

TELFORD & WREKIN COUNCIL

CABINET – 12 NOVEMBER 2015

SCHOOL FUNDING FORMULA 2016/17

REPORT OF THE ASSISTANT DIRECTOR: EDUCATION & CORPORATE PARENTING

LEAD CABINET MEMBER – COUNCILLOR PAUL WATLING

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1 Each year we review the local funding formula for mainstream schools in the context of revisions to DfE regulations or any other relevant developments. Although we consult with schools and the Schools Forum regarding any changes, the Council makes the final decision on the funding formula. The local funding formula applies both to academies and maintained schools.
- 1.2 The following changes are proposed for 2016/17:
 - One small change to the local funding formula, to tighten the criteria for the allocation of split site funding, bringing it closer to DfE recommended criteria;
 - Utilise DSG funds ‘freed up’ from the support provided to date for the BSF project and the falling rolls fund to support the High Needs budget in 2016/17. These funds, expected to amount to over £500,000 (the precise amount will depend upon the amount allocated to the Falling Rolls fund at the 20th November 2015 Schools Forum meeting) will replace the 2014/15 Dedicated Schools Grant carry forward used to support the 2015/16 budget;
 - Move just over £620,000 from funds available for the mainstream school funding formula to High Needs in order to fund increased places in special schools.
- 1.3 The context to the High Needs changes is that the DfE have advised local authorities to assume that there will be no increase in High Needs funding in 2016/17, but a combination of basic demographic pressures (more pupils in the area) and such factors as medical advances (children survive to school age who would previously not have done so) over a number of years has led to an increasing demand which cannot be accommodated within our current high needs provision
- 1.4 The revised funding formula has to be submitted to the Education Funding Agency (EFA), a DfE agency, by 31 October 2015. Telford & Wrekin’s formula will be submitted (as is allowed) subject to cabinet approval on 12 November 2015.
- 1.5 This report seeks Cabinet approval for the proposed 2016/17 funding formula for Telford & Wrekin mainstream schools.

2. RECOMMENDATION

- 2.1 **That the revisions to the funding formula for Telford & Wrekin mainstream schools be approved.**

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-operative Council priority objective(s)?	
	Yes	By ensuring that as far as is possible schools receive fair funding for their pupils, this supports the objective to improve local people's prospects through education and skills training.
	Will the proposals impact on specific groups of people?	
	Yes	Children, young people, parents and the wider community served by schools. The proposed High Needs arrangements for 2016/17 have been discussed with the Schools Forum and with schools generally at a Head Teachers Briefing session in September devoted to High Needs.
TARGET COMPLETION/DELIVERY DATE	The revised funding formula will take effect from 1 April 2016 for maintained schools and from 1 September 2016 for academies. Details of the formula have to be provided to the EFA by 31 October 2015, but ours will be submitted (as is allowed) on the basis of being 'subject to Cabinet approval.'	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	Despite the proposed movement of funds from the Schools Block to the High needs block, most mainstream schools are forecast to receive a cash increase in funding in 2016/17 arising from increases in pupil numbers. Reductions in funding per pupil continue to be protected by the national Minimum Funding Guarantee (MFG) for schools which means that no school's funding can reduce by more than 1.5% per pupil, per year. However, all schools, special and mainstream, will face significant inflationary pressures in 2016/17 due to a combination of national insurance and pension contribution increases combined with pay awards and any general inflation.
LEGAL ISSUES	Yes	The revised arrangements have to comply with the School Finance Regulations.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	Yes	The revised funding formula will affect all schools in T&W, including academies, with the exception of nursery schools, special schools and independent schools and so will impact upon all Wards across the Borough.

