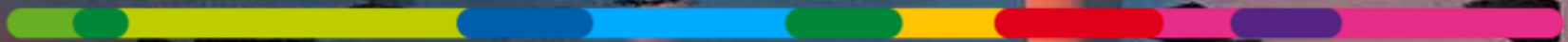

Schools Funding Formula Working Group

Headroom and deficit information & Education Services Grant

7 December 2016



Topics



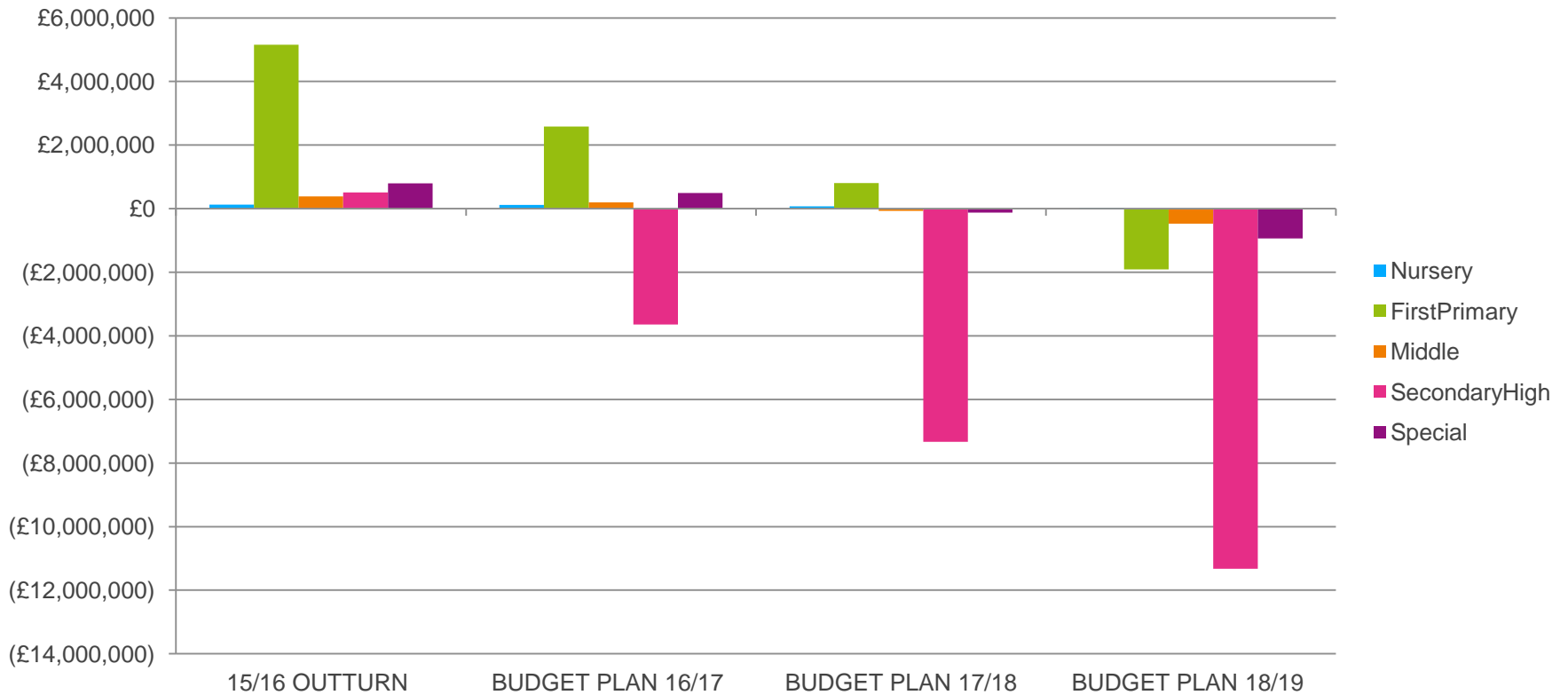
Schools in financial difficulties



Education Services Grant

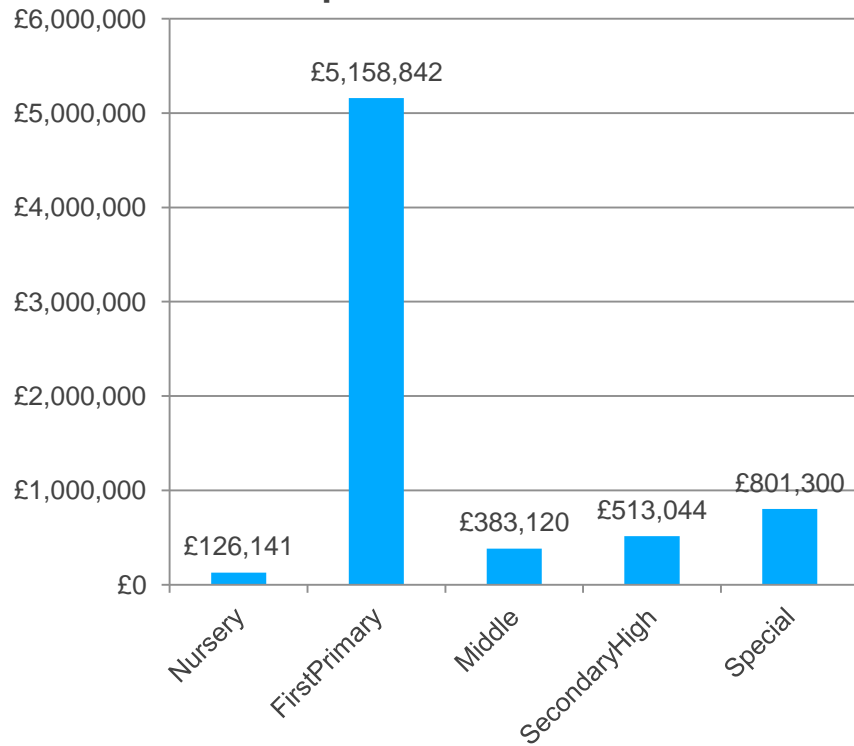
Forecast position 2016-2019

