

Date: 9 February 2017

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 2017-18 and Three Year Budget Planning

I am pleased to confirm that Individual Schools' Budget information for 2017-18 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 2017-18](#)

The funding formula is unchanged from 2016-17, in line with the principle of minimising turbulence pending the introduction of a national funding formula. This was agreed by Schools Forum.

It was agreed by Schools Forum that additional funding would be allocated via the Basic Entitlement funding factor, and so you will note an increase in the amount per pupil. There are other factors that will determine the impact for individual schools, including the Minimum Funding Guarantee (MFG). Schools that have previously been in receipt of MFG are likely to see a portion of the MFG replaced by the increase in Basic Entitlement funding, with limited net increase in funding.

Outlined below are the individual elements making up the increase in Basic Entitlement per pupil values for 2017-18:

Basic Entitlement per pupil values:		Primary £	KS3 £	KS4 £
1	2017-18 Base (excludes one-off funding in 2016-17)	2,931.71	4,199.05	4,400.76
2	Delegation of Historic Commitments (overheads) funding	8.38	12.00	12.57
3	DSG additional allocation 2017-18 / MFG adjustments	16.14	23.12	24.23
4	One-off allocation from 2012-13 DSG balance in 2017-18	7.24	10.37	10.87
5	Total Increase in Basic Entitlement 2017-18	31.76	45.49	47.67
6	Final per pupil Basic Entitlement values 2017-18	2,963.47	4,244.54	4,448.43
7	Provisional per pupil Basic Entitlement values 2018-19 (Excludes one-off allocation from 2012-13 DSG balance)	2,956.23	4,234.17	4,437.56

Details of the increases in Basic Entitlement are provided in the following paragraphs:

1. Basic Entitlement unit values 2017-18 – This excludes the one-off allocation from 2014-15 DSG balance in 2016-17 (Primary -£9.33, Key Stage 3 -£13.58 and Key Stage 4 -£14.24).
2. Allocation of Historic Commitments - Central Overheads – Schools Forum agreed the approach for allocating the DSG previously spent on central overheads.
3. DSG additional allocation 2017-18 / MFG adjustments – Schools Forum agreed the approach for allocating remaining DSG funding on the Schools DSG Block for 2017-18, after maintaining units of funding. Where MFG funding has been released this has been reallocated to Basic Entitlement unit values.
4. One-off allocation from 2012-13 DSG balance in 2017-18 – Schools Forum agreed to the delegation of remaining 2012-13 DSG balances as a one-off allocation in 2017-18. This will not be included in future years basic entitlement figures so schools should take particular care in setting budgets.
5. Total increase in Basic Entitlement 2017-18 – This is shown in the table, and includes the one-off 2012-13 DSG balances element for 2017-18.
6. Final per pupil Basic Entitlement Values 2017-18 – This includes the one-off 2012-13 DSG balances element for 2017-18 only.
7. Provisional per pupil Basic Entitlement values 2018-19 – This excludes the one-off 2012-13 DSG balances element for 2017-18 only.

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 Minimum Funding Guarantee (MFG) continues to be set at -1.5% and school gains continue to be capped at 3.4%.

The formula funding figures for your school are based on data supplied by the EFA as at the October 2016 census count. The October 2016 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 2017-18 to 2019-20 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 2017-18 will follow.
- The EFA will notify schools with sixth form provision of their funding allocations for the new academic year 2017-18.
- 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 2017-18 rates are unchanged from 2016-17.

Further guidance is available on the intranet schools budget page.

Education Services Grant

For 2017-18, there are new arrangements for Education Services Grant (ESG). This grant is currently received by Local Authorities (LA) to fund statutory services for all Schools (known as retained duties) and statutory services for maintained schools (known as general duties).

The “Schools revenue funding 2017 to 2018: operational guide” says that funding previously allocated through the ESG retained duties rate will be transferred by the EFA into the schools block for 2017-18. The Operational Guidance indicates that the LA requires Schools Forum approval for retaining this funding for the services previously funded by the retained rate of the ESG. Approval was given by Schools Forum on 12th January 2017. This has no net impact on your school budget.

Funding for the General Duties element will cease in September 2017. LAs can retain DSG from LA maintained schools from September 2017 for former general duties specified in the Regulations, with approval from LA maintained school representatives on Schools Forum only. Schools Forum agreed that the LA could retain £308,000 for 2017-18 only. Maintained Schools will see this as a deduction of £8.10 per pupil.

The LA recognised the additional pressure this requirement was placing on Schools and to offset this has brought forward a reduction in historic commitments planned for 2018-19. This is shown in the table above as £8.38 for Primary etc.

Next steps for Schools

The local authority school budget planning process covers the three year period 2017-18 to 2019-20. 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.

On December 14th 2016, the DfE published its Schools National Funding Formula - stage 2 consultation. The consultation includes indicative figures for individual School budgets in the transitional year of 2018-19 and in the proposed implementation year of 2019-20. Although the figures are indicative and based on old data (October 2015 census), the numbers are an indicator of future budgets. Given the uncertainty over the actual impact of the National Funding Formula, the budget planner is not being updated to include these figures. Schools submissions will therefore be based on anticipated funding excluding the impact of the National Funding formula. However, in planning the 3 year budgets, Schools should be mindful of the impact of the formula and are strongly advised to model the National Funding Formula as one of their “what if” scenarios, particularly if figures indicate a significant potential reduction in funding.

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 2017-18 to 2019-20 to the local authority. The statutory deadline to submit your school's Governing Body approved budget to the local authority via Education Financial Services is 2 May 2017, 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 Education Financial Services by 31 March 2017, 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 or loan under the above Scheme. A deficit is only allowed with the permission of the Director for Children, Education & Families (CEF) and the Chief Finance Officer. Conditions relating to the approval of a deficit budget or access to a loan are set out in the Scheme for Financing Schools, Section 4.

Schools with existing deficits, still forecasting a deficit at March 2017 must continue to work closely with their Education Financial Services contact officer, in order to set an agreed budget for 2017-18.

Education Financial Services 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 Education Financial Services (EFS) Adviser directly. Contact details are available by clicking [this link](#) (full address as follows: <http://www3.hants.gov.uk/education/schools/efs/occschoolsfinance/occccontacts.htm>).

We look forward to your governor approved budget being submitted.

Yours sincerely



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