

Schools Funding in Devon 2019-20

Report from the Head of Education and Learning

Background

Devon has a total of 367 schools a significant proportion of which are rated 'Good' or 'Outstanding' by Ofsted. The schools vary in size, from primary schools with fewer than 20 pupils to one of the largest secondary schools in the country. Schools also vary in governance with, at the time of writing, approximately 55% of schools maintained by the local authority.

At a national level, schools with 210 pupils or less are considered small. However, Devon has 34 very small schools (fewer than 50 pupils) and 238 with a rural school designation serving our extensive rural areas. The smallest school in Devon has 21 students on roll, as at Autumn 2018.

For community and environmental reasons, the county council supports the principle of local schools for local children. There are currently 201 maintained schools and 166 academy or free schools, many of which are in good partnerships who work together as part of local learning communities, federations or multi-academy trusts.

SCHOOLS FUNDING AND THE NATIONAL FUNDING FORMULA

National Funding

The DfE introduced an additional £900 million to school funding in 2019/20. This was the second year of the £1.3 billion committed to school funding as part of the move towards a fairer National Funding Formula. However, when considered on a per pupil basis, between 2017/18 and 2019/20 school funding nationally has been frozen at a level about 4% below the high point seen in 2015/16. (source: Institute of Fiscal Studies).

This figure still under-states the effect on real resources, as schools also faced additional costs as a result of:

- a. Increases in employer contributions to NJC pension scheme. (April 2017 from 19.75% to 23.3%);
- b. Ending of contracting out from State Second Pension. (April 2016 increased National Insurance Contributions 10.1% to 13.8%);
- c. Upward pressure on public sector pay levels; Office for Budget Responsibility expects public sector pay to rise by 14% between 2014/15 and 2019/20;
- d. Apprenticeship Levy 0.5%;
- e. Inflationary pressures on non-staffing spending (likely increase if predictions about inflation post-Brexit are realised).

In addition

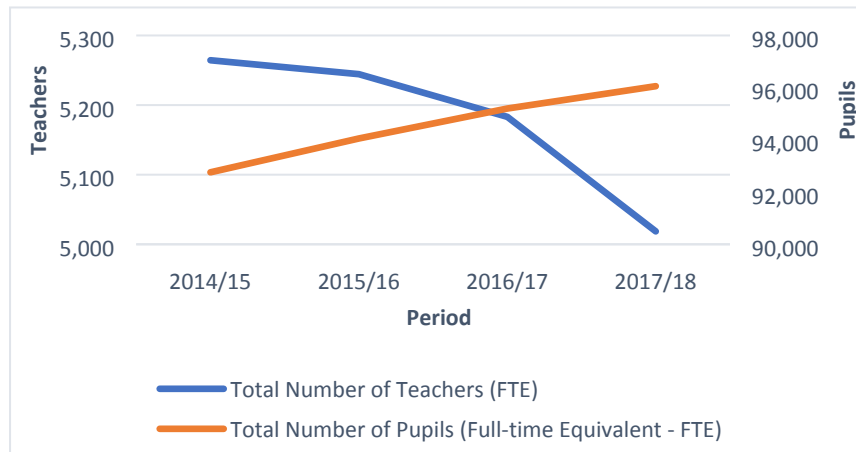
- a. Increases in teachers' pay from September 2018. This will be funded by the DfE through the Teachers' Pay Grant for 7/12ths of the financial year 2018/19 and the full financial year of 2019/20. However, this funding excludes the first 1% which will be funded by schools.
- b. Increases in employer contributions to Teacher Pension Scheme (TPS) in September 2019 (16.5% to 23.68%) this is to be funded for the financial year 2019/20 by the DfE.

The above means that for Devon **there has been a real terms reduction of 10% from 2009/10 to 2017/18** based on the published Section 251 Schools outturn spend.