Budget plans by phase

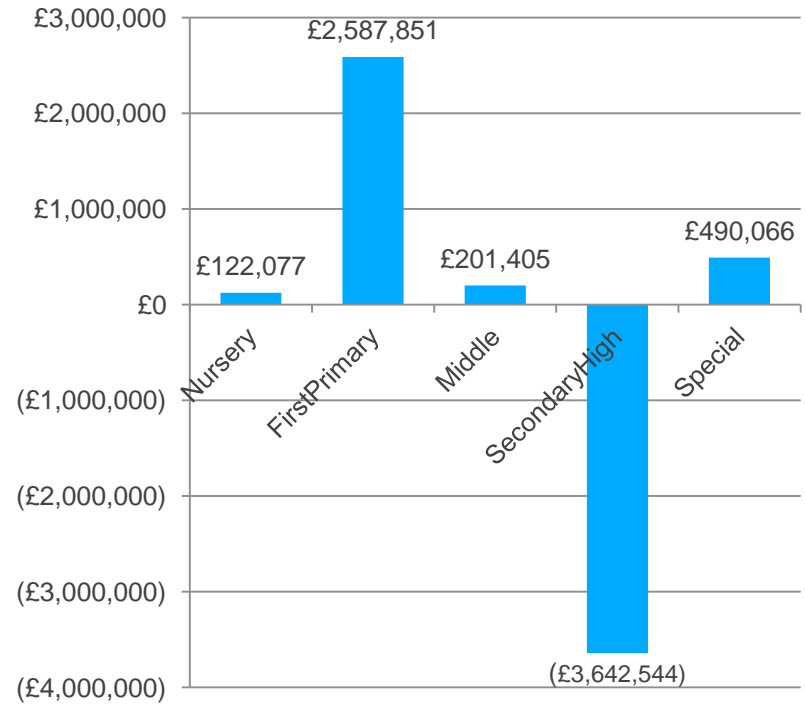


2016-2017 balances in more detail

Distribution of cumulative 2016 surplus balance

