



Report to Children, Young People & Family Support Scrutiny & Policy Development Committee

Monday 5th November 2018

Report of: Head of Service – Business Strategy

Subject: Changes to School Funding and Capital Programme for Schools

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Planning

The attached presentations relate to the two separate aspects of the item: Changes to School revenue funding and a summary of the challenges being faced by both the Local Authority and the schools themselves, and Capital funding for schools, again outlining the challenges being faced.

The Scrutiny Committee is being asked to:

- Note the contents of the presentations
- Comment on and agree on any appropriate recommendations, moving forward.

School Funding Overview: Dedicated Schools Grant (DSG) and National Funding Formula (NFF)

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Dedicated Schools Grant (DSG): History

- DSG system introduced in 2006/07 – pivotal point in determining how much DSG income LAs will receive in future years.
- 2006/07 DSG income was pegged to what LAs had spent/allocated per pupil in 2005/06
- 2005/06 can be considered the baseline year for the current funding system. Difference in funding levels at that point carried forward from 2006/07 onwards.

Source: House of Commons briefing paper no. 06702, 12 June 2017

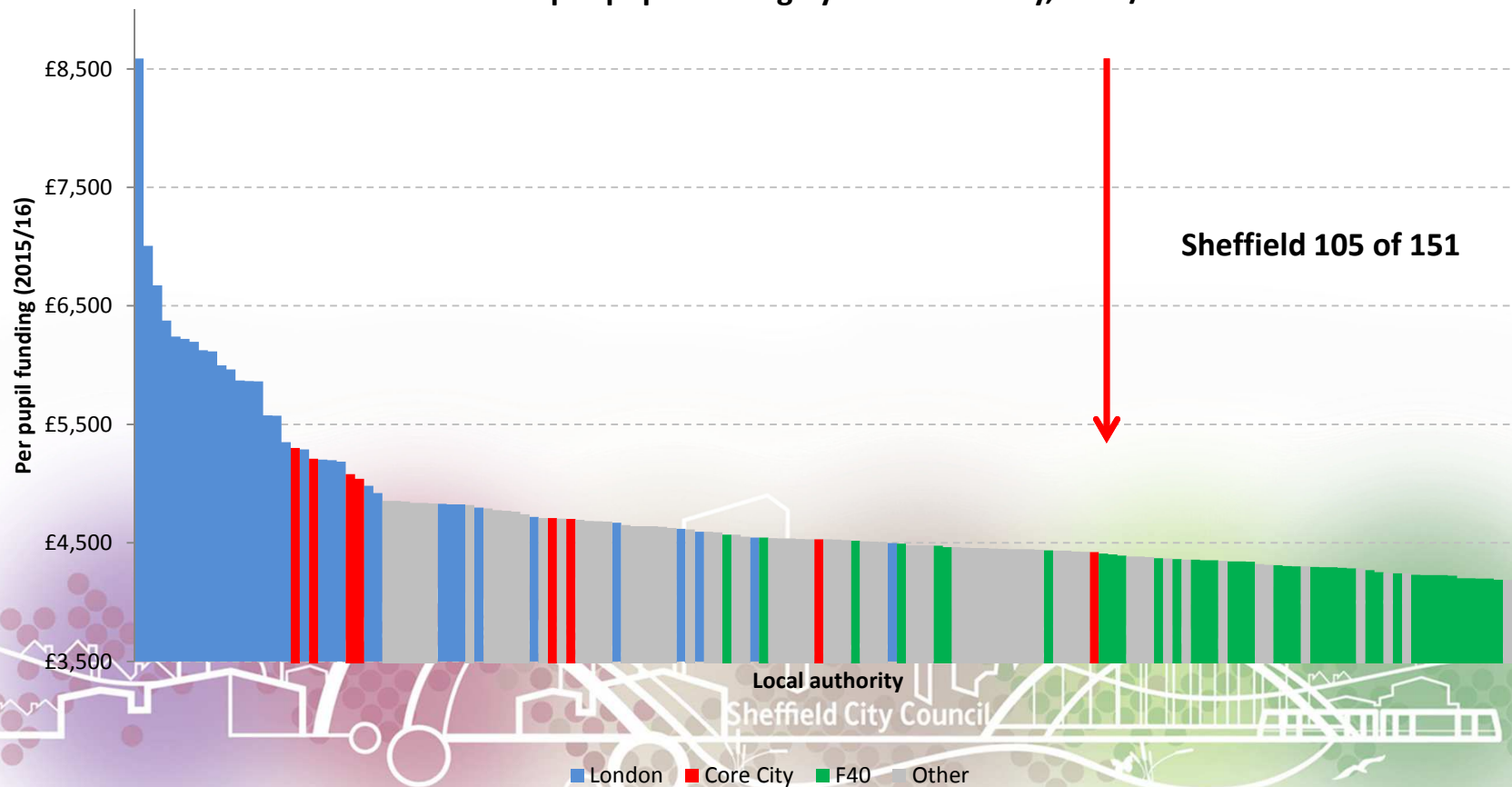
DSG: History

- From 2006/07 DSG income allocated on “Spend Plus” providing per pupil funding at the level received in the previous year, subject to adjustments.
- Funding prior to 2006/07 was partially based on consideration of area needs, deprivation, additional educational needs etc.
- Authorities with low levels of funding in 2005/06 had relatively low levels of deprivation and additional needs and this position has, to a large extent, been locked into the system ever since.

