

Date: 28 February 2019

Headteachers and Chairs of Governors

**Resources Finance
County Hall
New Road
OXFORD
OX1 1ND**

Lorna Baxter
Director of Finance

Dear Headteacher and Chair of Governors

Re: Formula Funding 2019-20 and Three-Year Budget Planning

I am pleased to confirm that Individual Schools' Budget information for 2019-20 has been published on the Local Authority's Intranet on the Schools Budgets and Financial Planning page. Please follow the path below to access this information.

[Finance>Budgets & Financial Planning – Formula Funding Allocations 2019-20](#)

2019-20 represents the second year of the plan by the Department for Education (DfE) to move to the National Funding Formula (NFF). In Autumn 2017, the Local Authority consulted with all schools and received support for a 2-year implementation of the NFF. Although the consultation covered 2019-20, the Department for Education (DfE) requires Local Authorities to consult annually on funding arrangements with the Schools Forum and with all schools. A further consultation was undertaken with all schools in October/November 2018 and the outcome was overwhelmingly in favour of continuing to implement the NFF and this approach was endorsed by School Forum on 7 November 2018.

Compared to 2018-19, the limited national changes to formula factors for 2019-20 are as follows:

- a) An updated rate for Primary Low Prior Attainment was announced by the DfE. Although the unit amount is lower than 2018-19, the DfE indicate that the number of children attracting this funding has increased.
- b) The Minimum Level of per pupil funding increases to £3,500 for Primary. Secondary rates have been increased to £4,800 but where schools have only a single secondary key stage, this rate has been split into a Key Stage 3 rate of £4,600 and Key Stage 4 rate of £4,800 for 2019-20. The "all through" school rate is £4,042.
- c) The DfE also included an additional optional Funding Floor Factor in 2019-20 to deliver the additional 0.5% per pupil increase, by calculating a 1% increase in respect of each school between its 2017-18 baseline and 2019-20. This reflects the commitment by the Secretary of State confirmed in July 2017 to deliver the 1% increase over this period. The new factor allows local authorities to mirror the funding floor protection against 2017-18 as used in the NFF. The use of the Funding Floor Factor to deliver the closest match to the NFF was endorsed by Schools Forum on 14 January 2019.

Further details about the development of the funding formula can be found in the Schools Forum papers, which are published on our public site and can be located by following the link below:

<https://www.oxfordshire.gov.uk/cms/content/oxfordshire-schools-forum>

Transfer to High Needs

The Local Authority consulted with all schools in Autumn 2018 to agree a transfer of up to 0.5% (£1.8m) of the Schools Dedicated Schools (DSG) block to support the High Needs DSG block. Although Schools rejected this suggestion in the consultation, the increasing cost pressures in High Needs meant that the Local Authority applied to the Secretary of State for Education for permission to make the transfer. The Secretary of State has supported the Local Authority's request and agreed that the funding may be transferred out of the Schools block for 2019-20 only.

In January 2019, Schools Forum agreed a movement of £0.6m from the Schools Block to the High Needs Block for 2019-20 only, before the result of the request to the Secretary of State was known. This was agreed as funding received by the Local Authority exceeded that needed to meet the National Funding Formula factors for schools in full. A formulaic change in the calculation of growth had benefitted the Local Authority's funding for 2019-20.

During the review of the request, the Minister proposed that the Local Authority adjust its formula to give schools additional protection between changes in funding characteristics between years (between 2018-19 and 2019-20). This adjustment to the Minimum Funding Guarantee (MFG) rate uplifted funding to schools by a net £0.2m for 2019-20.

The £0.2m added back to school's budgets as described above, reduces the overall DSG block movement to £1.6m. After adjusting for the £0.6m already agreed by Schools Forum, the revised additional amount to be moved from the Schools DSG Block to the High Needs Block is £1m in 2019-20 only, of the total Schools DSG Block of £374m.

The funding formula therefore contains the NFF formula factor values for 2019-20 at their full rates (including the Area Cost Adjustment (ACA) for Oxfordshire), with the exception of the Lump Sum factor. A number of options were reviewed, and the approach presented to Schools Forum and discussed with the DfE was to adjust the Lump Sum factor. Schools Forum asked officers to review alternatives, but other options generated wide variations on the impact to individual schools and the Lump Sum approach was agreed by the DfE.

Formula funding figures for your school are based on data supplied by the EFSA as at the October 2018 census count. The October 2018 pupil numbers for your school will be included in the data uploaded to the budget planning tool, but you will need to review numbers for future years and update accordingly.

In order to complete your budget plan for 2019-20 to 2021-22 you will need information about other sources of funding, and some of this information is not yet

available. The information will be posted on the intranet schools budget page as soon as it is available.

- Early Years indicative budget information for 2019-20 will follow.
- The EFSA will notify schools with sixth form provision of their funding allocations for the new academic year 2019-20.
- Devolved Formula Capital (DFC) allocations for each school have still to be confirmed. This information will follow.
- Pupil Premium continues to be paid by a specific grant, and the 2019-20 rates are unchanged from 2018-19.

Planning for Future Years

The local authority school budget planning process covers the three-year period 2019-20 to 2021-22. The first year's information is in accordance with the DSG settlement announced by the DfE.

An initial assumption for budget planning purposes is that DSG funding will only change for increases or decreases in pupil numbers, with no inflation added. Other sources of funding such as Pupil Premium should be assumed to remain at the same level. It is important, however, that schools consider a number of "what if" scenarios in budget modelling for future years. For example, it would not be advisable to use one-off additional funding to pay for additional permanent staffing, as this could potentially be unsustainable in future years. Further information will be issued about future years as it becomes available.

Submission of Budget

In accordance with the Scheme for Financing Schools, schools are required to submit a balanced or in surplus budget plan covering the three-year period 2019-20 to 2021-22 to the local authority. The statutory deadline to submit your school's Governing Body approved budget to the local authority via Education Financial Services (EFS) is 1 May 2019, as agreed with Schools Forum. Where a school believes it is not able to submit a balanced budget, it must contact and submit a draft budget plan to EFS by 31 March 2019, or earlier if possible. The local authority will work with those schools in seeking a balanced budget.

May I remind schools that there is no right to a deficit budget under the above Scheme. A deficit is only allowed with the permission of the Director for Children's Services and the Chief Finance Officer. Conditions relating to the approval of a deficit budget are set out in the Scheme for Financing Schools, Section 4.

Schools with existing deficits and still forecasting a deficit at March 2019 must continue to work closely with their EFS contact officer, in order to set an agreed budget for 2019-20.

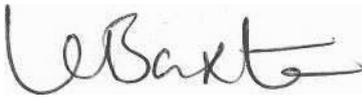
EFS will be contacting schools with details of budget surgeries. In order to make the most of the surgeries it is important that you have completed as much work as possible.

Please bring the content of this letter and referred to attachments and Intranet links to the attention of all those involved in the construction of the school's budget plans.

I hope the above and links to the Intranet are useful to you, but if you require any further help or guidance on budget construction, please contact your EFS Adviser directly. Contact details are available by clicking [this link](#) (full address as follows: <http://www3.hants.gov.uk/education/schools/efs/occschoolsfinance/occontacts.htm>).

We look forward to your governor approved budget being submitted.

Yours sincerely



Lorna Baxter
Director of Finance

Direct line: 07557 082613
Email: lorna.baxter@oxfordshire.gov.uk



Lucy Butler
Director of Children's Services

Direct line: 01865 815122
Email: Lucy.Butler@oxfordshire.gov.uk