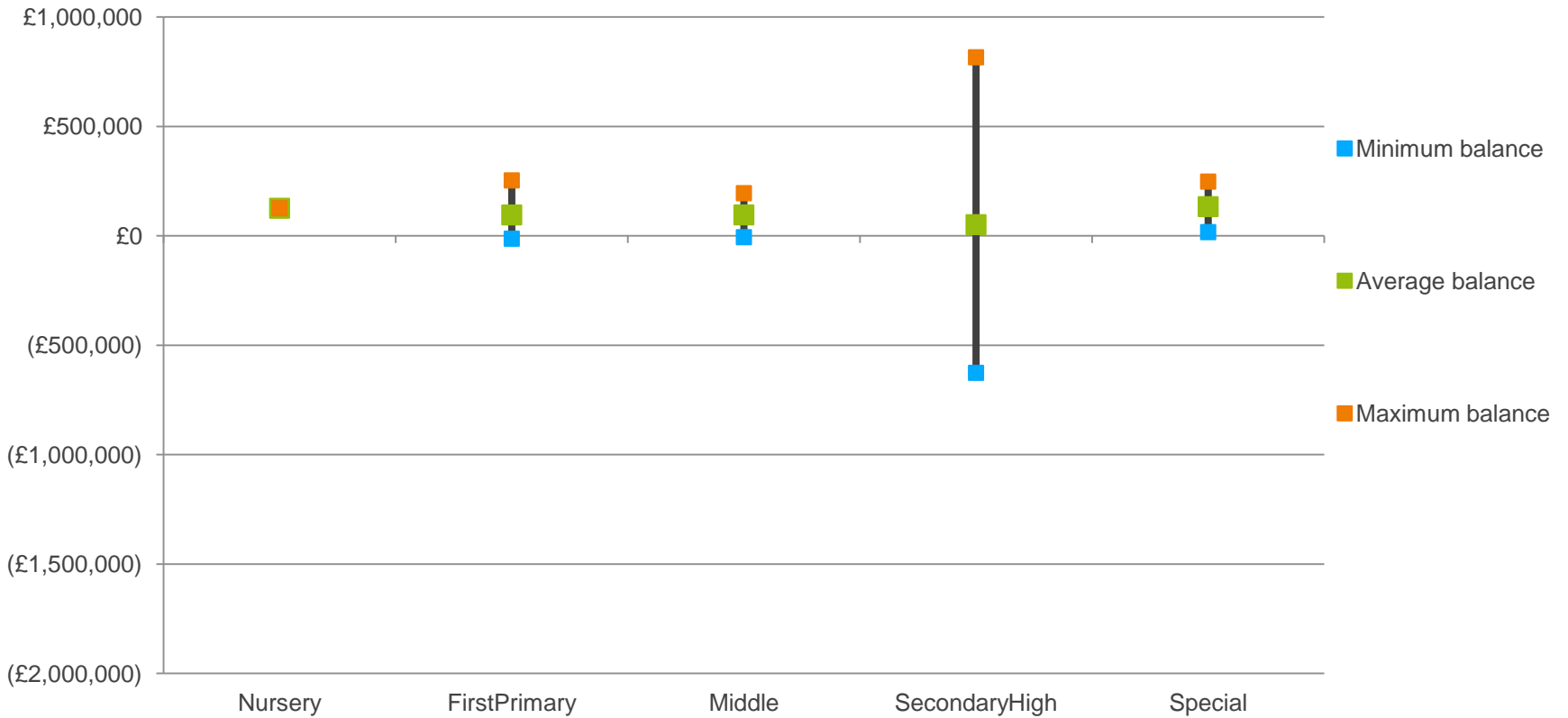


Distribution of cumulative 2017 deficit balance



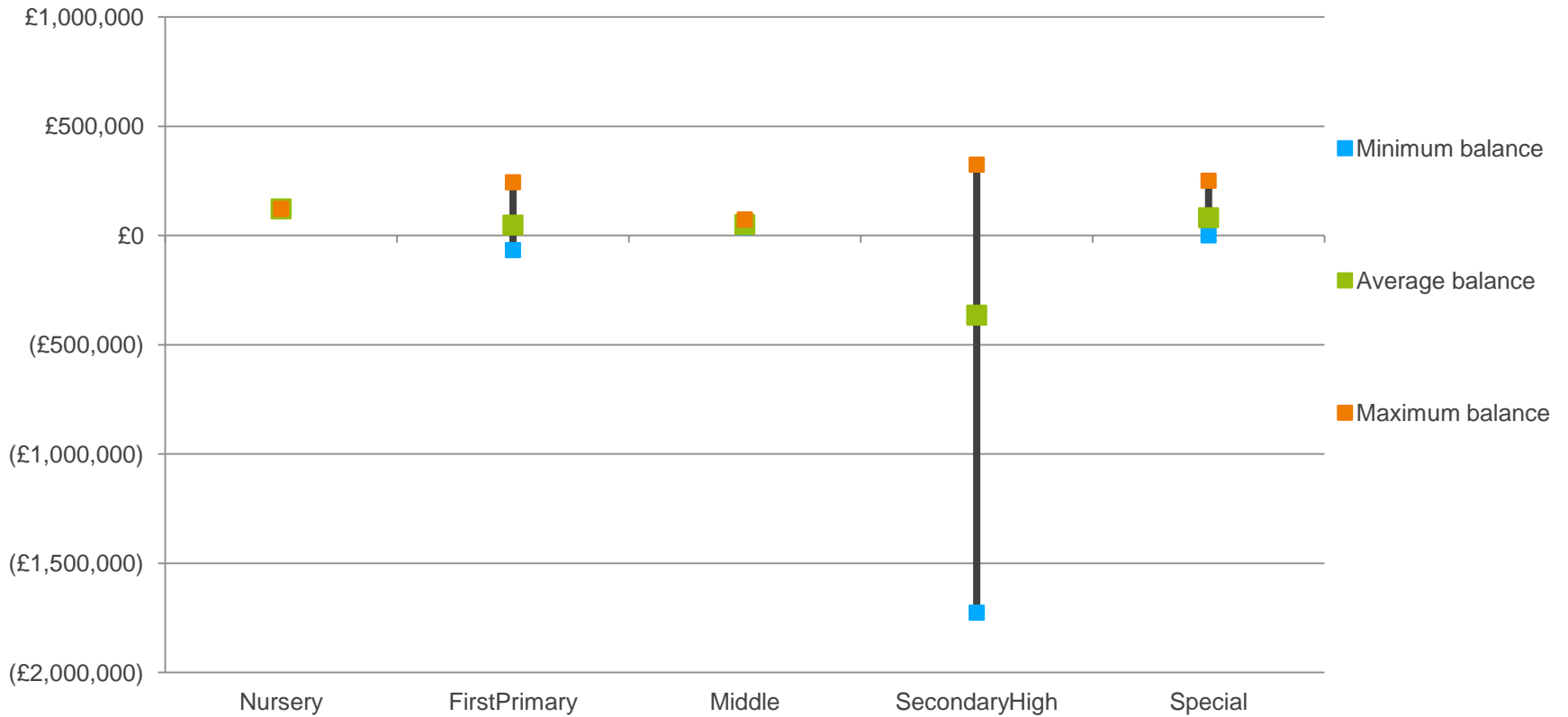
Spread of balances – 2016 in total

2016 balances by phase

