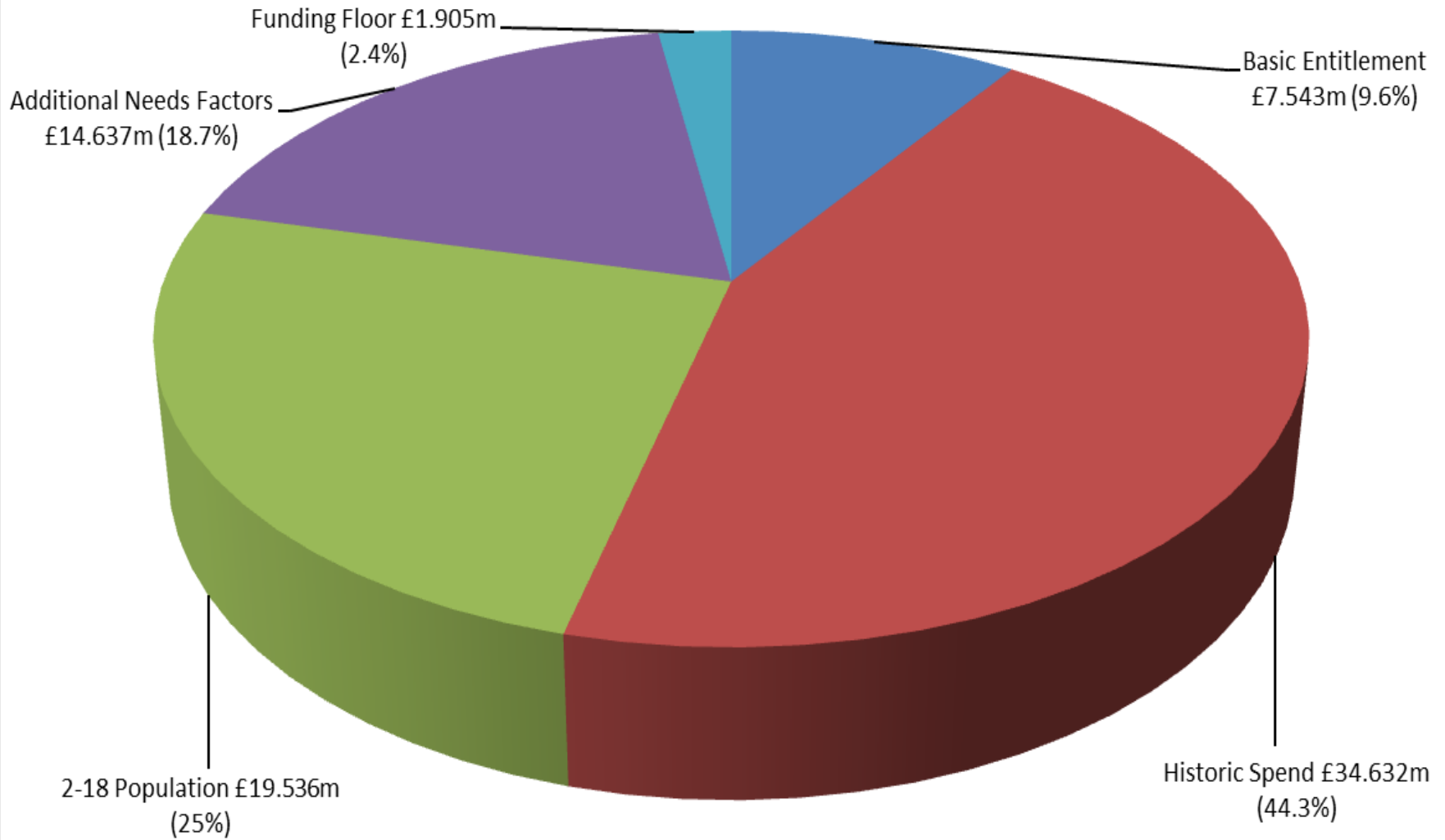
- Our allocation for 2018/19 (before our import / export) is £78.3m.
- Cost pressures in the High Needs block have required a transfer of £2.2m from the Schools block & £0.760m from DSG reserves in 18/19.

NFF HIGH NEEDS

- Funding distributed through a national formula



DSG High Needs Block Allocation 2018/19 (£78.253m)



INCREASE IN EHCPs

- Our High Needs expenditure within West Sussex is largely driven by the number of pupils with an Education, Health and Care Plan:
 - In March 2015 there were 3,423 children and young people with EHCPs, and the number had risen to 4,912 in March 2018 – an increase of 1,489 (43%).
 - 515 in 2015/16, 573 in 2016/17 and 401 in 2017/18.
 - One of the main reasons for the increasing level of EHCPs has been the extension of support to young people up to the age of 25. Statements previously lapsed at age 19.

INCREASE IN EHCPs

- Current EHCPs in West Sussex:
 - 10% INMS (represents £18.14m plus £3.2m in post 16)
 - 39% maintained or academy specialist provider (represents £32m)
 - 51% mainstream

OTHER PRESSURES

- Needs of children with special educational needs and/ or disabilities are becoming more complex and this is driving increased financial pressures across the system.
- Shortage of local specialist educational provision to meet need is resulting in increased specialist placements with independent providers.