PART B) – ADDITIONAL INFORMATION

4 THE FUNDING SYSTEM FOR SCHOOLS

- 4.1 Dedicated Schools Grant (DSG) is allocated in three blocks; Schools, High Needs and Early Years. Each is allocated on a different basis:

- Schools Block: Calculated by multiplying the number of pupils at the preceding October census (i.e. October 2015 for 2016/17) by a unit of funding (different for each local authority). 2015/16 allocation for T&W was £104.083m.
- High Needs Block: Calculated by taking historic allocations and then (for the last couple of years but not for 2016/17) inviting local authorities to bid for 'exceptional case' funding. Any remaining funding available nationally (advised to assume none for 2016/17) distributed broadly pro-rata to authorities. 2015/16 allocation for T&W was £16.206m.
- Early Years Block: Calculated by taking the average pupils in the last two January censuses (i.e. January 2016 and January 2017 for 2016/17) and then multiplying by a unit of funding. 2015/16 allocation for T&W was £9.574m.

4.2 DSG is ring-fenced for schools, but local authorities can move funds between the blocks. It can be seen above that whilst the School and Early Years blocks are allocated in proportion to pupil numbers, this is not necessarily the case for High Needs.

4.3 DSG is distributed to institutions as follows:

- Mainstream schools Via a locally determined funding formula, within the constraints of DfE regulations. These regulations required Local Authorities to implement a simpler funding formula for schools from April 2013 and were described by the DfE as the first stage towards a planned national funding formula for schools. However, at present, the local funding formula for schools continues to determine how much of the total funding received by T&W is allocated to each individual school.
- Special schools and pupil referral units (PRUs) Via a place plus top-up system, the place element being set nationally at £10,000, the top-up element being locally determined. The number of places is determined by a combination of the local authority and the EFA.
- Nurseries, nursery classes and private, voluntary and independent (PVI) early years providers. Via the Early Years Single Funding Formula (EYSFF) for 3 and 4 year olds, a locally determined formula, within the constraints of DfE regulations. Via a single hourly rate for 2 year olds (currently set at £4.85 in T&W, matching the allocation rate from the DfE).

4.4 For mainstream school funding, the DfE have made only minor changes to school funding regulations for 2016/17. The Minimum Funding Levels adjustment in 2015/16, which delivered an increase in Schools Block funding of 1.4% per pupil for T&W, has been retained in 2016/17. Non recoupment academies (just Madeley Academy locally) will now be included within the initial allocations of Schools Block DSG for LAs. As a result, the amount per pupil has increased from £4,428 to £4,456, which reflects the additional cost of funding Madeley compared to an average school (i.e. because Madeley is a secondary school with relatively high levels of deprivation).

4.5 Whilst we do not yet have final figures from the October 2015 census, it is clear that overall pupil numbers in the Borough are now growing significantly, particularly in the primary sector. This will lead to an increase in the overall cash sum of Schools Block DSG allocated by the DfE in 2016/17.

5 LOCAL CONTEXT AND PROPOSED FORMULA CHANGES

Supporting High Needs

- 5.1 As noted above, high needs allocations are not directly linked to demographics. In recent years, the costs of high needs, whether through the element of SEN statements individually funded in mainstream schools, or special schools, has been increasing. It has been possible to support these costs partly from DSG underspends over the last two years but increasing cost pressures and a change in methodology of funding provision for 2 Year olds will result in little or no capacity to continue funding High Needs in this way in 2016/17.
- 5.2 The 2015/16 High Needs Budget has been supported by £658,000 of DSG carried forward from the previous year. Other things being equal, this sum therefore will be needed to be found for 2016/17. We anticipate that this can be achieved largely from a 'natural' reduction in the need for DSG expenditure in two areas:
- Support for the BSF project We have agreed with the Schools Forum to request no more than £100,000 of DSG support for the project in 2016/17, compared to £342,000 in previous years. The reduction reflects that the main building work is nearing completion, whilst the retention of some funds reflects that the 12 month Defect Liability Period will extend into 2016/17 for a number of the rebuilt schools.
 - Falling rolls fund £450,000 was allocated in 2015/16 for this fund, which allocates additional funds to schools with a reduction in funding (due to falling pupil numbers) of more than 3%. As pupil numbers are now stable or rising in the large majority of T&W schools and the fund, to comply with DfE rules, can only be allocated to schools with a 'Good' or 'Outstanding' Ofsted rating, we anticipate a minimal call on it in 2016/17 (the final figure will be confirmed once the October 2015 census data is available).
- 5.3 However, in addition to the need to cover the gap arising from a lack of carry forward in 2016/17, it is also intended to extend high needs provision in 2016/17 to respond to increasing pressures in the system. In particular it is planned to:
- Increase places at Queensway at HLC, which supports pupils with high needs arising from autistic diagnoses, by 24;
 - Create a new 12 place Key Stage 2 provision to support pupils with high needs arising from behavioural issues (whilst reducing the number of places by 6 at Mount Gilbert school, catering for secondary age pupils with behavioural issues);
 - Increase places at Haughton School, supporting primary age pupils with complex needs, by 24;
 - Increase places at the Bridge School, supporting primary and secondary age pupils with severe needs by 4.
- 5.4 The budgeted cost of this increase in financial year 2016/17 is just over £620,000, and is planned to be funded by reducing the amount available for the mainstream schools funding formula. It represents around 0.6% of mainstream school budgets.
- 5.5 Consultation and briefing on these proposals took place at a Headteacher's Briefing specifically arranged to discuss high needs on 10 September 2015 and at the Schools Forum on 18 September 2015.