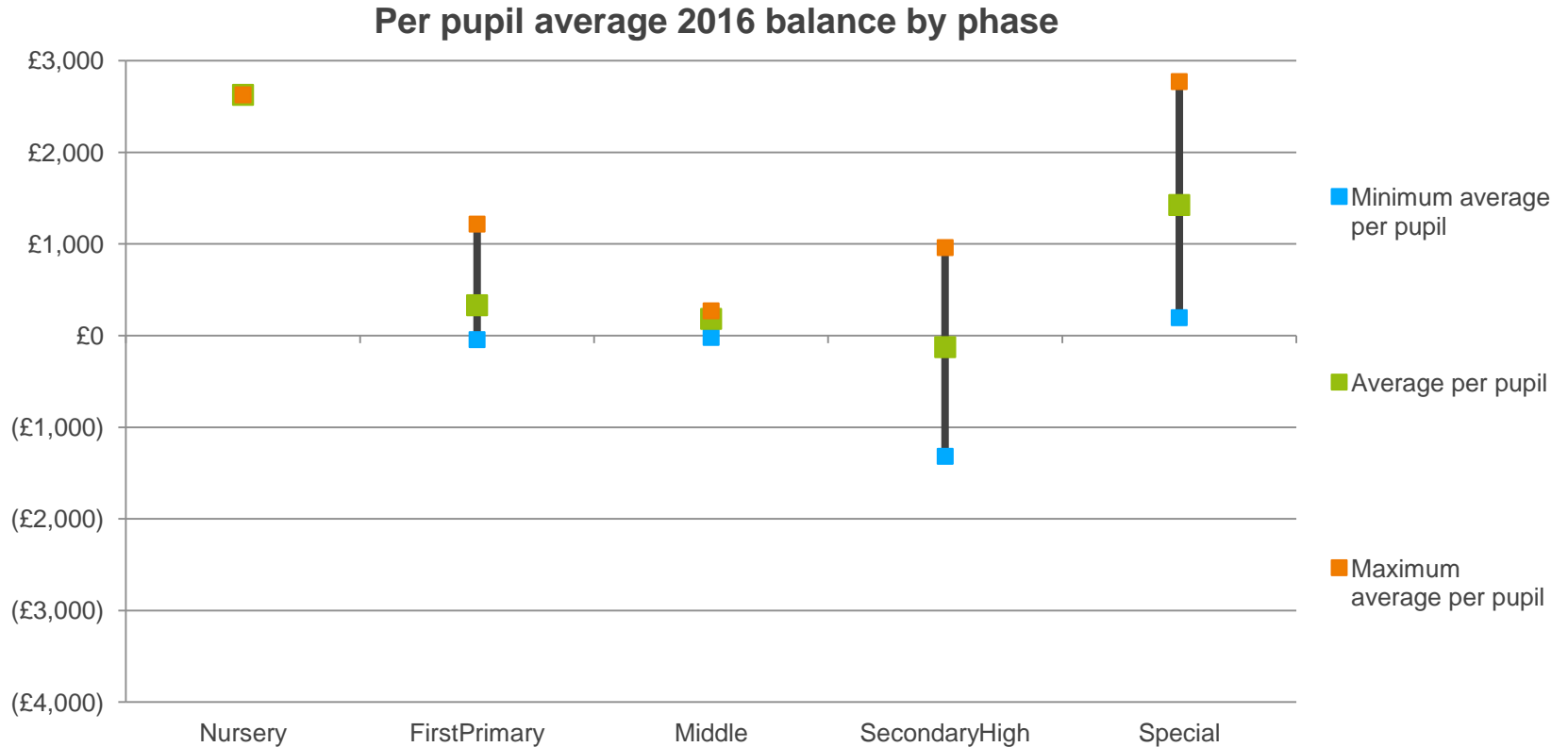


Spread of balances – 2017 in total

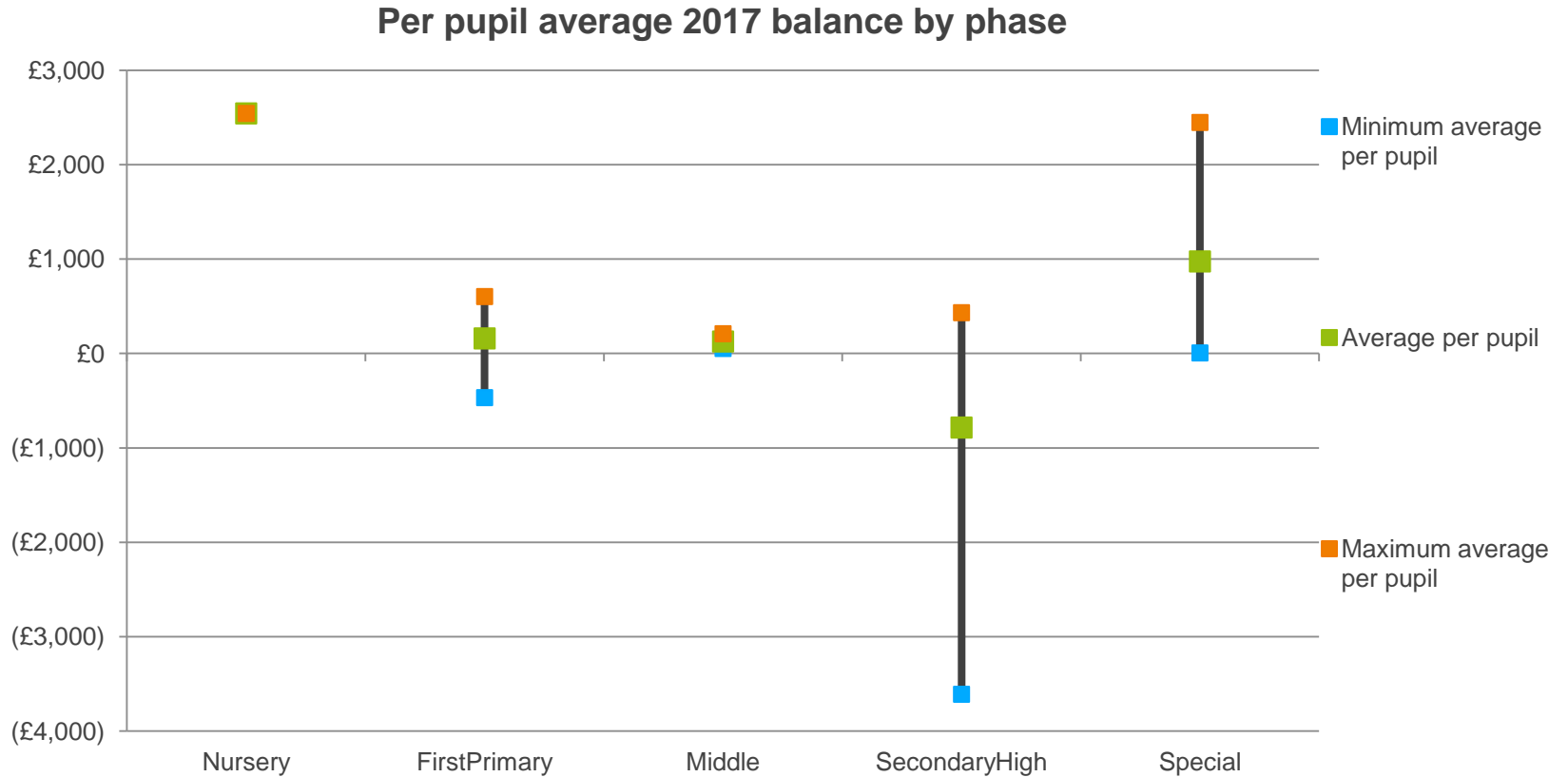
2017 balances by phase