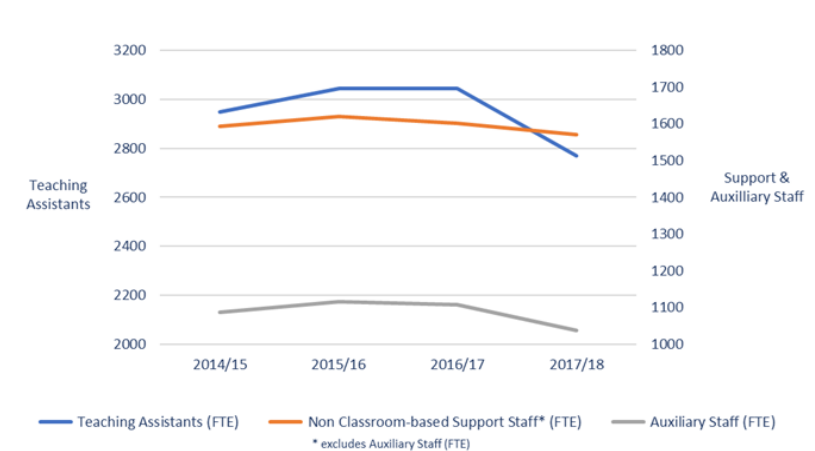
In 2019/20 funding per pupil in Devon is £4,395 compared to the national average of £4,689, a difference of £294. This is a widening from £268 per pupil below the national average in 2018/19. Across the authority this equates to £27 million less funding – based on the October 2018 School Census.

This reduction in funding has had a significant impact on pupils as, in order to balance budgets, schools have had to make a significant reduction in staffing levels (teachers and support staff). This is despite a rise in pupil numbers. This not only results in larger classes but also less teaching assistants and pastoral staff to support pupil's engagement and learning.

The graph below shows the reduction in teachers compared to the rise in pupils since 2014/15



The below shows the reduction in teaching assistants and support staff since 2014/15



Local Funding Formula – Dedicated Schools Grant Schools Block funding

Schools funding formulas are made up of a number of factors which combine to give a value to the school's overall budget. Historically within each local authority the school's forum decided the allocation to each factor. In order to introduce fairer funding, the Government introduced a National Funding Formula (NFF) which is expected to be in place for 2021/22. We are therefore in a transition period during which the Schools Forum, supported by the local authority will amend the formula factors to bring them in line with the NFF "hard formula". It should be noted however that Devon does not currently receive enough funding to deliver all of the National Funding formula.

Devon has two areas that remain below the National Funding Formula factors:

- Minimum Funding Level (MFL) is set at £3,455 (Primary) and £4,755 (Secondary) rather than £3,500 and £4,800 respectively.

- Primary Lump Sum remains at £101,105 rather than the £110,000 in the NFF

The Primary Low Prior Attainment (LPA) factor

The funding per pupil in this factor has slightly reduced from £1,050 to £1,022. This is because whilst the number of pupils in the eligible cohort has increased, the funding allocated has not.

Growth Funding

The Growth Fund is funding retained centrally to support schools which are required to provide extra places in order to meet basic need within the local authority, including pre-opening and reorganisation costs.

For 2019/20, growth funding will be allocated to the local authority using a new formulaic method based on lagged growth data. This change in how the local authority receives its' funding has not changed the way in which the authority allocates the funding to schools. This remains as laid out in the locally agreed policy.

Future Funding

Teachers' Pay – This is being funded for 2019/20 through the Teachers' Pay Grant; after allowing for the 1% increase schools were planning for. It is not yet known if this will be included in the base funding from 2020/21.

Teachers' Pension increases – The rise in employer's pension contributions is being funded from September 2019 through the 2019/20 teachers' Pension Grant. It is not yet known if this will also be in the base funding from 2020/21.