Source: House of Commons briefing paper no. 06702, 12 June 2017

Historically low settlement for Sheffield – Core Cities analysis

Schools Block per pupil funding by local authority, 2015/16

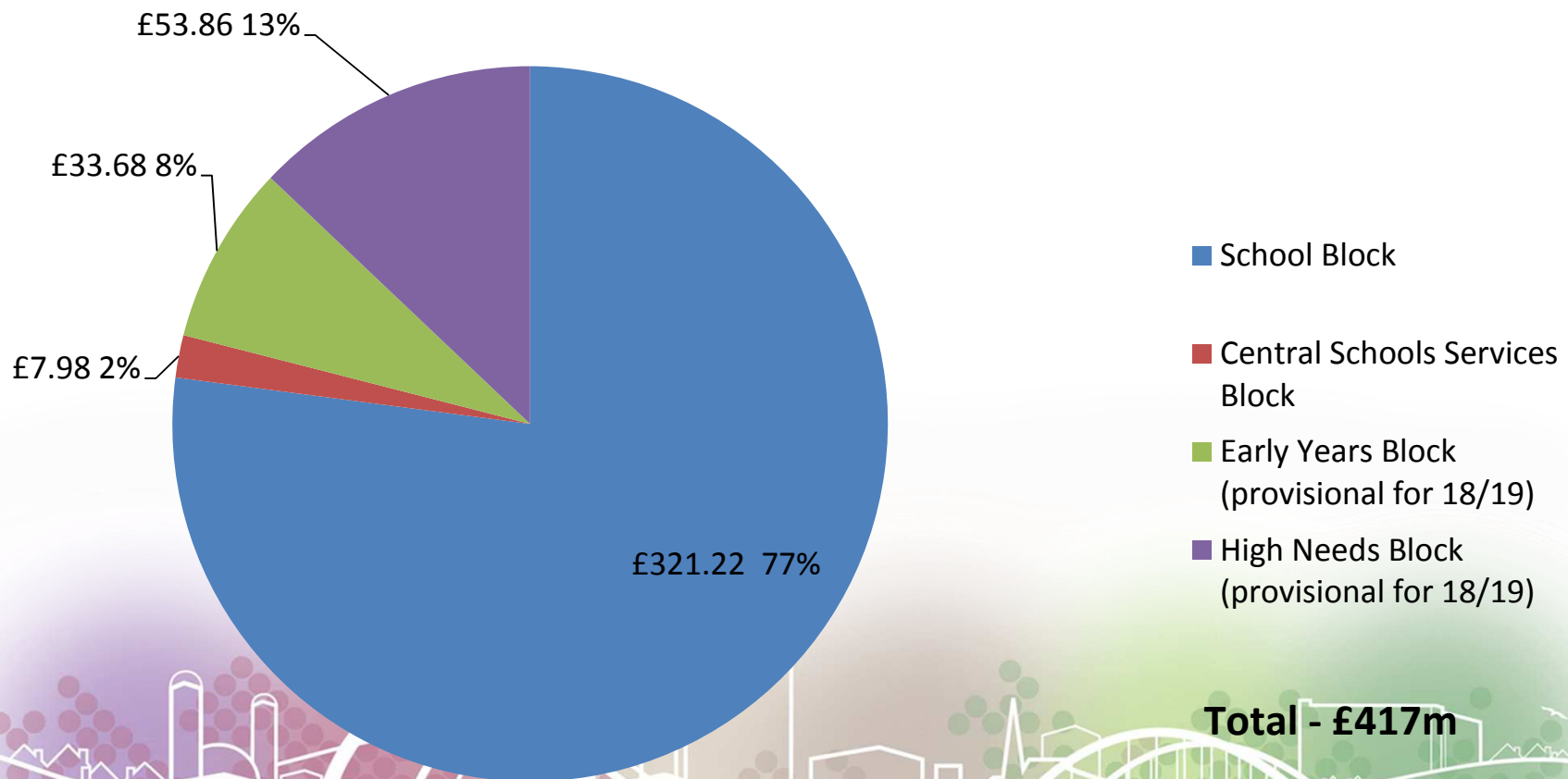


Current DSG

Four main blocks:

1. Schools Block – for primary and secondary pupils in maintained schools and academies.
2. High Needs Block – for children with complex needs (e.g. funds EHC Plans).
3. Early Years Block – free entitlement for 3 and 4 year olds, and some 2 year olds.
4. Central Services Schools Block.

Overall DSG Settlement for Sheffield 2018/19 - £m



Pupil Premium

- Payable for each pupil who has been eligible for free meals at any time in the last 6 years, or is looked after / adopted from care after 2005, or who has been a service child in the last six years.
- It's designed to help disadvantaged pupils of all abilities perform better, and close the gap between them and their peers. Uses can include: additional classroom support, extra-curricular activities, breakfast clubs or extra learning resources.
- Expected level of Pupil Premium for 2018/19:

Primary £'000			Secondary £'000			ISB £'000
Maintained	Academies	Total	Maintained	Academies	Total	Total
8,340	9,247	17,587	742	7,354	8,096	25,683

Current School Block Funding: Context

- Average amount of per pupil school funding that individual local authorities receive varies considerably.
- Local authorities distribute funding to schools using local funding formulas, which give different weights to different factors, meaning that schools receive varying levels of per pupil funding, even within the same area – allows us to consider local priorities when allocating resources.



Role of Schools Forum

- A statutory body.
- Made up of representatives from schools and academies, other non-school organisations.
- Consultative body on some issues and a decision-making body on others:
 - Provides a formal channel of communication between Sheffield City Council (SCC) and Sheffield schools; and serves as a mechanism for consultation on such matters concerning the funding of schools.