Spread of balances – 2016 per pupil

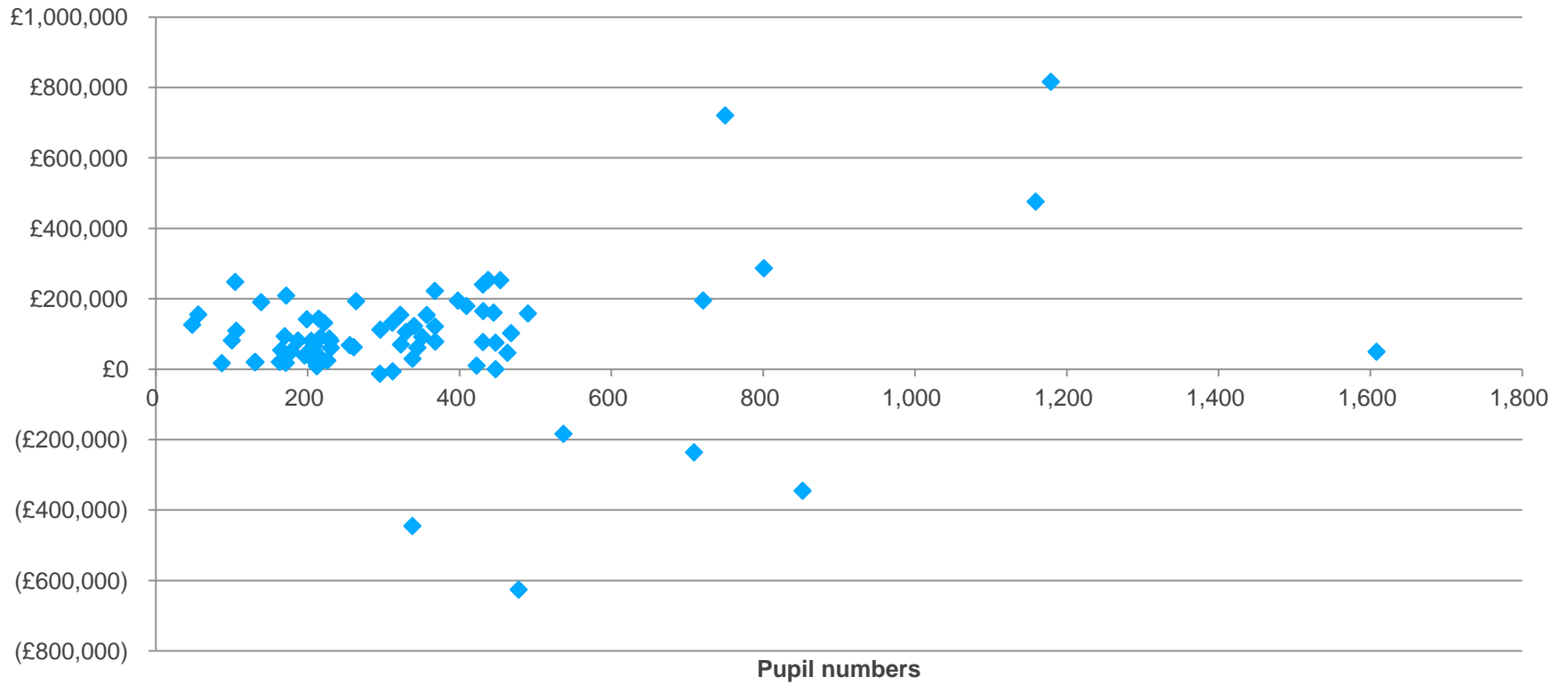


Spread of balances – 2017 per pupil



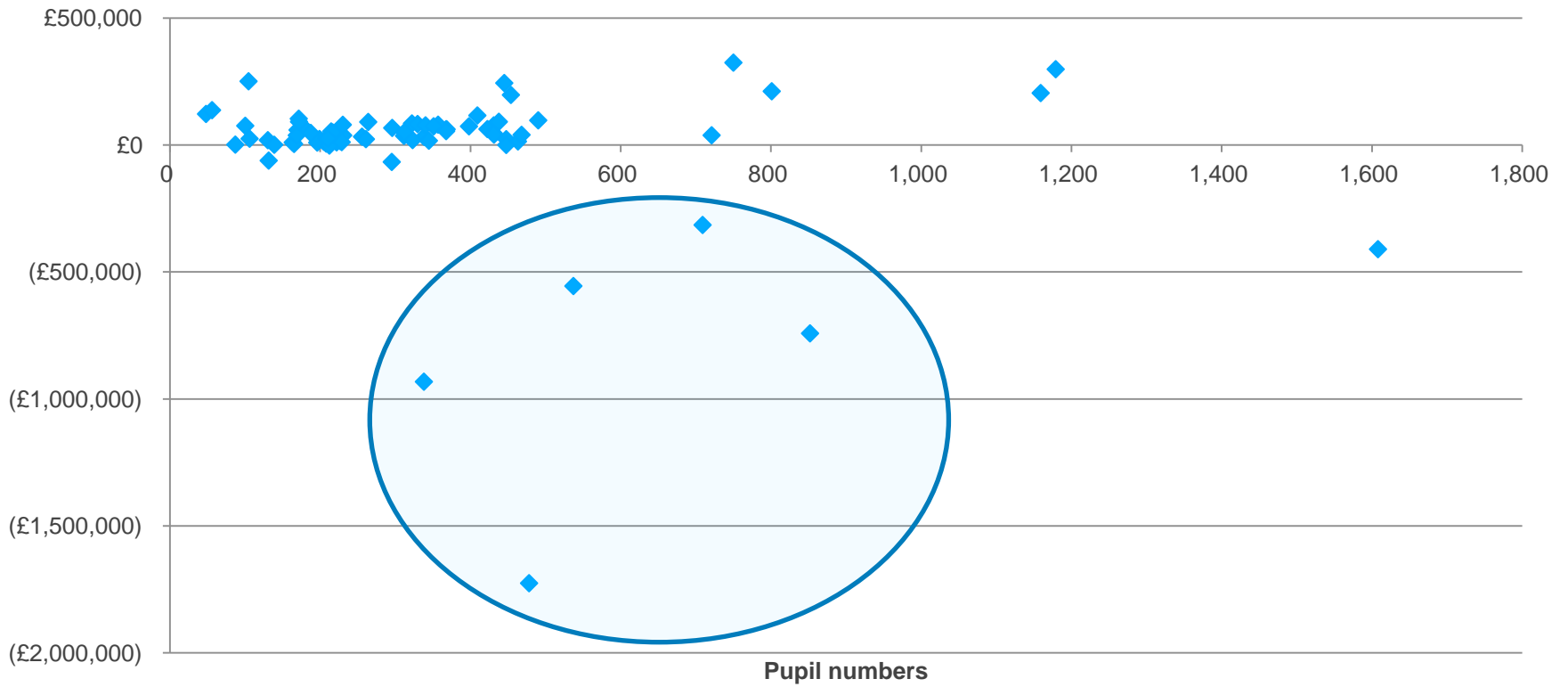
Impact of school size?