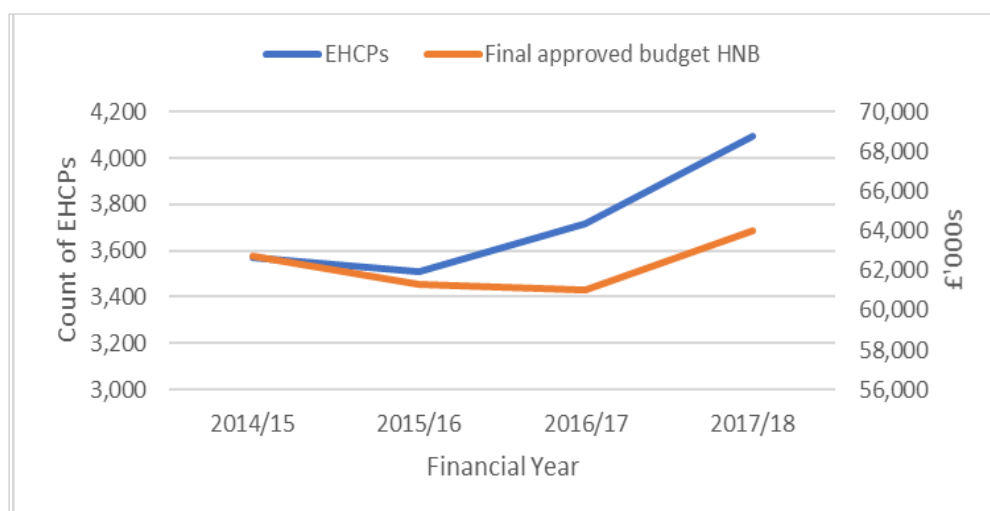
Decisions on whether this support will be included as part of the base funding for next year will be made as part of the Government's Comprehensive Spending Review.

It is also not known what changes the DfE will make to the National Funding Formula for 2020/21 which allows for local formula factors with agreement from Schools Forum.

High Needs pressures

Funding for High Needs has risen from £61.1million in 2015/16 to £69.9million in 2018/19. However due to an increase in numbers and placement costs the demand for spending from the High Needs Block has risen over the past 4 years from £65.3million in 2015/16 to a projected £77.3million (2018/19).

The graph below shows the change in the High Needs Block funding compared with growth in Education Health and Care Plans



SCHOOLS PREMISES CAPITAL AND MAINTENANCE FUNDING

Schools Capital

'The Education Infrastructure Plan (EIP), as approved by DCC Cabinet, sets out the policies and principles for securing and allocating capital funding for the education estate. It also includes DCC's education section 106 policy'.

Schools Capital Maintenance

The below report summarises the school's capital maintenance priorities and strategy as detailed in the EIP. The EIP is updated every three to four years and is due to be refreshed this financial year.

In general, all schools remain responsible for the day to day management and maintenance of their premises (revenue/recurrent maintenance). For more substantive investment (strategic maintenance), responsibility either rests with the local authority - in terms of its capital funding allocation and delivery programme - or with self-governing schools (academies) through bids or formulaic allocation against specific pots of nationally held funding.

Schools hold small revenue and capital budgets to assist them with their responsibilities, however demand for expenditure almost always outstrips the budget available. We have an ageing and inefficient infrastructure (heating, lighting, roof coverings, insulation etc), which schools/local authority cannot afford to replace or upgrade.

The local authority's primary responsibility relates to strategic maintenance in maintained schools. In addressing this we are committed to investing in the existing school estate to ensure buildings are safe and fit for purpose to deliver good outcomes for children and young people. Over recent years the main focus of maintenance investment has had to be on the highest priority condition items, principally keeping buildings wind and water tight.

Devon receives a level of capital maintenance funding from central government. This is the only source of direct funding available for the strategic maintenance of existing school buildings. The scale of funding allocated from central government is not related directly to the scale of investment needed to address all the maintenance needs of Devon schools. In 2018/19 Devon invested £6.4m on maintenance/infrastructure work across the maintained school estate.

The current pattern of government grant funding for school's capital maintenance consists of:

Capital Maintenance Grant - A formula grant to the local authority for **all maintained community, voluntary controlled, trust and foundation schools**; the 2019/20 allocation is £4.65m. The programme of 2019/20 capital maintenance works was approved at Full Council on the 21st February 2019, with works prioritised following the methodology agreed and endorsed by School Representatives/Leaders through School Organisation, Capital and Admissions (SOCA) Forum. This methodology is set out in the Education Infrastructure Plan 2016-2033. Future allocations of capital maintenance are unknown but are estimated to reduce as more schools convert to academy and centrally delivered Priority Schools Building Programme Projects open.

Local Co-ordinated Voluntary Aided Programme - A formula grant is available from the Department for Education to **the voluntary aided sector** to be targeted at condition and suitability issues. These resources are managed in partnership with Devon County Council but are managed and delivered by the Diocesan Board of Education, Exeter.