 - Also promotes working practices which seek to deliver best value in all aspects of schools funding between SCC and schools and on behalf of schools.
 - Must be consulted on any proposed changes to SCC's school funding formula.

National Funding Formula (NFF): Background

- National funding regulations require local authorities to fund schools using “soft” NFF during the transitional phase which has now been extended to include 2020/21.
- We have been encouraged to work towards implementing a “hard” NFF Formula – the NFF will be used to calculate each individual schools budget, without applying a local funding formula.
- For 2018/19, NFF means an **increase of £5.8m DSG Schools Block** funding for Sheffield.
- DSG settlement has been at a standstill for the last 5 years and an average 2% inflation could mean a cumulative £30m requirement.

Impact of Changes for Sheffield

3 elements of the 'hard' NFF will have a significant impact for Sheffield schools when fully implemented:

1. The sector ratio will move from 1:1.24 in the Sheffield Formula to 1:1.29 in the national formula (for every £1 in primary there is £1.24 or £1.29 in secondary).
2. The lump sum will move from £150k in the Sheffield formula to £110k in the national formula. This change has a significant financial impact on small schools.
3. The funding for prior attainment is reduced in the national formula in comparison to the existing Sheffield model. The NFF allocates 8% of total budget share whereas Sheffield currently allocates 9%.

Implications of National Funding Formula for Sheffield

- We recognise that NFF is a move towards greater fairness.
- NFF tries to strike a balance nationally between fairness and stability. From a Sheffield perspective it appears more focused on stability.
- The way funding is distributed by National Government means we are worse off from our anticipated allocation (based on October 2017 baseline) for:
 - Schools Block by £12.1m (£170 per pupil) and £5.7m (£80 per pupil) in 2018/19 and 2019/20.
 - High Needs Block by £6.7m and £5.2m in 2018/19 and 2019/20.
- There is insufficient funding nationally in the school system.