2016 balances per size of school



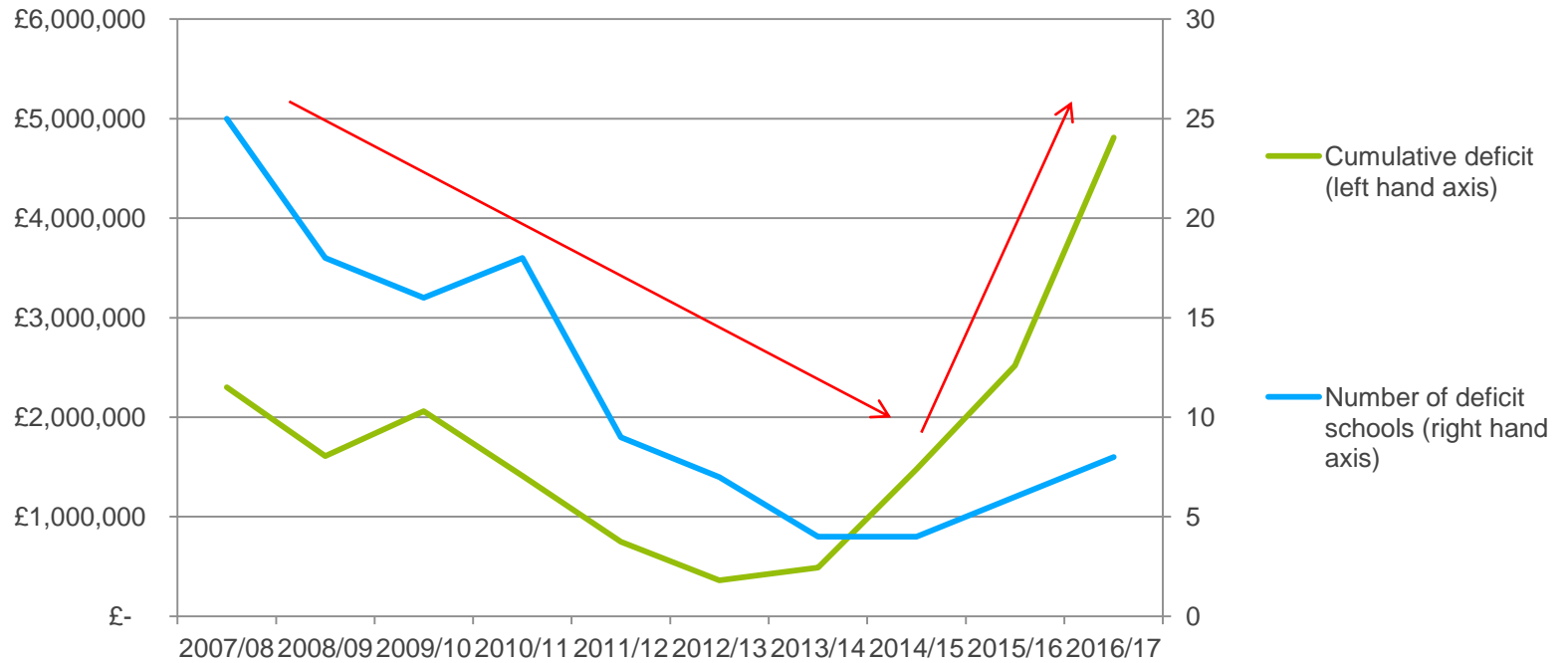
Impact of school size?