Condition Improvement Fund - A central government capital grant fund available to **academies** and targeted at condition, suitability and expanding successful academies (not basic need). Academy schools can bid directly to government to secure money from this fund on an annual basis. Larger Multi Academy Trusts will receive a formulaic capital maintenance allocation and not be required to bid.

Devolved Formula Capital - A relatively limited capital allocation which is formula driven and allocated directly to all state funded schools to support small scale refurbishment and ICT development.

In addition, there is a current live programme of work from central government, aimed at addressing the maintenance issue of the worst condition schools entitled:

Priority Schools Building Programme

These projects are centrally procured and led by the Department for Education. Ten schools in Devon have now been completed from the first phase of the PSBP:

Chagford C of E Primary School

Haytor View Community Primary School, Newton Abbot

Ilfracombe Arts College

Ladysmith Junior School, Exeter

Newton Poppleford Primary School

Newton St Cyres Primary School

South Molton Community College

South Molton United C of E Junior School

The Castle Primary School, Tiverton

The Grove Primary School, Totnes

The following second phase projects have also been identified in Devon and are due to be delivered in the near future:

Exeter Road Primary School- Block 1

Sidmouth College –Block 1

Whipton Barton Junior –Block 1

Exmouth Community College (Academy)

Current Capital Maintenance Position

Based on surveys of actual school condition in Devon, the level of national funding currently available is only sufficient to address the most urgent or highest priority maintenance needs (D1 and D2 items). The current total backlog maintenance for local authority maintained schools is in the region of £42.6m, with £22.9m described as critical backlog maintenance versus an allocation in 2019/20 of £4.65m.

To maintain transparency, the formula for allocating maintenance funds and proposed prioritisation of schemes was agreed by a Task and Finish Group from representatives (senior leaders from Primary, Secondary, Special Schools and Governors) of the School Organisation, Capital and Admissions Forum (SOCA).

In summary, the current criteria for maintained schools including VC/Foundation schools, (excluding VA schools and academies) are as follows:

Based on Asset Management Condition data:

- Commit to addressing all D1 items as the first priority, and;
- Commit to addressing D2 items

Asset Management Data is ranked based on **Condition; A (Good) to D (Very Poor) and **Priority**; 1 (Urgent within 12 months) to 4 (required from 5 years). The highest-ranking items would be D1 and the lowest A4.*

Both these items are prioritised using pupil numbers as a percentage of capacity;

In addition, we will allocate funding in the following manner:

Allow for a reserve fund to allocate towards MUMIS (Major Unforeseen Maintenance Indemnity Scheme)/Contingency;

- Allow for contributions towards maintained schools Basic Need schemes (based on first bullet point criteria above) where Basic Need projects will address maintenance D1 or D2 items;
- Allow a proportionate contribution towards maintained schools DDA (Disability Discrimination Act) projects, based on occupational therapy reports specific to an individual's needs;
- Complex projects may require phasing over two financial years. Consideration may also be given to reducing the scope of large projects down into smaller elements which can then be delivered within a given financial year.

The principles which will underpin our investment strategy are:

- The health and safety of children, staff and other school users will be the highest priority for capital investment ensuring schools stay open and are fit for purpose by prioritising maintenance to minimise the risk of possible closure.
- Investment decisions will be evidence-based and clearly communicated to all stakeholders. This may be subject to opportunities to support wider strategic projects which will be taken (with maintenance allocations being based on the agreed criteria).
- Where there is clear evidence the investment should be prioritised, we will work with SOCA for maintained schools to develop a cost-effective maintenance strategy across the county.

Dawn Stabb

Head of Education and Learning

Electoral Divisions: All

Cabinet Member for [Children, Schools and Skills](#): Councillor James McInnes

Chief Officer for Childrens Services: Jo Olsson

LOCAL GOVERNMENT ACT 1972: LIST OF BACKGROUND PAPERS

Contact for Enquiries:

Dawn Stabb, Head of Education and Learning

Email: dawn.stabb@devon.gov.uk

Tel No: 01392 383000