Early Years Block

The Early Years Block comprises:

- Participation funding for disadvantaged two-year olds.
 - Current hourly rate - £4.94.
- Funding for the three and four year old entitlement.
 - Current hourly rate - £4.10.
- Early Years Pupil Premium for three and four year olds.
- Funding for maintained nursery schools and Disability Access Fund.

High Needs Funding: Challenges

- Total funding for 2018/19, based on historical settlement = **£53.7m** (should be £60.4m) – funding not kept pace with increasing demand - a £6.7 million allocation shortfall for 2018/19 with a projected £5.24 million allocation shortfall in 2019/20.
- Sheffield has a growing school population and growing level of need for support for children with Special Educational Needs and Disabilities (SEND). This is across all areas, but particularly a growing demand around mental health, behaviours, communication needs and sensory needs, including for children with a diagnosis of autism.
- Growth projected in Special Schools – 2018/19 budgeted position of 1,183. Current expectations that the actual numbers could be in the region of 1,200-1,225.

What we're doing to address the funding challenge:

- Briefed MPs.
- Working with the schools sector – via Schools Forum, Locality meetings, working groups and other meetings.
- Working with Learn Sheffield.
- Reconsidering NFF transition plan.
- Lobbying national government to bring forward full implementation.

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Capital

Scrutiny Committee, 5 November 2018



Government Policy Priorities

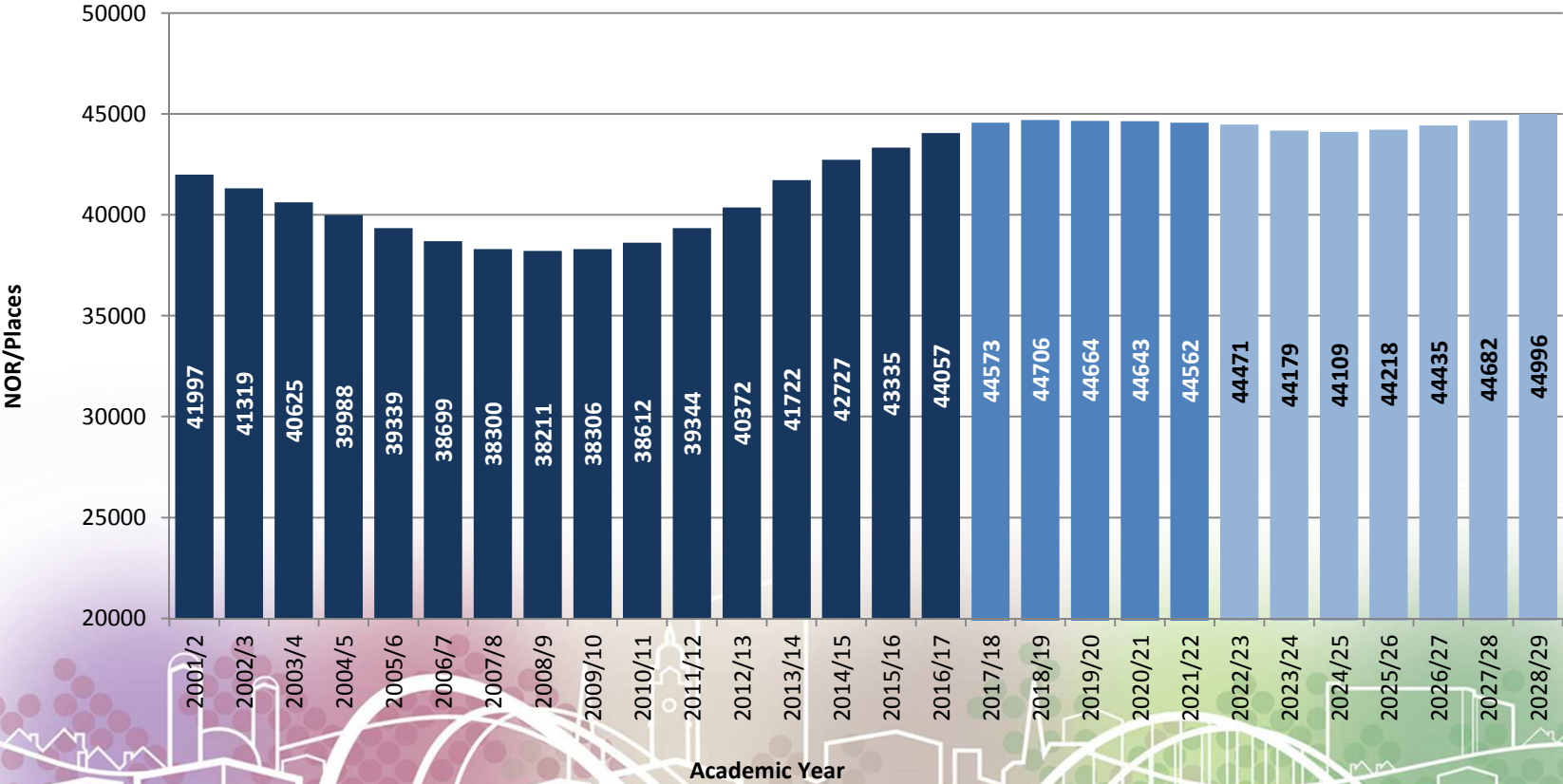
- **Sufficient places:** supporting local authorities in their statutory duty
 - £7bn for new school places, including SEND places
 - 825,000 places added between 2010 and 2017
- **School condition:** ensuring these places are kept useable, safe and effective
 - Rebuild and refurbish over 500 existing schools
 - £5.6bn allocated to schools, LAs and academy trusts since 2015
- **Supporting reform:**
 - Free schools programme (Academies)
 - £100m healthy pupils capital fund