2017 balances per size of school

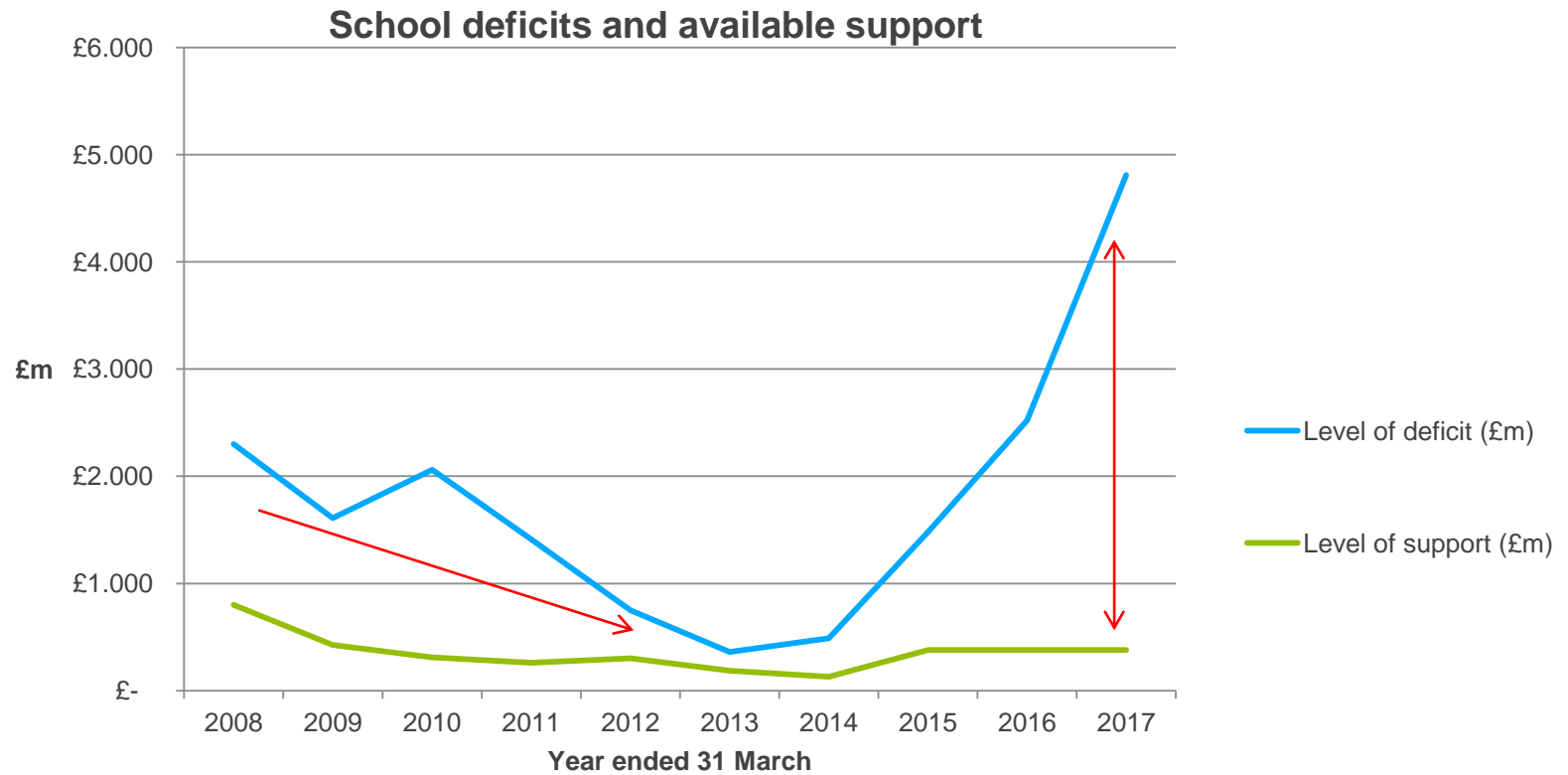


Historic position: deficit by number of school and size

School deficits by number of schools and size



Historic position: deficits and support



Headroom funding

- Only paid by maintained, mainstream schools, pupils R-Y11 – current budget circa £0.130m
- Figures assume £0.250m falling rolls funding will assist schools with financial difficulties (but limitation on which schools are eligible)
- Payback period based on current deficit balance of £4.8m and assumes it doesn't increase (and no allowance made for potential impact on charging schools the higher rate)

Headroom funding examples

Rate (£/pupil)	Income generated (£m)	Headroom funding (£m)	Total funding (£m)	Payback period (years)
£5.62	£0.130m	-	£0.130m	33
£5.62	£0.130m	£0.250m	£0.380m	13
£30.71	£0.710m	£0.250m	£0.960m	5
£196.78	£4.550m	£0.250m	£4.800m	1

Headroom funding – future options

Maintained, mainstream schools only

- A. Retain funding at current level – not sustainable for deficit
- B. 1 year payback (£197/pupil) – not sustainable for schools
- C. 5 year payback (£31/pupil)
- D. Alternative proposal from Schools Forum

Broader remit

- A. Extend to special schools and academies – proposals from Schools Forum for suitable mechanism



Education Services Grant (ESG)

- New guidance issued by the EFA last week (available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/573282/Schools_revenue_funding_guide_Nov_2016_FINAL.pdf)
- Provides additional information about proposed changes to ESG allocations and treatment for 2017/18 (see page 26 onwards)
- ESG relates to 2 elements in 2016/17
 - Retained duties – £15 per pupil, **paid to local authorities** for services to all schools
 - General duties – £77 per pupil (mainstream), **paid to local authorities** for maintained schools
 - General duties for academies, **paid direct to academies** – differing rates
- The arrangements are changing for 2017/18
 - Reducing levels and to be paid into DSG via schools block
 - Retained duties – full amount paid into schools block – Schools Forum can agree that the full amount can be retained centrally for the continued provision of retained duties
 - General rate – funding to end in August 2017. Pro rata amount (£20 per pupil) to be paid into the Schools Block. Maintained schools can agree for their share to be retained centrally

Education Services Grant (ESG) – allocations

	2014/15 actual	2015/16 actual	2016/17 actual	2017/18 estimate	2018/19 estimate
NTC Allocation	£3.603m	£2.871m	£2.620m	£1.000m	£0.440m

Education Services Grant (ESG) – recommendations

- Retained duties – full amount to be centrally retained for 2017/18 and future years
- General duties – full amount (maintained schools only) to be centrally retained for the period 1/4/17 – 30/8/17