Split Site Funding

- 5.6 Six schools currently receive, this, four in the secondary sector, and two in the primary. The criteria for this, as described on our formula proforma submitted to the EFA for 2015/16, reads as follows:

Funding for those schools with satellite assets used consistently for educational needs. Secondary rate £20K, Primary rate £10K. The local authority estates department identified those schools which had assets that are separated from the main school buildings by main roads which require the supervision of pupils reaching the separate site.

- 5.7 The 2016/17 DfE guidance on split site allowances reads as follows:

“Criteria for providing extra funding should be clear and transparent, incorporating clear and objective trigger points and a clear formula for allocating additional funding.....

Examples of clear trigger points are:

- The sites are at least X metres / kilometres / miles apart as the crow flies and the sites are separated by a public highway;*
- The provision on the additional site does not qualify for an individual school budget share through the Dedicated Schools Grant;*
- The school has remote playing fields, separated from the school by at least X kilometres / miles and there is no safe walking route for the pupils ;*
- X% of staff are required to teach on both sites on a daily basis in order to support the principle of a whole school policy and to maintain the integrity of the delivery of the national curriculum;*
- At least x% of pupils are taught on each site on a daily basis.”*

- 5.8 Our current criteria do not necessarily ensure that funding is only provided where there are likely to be significant additional costs (e.g. where a site is a significant distance from a school).

- 5.9 In order to address this, we are proposing to retain the primary and secondary rates as above, i.e. £10,000 per qualifying primary school and £20,000 per qualifying secondary school, but change the qualifying criteria to the following (mirroring the first example above).

- 5.10 The sites are:

- at least 1 kilometre apart as the crow flies;
- separated by a public highway.

- 5.11 Based on current data, that would reduce the schools in receipt of split site funding to one secondary.

6. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

- 6.1 Any change to the distribution of funding for schools leads to some schools being allocated more funding, and some schools less, compared to the existing situation. The main change proposed for 2016/17 is to increase funds for special schools. Whilst this reduces the resources available for mainstream schools, the overall growth in pupil numbers means that there will still be an increase in the resources allocated to mainstream schools. Schools continue to be protected by the national minimum Funding Guarantee, which prevents any year on year reduction exceeding 1.5%.
- 6.2 Under current regulations, the formula can be reviewed and if desirable it can be amended each year. It will be kept under review in the context of local circumstances and further changes in government regulations.

7. PREVIOUS MINUTES

- 7.1 Minutes of the meetings of the Cabinet held on Thursday, 8th November, 2012 (concerning the 2013/14 funding formula for schools), Thursday 14th November 2013 (concerning the 2014/15 funding formula) and Thursday 13 November 2014 (concerning the 2015/16 funding formula).

8. BACKGROUND PAPERS

“Schools revenue funding 2016 to 2017: Operational guide”, July 2015

T&W Schools Forum, Minutes and accompanying papers of meetings held on 18th September 2015

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