

Headteachers and Governors  
of Milton Keynes Schools

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**Reply To: Schools Finance Team**  
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Dear Colleague

### **PROVISIONAL BUDGET SHARE 2018/19**

The details of your Budget Share for 2018/19 are enclosed with this letter in the attachments and hyperlinks. The Schools Forum considered the budget for 2018/19 at its meeting on 11 January 2018 and the Local Authority (LA) has subsequently submitted its Funding Formula Pro-forma to the Education and Skills Funding Agency (ESFA) for approval. This information should be treated as **provisional** until the Local Authority has received approval from the ESFA and the budget is approved by Council in February.

The 2018/19 school budgets reflect the introduction of the National Funding Formula (NFF) from 2018/19. In September 2017, the ESFA issued indicative NFF figures for all schools, based on October 2016 data. In December 2017, the NFF was recalculated based on October 2017 census data.

Following consultation with schools and Schools Forum, there was agreement that the NFF formula factors and rates would be applied in 2018/19. It is important to emphasise that the NFF rates and factors do differ to those used in 2017/18 so it is important schools look at the movement in their total school funding between the two years rather than trying to analyse the movement in each formula factor. The NFF includes unit rates for each of the factors, however these are increased by an area cost adjustment to reflect the LA's location

The NFF application from April 2018 gives schools significantly greater certainty regarding the funding formula that will be applied to their funding in 2019/20. Schools will be sent information on potential pay and on-cost increases to build into their budget planning for 2018/19 and subsequent years separately.

The DSG for 2018/19 will be split into four blocks. The Early Years Block for pre-reception funding, the High Needs Block, Central Services Schools Block and the Schools Block. The latter block funds the formula allocations to primary, secondary and all-through schools and the pupil growth fund. Following consultation with schools and agreement by Schools Forum, DSG funding can be moved from the schools block to the high needs block to fund pressures in excess of the funding allocated specifically for this block up to a maximum of 0.5%. Any funds moved are NOT permanent and require an annual vote by Forum. This has not been requested in Milton Keynes in 2018/19.

The 2017/18 DSG monitoring has identified a forecast underspend. Following discussion at Schools Forum it has been agreed that this (£216k) will be distributed to schools through the formula in 2018/19. This funding allowed the cap on funding gains in 2018/19 to be set higher than if solely the 2018/19 schools block DSG funding had been utilised. The cap has been set at 3.6% (an increase from 3% nationally), so that schools who are seeing a significant increase in their average per pupil funding receive as much as possible of this in 2018/19, within the overall funding available.

In 2018/19 LAs had the option of setting a Minimum Funding Guarantee (MFG) percentage of between +0.5% and -1.5%. The MFG protects individual schools from reductions in their per pupil funding so that they are not experiencing reductions in excess of -1.5% per pupil. In 2018/19 the MFG rate of 0% has been applied. This ensures schools per pupil funding (after exclusion of funding for sixth form, early years, new schools, pupil growth, amalgamations, rates, lump sum and funding for high needs pupils) is not reduced, giving greater levels of support/protection to schools. This is particularly important in a period when inflationary pressures on schools appear to be increasing, including the impact of pay awards and on-cost increases.

The DfE has stated that the NFF unit rates for the formula factors will be the same in 2019/20 as the 2018/19 rates.

Schools can plan on this basis but should note the following when planning for 2019/20:

- Funding available may be dependent on any overall DSG over or underspend at the end of 2017/18 and in 2018/19.
- There will be an annual review for any need to top slice the schools block to fund pressure in high needs. Any top slice cannot be applied unless schools have been consulted and Schools Forum approve.
- Capping (of funding gainers) will continue in the funding allocated to the schools block DSG in 2019/20. This means the cap is likely to move by a further 3% compared to a schools 2018/19 average per pupil funding. This will reduce the cap reduction to schools funding allocations in 2019/20 and in some instances fully remove the cap on increases entirely.

## **ATTACHMENTS**

The attachments and hyperlinks to this letter consist of the following: -

### **Schools Budget Shares (SBS)**

Files are attached for a detailed breakdown of your Primary and Secondary funding allocation (SBS) including:

- the pupil numbers used for each formula element
- place funding for schools with special units
- allocations from the growth fund

### **Early Years DSG**

The Early Years block allocations are not yet finalised for either 2017/18 or 2018/19. The DSG LA funding rate will remain at the 2017/18 levels for 2 year olds but has increased for 3 and 4 years olds for both the universal and additional entitlement. This increase is due to the release of the cap on gains that was applied on the introduction of the EY NFF in 2017/18. As a result of the increase in funding, the LA will be increasing the provider rate for 3 and 4 year olds. Further modelling will be done in February before this can be confirmed.

[Schools Forum 11 Jan - Annex D Early Years](#)

### **Pupil Premium**

The government has confirmed that the Pupil Premium rates will remain the same as 2017/18 for primary and secondary Ever 6 Free School Meals and Service Children (£1,320, £935 and £300), but will increase from £1,900 to £2,300 for Looked-after Children and Post Looked-after Children. The amount an individual school will receive is based on the number of eligible pupils (except LAC Pupil Premium where the funding is allocated to schools by the Virtual Headteacher), from the January 2018 pupil census, and thus the final allocations will not be confirmed until June 2018.

### **High Needs**

Further information will follow with the budget guidance on high needs funding.

**Please review this information carefully and if you have any queries please contact the Schools Finance Team by email at [SchoolsFinance@Milton-keynes.gov.uk](mailto:SchoolsFinance@Milton-keynes.gov.uk)**

## SUPPLEMENTARY INFORMATION

The Annex to this letter explains some further information in connection with this year's budget settlement.

### SETTING YOUR 2018/19 BUDGET

Finally, the "Guidance Notes to Budgeting 2018/19" will be made available electronically on the LMS website by half term.

Please ensure that the guidance is read thoroughly before starting to set your budget.

The budget plans are due to be returned by **1 May** at the latest, following approval by your Governing Body or a Committee authorised to approve the budget.

I wish to remind schools of the requirements of section 4.4 of the Milton Keynes Council Scheme for Financing Schools:

*"Planning for deficit balances*

*Schools will not be permitted to plan for a deficit balance in normal circumstances. However, this may be permitted in **exceptional** circumstances with the **prior agreement** of the LA. Before this agreement is given the school will be expected to work with the Schools Finance Team to consider all available options in an attempt to set a balanced budget. In agreeing to this the LA will require a plan from the school indicating how it intends to recover the deficit."*

Please contact Michelle Hibbert on 01908 253494 if you believe your school may have difficulties setting a balanced budget as soon as possible.

Yours sincerely

*Natasha Hutchin*

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Strategic Finance Business Partner, People Directorate