Capital Funding Allocations

- Basic Need Capital Grant totalling over £100m (2014/15 - 2021/22)
- S106 Developer Contributions £1.8m (2015/16 - 2018/19)
- School Condition
- Expansion of Extended Funded Learning for 3 & 4 yr olds £1.2m (2018/19)
- Specialist Provision £1.8m (2018/19 - 2020/21)
- Healthy Pupils £259k (2018/19)

Primary Number on Roll Forecast

Primary Number on Roll Forecast (Rec-Y6)

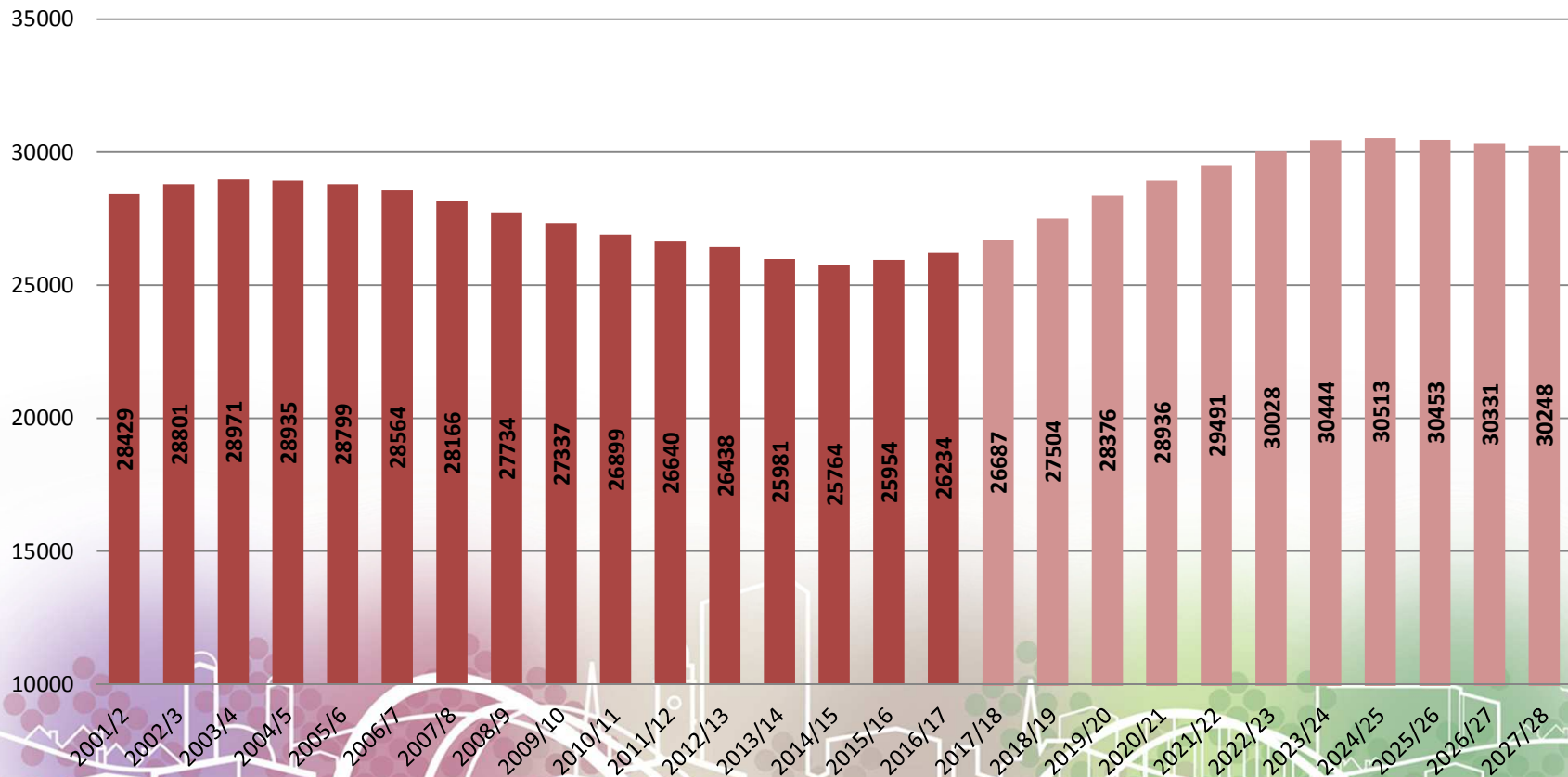


Academic Year

Sheffield City Council

Secondary Number on Roll Forecast

Secondary Number on Roll Forecast (Y7-Y11)



Sheffield City Council

Basic Need and School Places

Programme	2018/19	2019/20	2020/21	2021/22 ***	2022/23
	£000	£000	£000	£000	£000
NEW SCHOOLS	32,198	2,259	1,168	339	-
PERMANENT EXPANSION PROJECTS	5,794	-	-	-	-
TEMPORARY EXPANSION PROJECTS	310	30	20	-	-
EXPENDITURE TOTAL*	38,302	2,289	1,188	339	-
INCOME					
Basic Need b/f	10,698	-	21,805	-	14,232
Basic Need In year	5,754	9,862	6,368	11,870	-
Section 106	45				
TOTAL	16,497	-	11,943	-	7,864
Funds Carried Forward**	-	21,805	-	14,232	-

* Expenditure Total figure represents latest forecast position which includes expenditure still to be formally approved

** The negative "Funds Carried Forward" of 21,805 represent to the extent of SCC's cashflow of the programme in advance of DfE funding

*** The "Basic Need In Year" figures are confirmed allocations from DfE with the exception of 2021/22 which is a forecast figure based on latest estimates from Schools Organisation team.

Building Condition Funding: Community Schools

- £2.7m School Condition Allocation (SCA) to LA 2018/19
- £765k devolved to schools to maintain buildings (DFC) 2018/19
- Priority School Building Programme (PSBP): LA can apply to rebuild or significant refurbishment. Four Sheffield schools included between 2011-2018



School Condition Programme

Priority Investment	2018/19 £000s
Emergency & Adaptations	100
Heating, Mechanical & Electrical	1,000
Fire Risk Assessment Measures	1,200
Structural	450
Total Expenditure	2,750

School Condition: Key Issues

- Approximately £90m outstanding maintenance on primary schools
- Insufficient condition funding for major refurbishments and/or rebuilds
- SCC allocation of Building Condition funding reducing each year with Academy Transfers
- Often schools in worst condition remain community schools
- Essential programmes are required to ensure schools are 'fit for purpose'
- Priority School Building Programme is welcome but not enough

Condition and Academies

- Building Condition Allocation (SCA) is an annual source of capital grant funding allocated direct to the academy trust
- Academies are also able to access Condition Improvement Fund (CIF) direct from DfE through a bidding process