OTHER PRESSURES

- Lack of capacity within mainstream settings to provide a graduated response to additional needs. Many schools do not have the capacity to provide additional support due to financial pressures.
- Increase in the number of pupils being excluded and the need to provide costly alternative provision.
- Parental preference

COST PRESSURES 2019/20

High Needs Pressures	£
Current placement pressure 2018/19	1.600
Add back one-off Funding in 2018/19:	
Schools block transfer	2.200
Transfer from DSG Reserves	0.760
Additional pressures in 2019/20:	
Inflationary pressures	0.400
Continued growth in placements	3.600
Underlying Demand Pressure	8.560

MITIGATIONS 2019/20

High Needs Mitigations	£
Increase in DSG Allocation	0.955
On-going 2018/19 underspendings	?..???
Savings Initiatives:	
Re-prioritisation within High Needs block	?..???
Savings within County Council	?..???
Transfer from DSG Reserves	3.200
Potential transfers between DSG blocks:	
Schools block	2.300
Early Years block	0.400
Potential Mitigation	?..???

TEACHERS PAY AWARD GRANT - MAINSTREAM

- Grant will be allocated via WSCC on a per pupil basis
 - Schools < 100 pupils will be funded as if they had 100 pupils
- Primary rates per pupil (inc. early years)
 - 2018/19 £16.40 (Crawley £16.90)
 - 2019/20 £28.29 (Crawley £29.14)
- Secondary rates per pupil (inc. sixth form)
 - 2018/19 £26.54 (Crawley £27.34)
 - 2019/20 £45.56 (Crawley £46.94)
- School level allocations will be published during October

TEACHERS PAY AWARD GRANT – HIGH NEEDS

- Grant will be allocated via WSCC on a per pupil basis
 - Applies to all pupils age 2 to 19
 - Schools < 40 pupils will be funded as if they had 40 pupils
- Special school rates per pupil (inc. APC)
 - 2018/19 £65.65 (Crawley £67.64)
 - 2019/20 £113.46 (Crawley £116.89)
- LA level allocations will be published during October

OTHER FUNDING STREAMS

- All other funding streams assumed to remain the same:
 - Pupil Premium, including Ever 6
 - PE grant for primary schools
 - Devolved Formula Capital Grant

PAY BUDGETING ASSUMPTIONS

- Teachers pay award
 - 3.5% to main and unqualified teacher pay ranges,
 - 2% to upper & leading practitioner pay ranges, all allowances
 - 1.5% to leadership pay ranges (inc. Headteacher)

- 2019 – assume 2% across the board in Sept 2019

PAY BUDGETING ASSUMPTIONS

- NJC contracts – still awaiting HR confirmation on grades
 - assume average 4% increase from April 2019 in meantime
- HAY contracts – assume 2% increase backdated to April 2018 and additional 2% increase from April 2019

PAY BUDGETING ASSUMPTIONS

- Teachers pay grant in 2020/21 – to be rolled into DSG ??
 - Not included in indicative NFF allocations – therefore assume continuation of grant at 2019/20 values.

PAY BUDGETING ASSUMPTIONS

- Teachers' pension increase
 - Recommendation is for employers contribution to increase from 16.48% to 23.6% in September 2019
 - Government have indicated that funding will be made available to meet in year additional costs
 - However, at this stage we have no idea how much.

NON-PAY BUDGETING ASSUMPTIONS

- WSCC SLAs price increase
 - Will be based on RPI in September 2018
 - August RPI rate was 3.4%
- Energy – for schools in the Laser contract
 - Gas - increase of between 3.2% and 23.7%
 - Electricity - increase of between 12.3% and 15.6%
 - Schools not in Laser will need to contact their suppliers
 - Water - in line with RPI

NON-PAY BUDGETING ASSUMPTIONS

- Other inflation – assume 2% increase or cash limited cost centres
- Primary school meals – Assume a 5p uplift per year
 - £2.35 in September 2018
 - £2.40 in September 2019

INTRODUCING THE MODELLING TOOL

1. Read Me Guidance tab
2. 3 Year Budget tab
 - Input sheet for all calculations etc
3. Exec Summary tab (self populating)
 - 3 year budget summary to be returned to WSCC
4. Performance tab (largely self populating)
 - Format based on new DfE self-assessment tool (which is due to replace SFVS in April 2019)

REPORTING REQUIREMENTS

- Budget executive summary (18/19–20/21)
 - Self populating tab on 3 year modelling tool
 - Signed by Headteacher & Chair of Governors
 - Returned to WSCC by Friday 30th November 2018
- Annual returns:
 - Approved budget statement by 31st May (as now)
 - 3 year budget forecast by 30th November
- Expectation that 3 year budget forecasts will not show a deficit position
 - This is unlikely to be the case for all schools – particularly this year