

Date: 19 February 2018

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 2018-19 and Three-Year Budget Planning

I am pleased to confirm that Individual Schools' Budget information for 2018-19 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 2018-19](#)

Following the publication of the National Funding Formula (NFF) by the Department for Education during the Summer and Autumn, a consultation was undertaken with all schools in November 2017 to seek views on the Funding Formula for Oxfordshire. The outcome of that consultation was overwhelmingly in favour of moving towards the introduction of the National Funding Formula for 2018-19. This approach was endorsed by School Forum on 22 November 2017.

The key changes arising from moving the Oxfordshire formula as closely aligned as possible to the National Funding Formula (NFF) are:

- a) the NFF basic per pupil funding is significantly lower than the basic per pupil funding in the existing Oxfordshire formula. There is a shift in funding priorities from basic per pupil funding to the additional needs factors of Deprivation, Low Prior Attainment (LPA) and English as an Additional Language (EAL)
- b) The NFF introduces a new minimum per pupil level of funding at £4,600 for Secondary and £3,300 for Primary for 2018-19 (£4,800 and £3,500 when fully implemented)
- c) the lump sum is lower, it is set at £110,000 rather than £125,000
- d) the formula introduces a sparsity factor which was not previously used
- e) The NFF introduces an Area Cost Adjustment to reflect the differing costs between Local Authorities. For Oxfordshire this is 2.176% and is applied to all formula funding rates
- f) The MFG (minimum funding guarantee) mechanism is replaced by different protection methodologies:

- there is a minimum gain of 0.5% per pupil (the Funding Floor).
 - A minimum per pupil level of funding of £4,600 per secondary pupil and £3,300 per primary pupil for 2018-19 (£4,800 and £3,500 when fully implemented). The NFF calculates minimum per pupil funding using both the 2019-20 rate and the 2018-19 transitional rate and Oxfordshire has replicated this.
 - There is a cap (ceiling) on any gains of 3% per pupil at individual school level
- g) Education Services Grant is now funded via the new Central Services block and is no longer shown as part of the Schools Block as it was last year
- h) basic funding for special units within schools is now funded through the school allocation with top-up funded from the High Needs block
- i) The reception uplift is removed

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>

The formula funding figures for your school are based on data supplied by the EFSA as at the October 2017 census count. The October 2017 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 2018-19 to 2020-21 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 2018-19 will follow.
- The EFSA will notify schools with sixth form provision of their funding allocations for the new academic year 2018-19.
- 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 2018-19 rates are unchanged from 2017-18 apart from Looked after Children which increases to £2,300 per eligible pupil.

Planning for Future Years

The local authority school budget planning process covers the three-year period 2018-19 to 2020-21. 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.

The funding floor forms part of the NFF protection methodology, and ensures that every school will gain at least 0.5% per pupil in 2018-19 and at least 1% per pupil in 2019-20 compared to baseline funding. The NFF funding floor calculation excludes premises, mobility and growth funding. In 2019-20 this means that, where needed, further funding would be expected to be provided under the funding floor factor to deliver an overall gain of at least 1% per pupil above the baseline funding, if the NFF were to be delivered in full. This will be dependent on whether the overall funding received by Oxfordshire is adequate to meet this in 2019-20.

With a capping rate of 3% in 2018-19, some schools will have achieved the at least 1% above baseline funding in 2018-19, so would not expect significant increase in 2019-20 through this specific funding mechanism.

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 2018-19 to 2020-21 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 2018, 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 2018, 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 2018 must continue to work closely with their EFS contact officer, in order to set an agreed budget for 2018-19.

EFS will be contacting you 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](http://www3.hants.gov.uk/education/schools/efs/occschoolsfinance/occontacts.htm) (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

A handwritten signature in black ink, appearing to read 'Sarah Fogden', with a long horizontal flourish extending to the right.

Sarah Fogden
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