Condition and Academies: Key Issues

- Allocation Fragmented: No single allocation of capital grant funding to enable an overall strategy for Sheffield Schools.
- Reduced Allocation: Amount of building condition capital grant is based on pupil numbers. As children transfer to academy schools, the annual allocation reduces year on year.
- CIF allocations not based on condition data

Free Early Learning (FEL)

Eligible Provider	New places to be created	Total project cost £000	DfE Grant £000
Intake Preschool	28	306	213
*Consortium for Children & Families	172	916	687
Coumes Springs Children Centre	16	63	47
St Thomas of Canterbury RC Primary School	26	296	222
Wincobank NI School	10	42	£31
Crosspool Pre-School	2	6	6
Total	254	1629	1206
*Consortium; Ellesmere, Firvale and Darnall Community Nursery			

Astrea Academy 2-19



Astrea Academy 2 -18

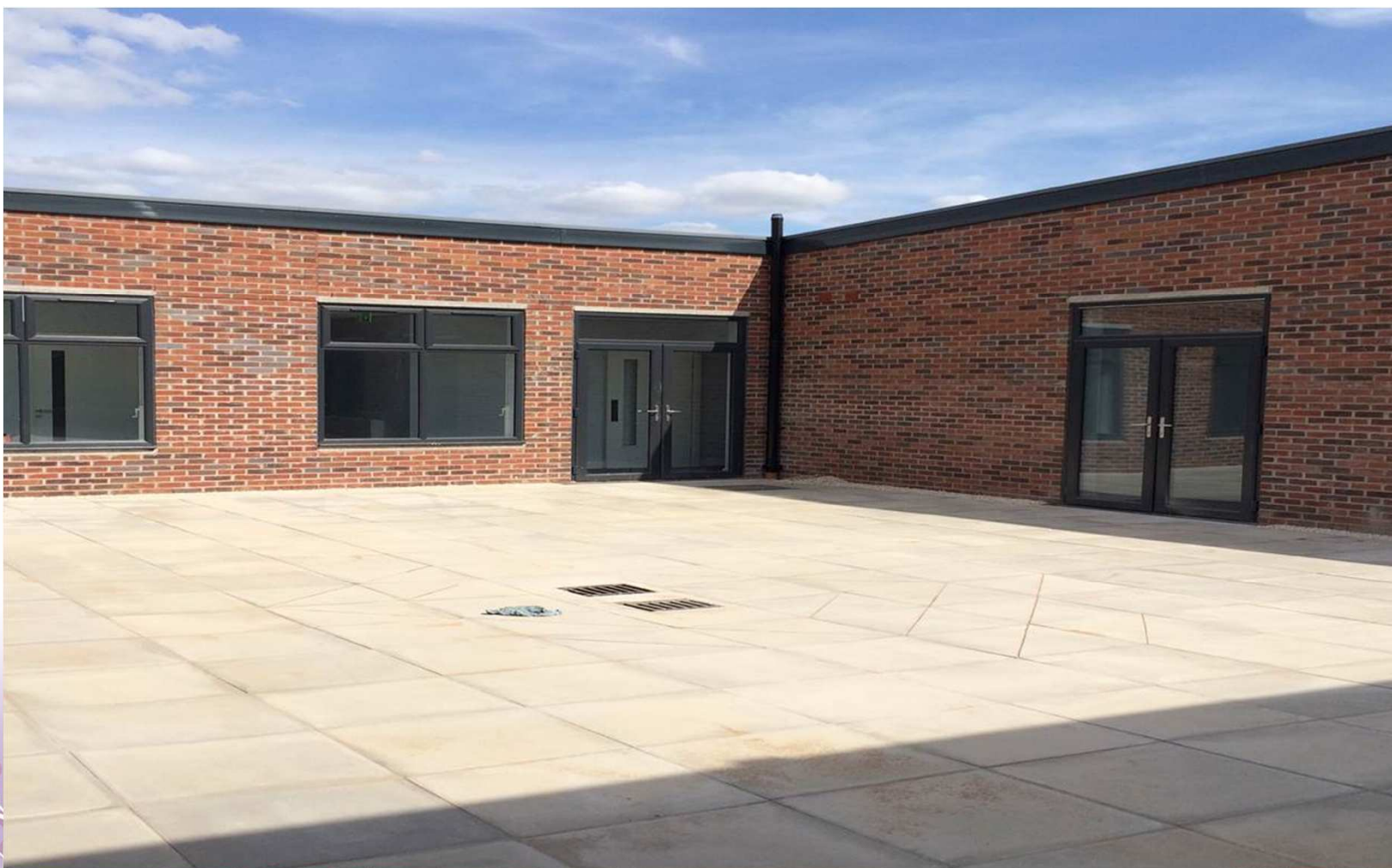
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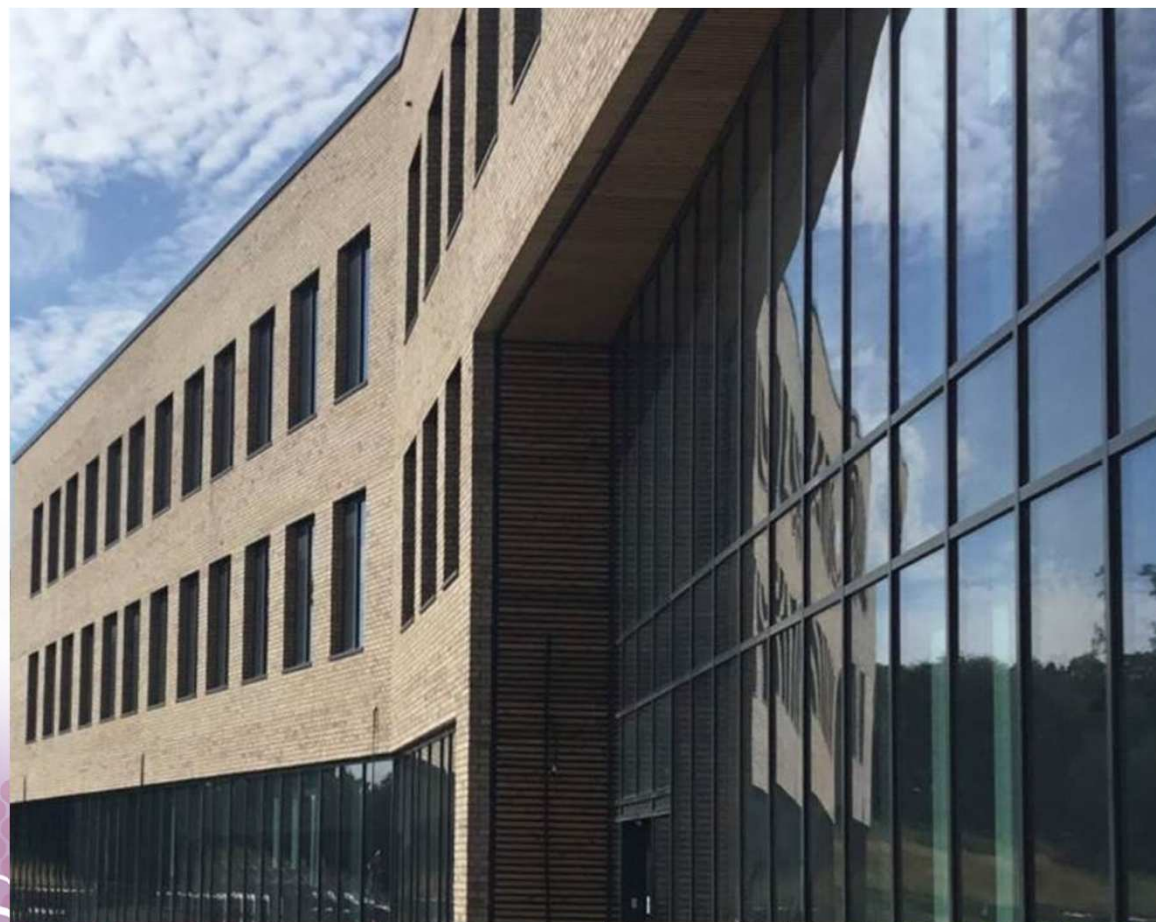
Totley Primary School Expansion Project



Ecclesall Primary School Expansion



Mercia School 11 – 18



Sheffield City Council

Prince Edward Primary School

**Rebuilt under Priority School
Building Programme – Opened 2015**

