

**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 is proposed for 2017/18:
  - Retain the principles of the existing funding formula, in the context that the Government is planning to introduce a national funding formula in 2018/19, which will replace local arrangements;
- 1.3 A new pressure for schools and the local authority is the proposed removal of the Education Services Grant (ESG) from September 2017. Just over £2m of ESG was allocated to T&W in 2016/17. This grant currently funds many of the local authority's statutory duties for schools, including those relating to academies. The local authority will be requesting schools forum permission to retain Dedicated Schools Grant (DSG) funds to pay for these duties. Any such retentions will reduce the amount available to be allocated to schools via the funding formula.
- 1.4 The local authority is able to move funds between the 3 different DSG blocks – Schools, Early Years and High Needs. If required, following the DfE's announcement of the allocation of high needs funding for 2017/18, sufficient funds will need to be moved from the schools block to meet projected high needs expenditure in 2017/18. The increase in the number of pupils in special schools in recent years is likely to continue in 2017/18, which is likely to increase high needs expenditure.
- 1.5 The revised funding formula has to be submitted to the Education Funding Agency (EFA), a DfE agency, by 20 January 2017.
- 1.6 This report seeks Cabinet approval for the proposed 2017/18 funding formula for Telford & Wrekin mainstream schools.

**2. RECOMMENDATION**

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

### 3. SUMMARY IMPACT ASSESSMENT

<b>COMMUNITY IMPACT</b>	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.
<b>TARGET COMPLETION/DELIVERY DATE</b>	The revised funding formula will take effect from 1 April 2017 for maintained schools and from 1 September 2017 for academies. Details of the formula have to be provided to the EFA by 20 January 2017.	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	Most mainstream schools are forecast to receive a cash increase in funding in 2017/18 arising from increases in pupil numbers, although in some cases this may not be sufficient to meet inflationary pressures. 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.
<b>LEGAL ISSUES</b>	Yes	The revised arrangements have to comply with the School Finance Regulations.
<b>OTHER IMPACTS, RISKS &amp; OPPORTUNITIES</b>	No	
<b>IMPACT ON SPECIFIC WARDS</b>	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 to local authorities by the DfE in three blocks; Schools, High Needs and Early Years, using the following bases:
- Schools Block: Calculated by multiplying the number of pupils at the preceding October census (i.e. October 2016 for 2017/18) by a unit of funding (different for each local authority). The 2017/18 allocation for T&W is £107.490m.
  - High Needs Block: Calculated by taking historic allocations and distributing any remaining funding available nationally broadly pro-rata to authorities. The 2017/18 allocation for T&W is £19.109m.
  - Early Years Block: Calculated by taking the average pupils in the relevant two January censuses (i.e. January 2017 and January 2018 for 2017/18) and then multiplying by a unit of funding. The 2017/18 initial allocation for T&W is £11.381m.
- 4.2 DSG is ring-fenced for schools, but local authorities can move funds between the blocks. As described above, 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 Presently, many of the statutory services provided by local authorities to schools are funded by the Education Services Grant (ESG). In 2016/17 T&W's allocation is just over £2m, consisting of:
- Retained duties ESG: £0.41m      Funding services provided to both academies and maintained schools;
  - General funding ESG: £1.62m      Funding services provided just to maintained schools.
- 4.4 For 2017/18, the retained duties element has been added to schools block DSG. The general funding element will be paid at a reduced rate between April and August 2017, confirmed at £27.50 per pupil in a maintained school, and then cease. Money for the services formerly funded by ESG, which are mostly statutory, will then only be provided if the Schools Forum vote to allow the funds to be top-sliced from DSG. Whilst we would of course endeavour to reach a consensus with our Forum, should this not be possible the local authority can appeal to the Secretary of State for Education.
- 4.5 DSG is distributed to institutions as follows:
- Mainstream schools      Via a locally determined funding formula, within the constraints of DfE regulations. The DfE is planning a national funding formula for schools to take effect in 2018/19, which will reduce/eliminate local authority involvement in determining individual school's funding in their area (apart from the

early years and high needs funding). 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). The DfE has consulted on revised arrangements in 2017/18 but the principles of limited local discretion within national guidelines will remain in place.

4.6 Pupil numbers in the Borough continue to grow. This has led to an increase in the overall cash sum of DSG allocated by the DfE in 2017/18.

## **5 T&W 2017/18 FUNDING FORMULA**

5.1 The local funding formula for 2017/18 was discussed with the Schools Forum on 23 September 2016. There was a consensus that in the absence of significant changes to the funding regulations and in the context of a national funding formula for schools being planned by the DfE for 2018/19, the 2017/18 formula should remain consistent with 2016/17.

5.2 The actual allocations to schools will be confirmed once 2017/18 budgets have been calculated following the release of confirmed DSG allocations by the DfE on 20 December 2017. The amounts received by schools are partly dependent upon decisions that the Schools Forum will make at the meeting to be held on 13 January 2017, concerning monies to be retained by the local authority to pay for services – mostly statutory – previously funded by the Education Services Grant.

## **6. IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

6.1 Schools continue to be protected by the national Minimum Funding Guarantee, which prevents any year on year reduction in funding for a school exceeding 1.5% per pupil.

6.2 Under current regulations, the formula can be reviewed and if desirable it can be amended by the local authority each year. This is likely to change in 2018/19 with the introduction of a national funding formula for schools. Confirmation of the DfE's plans is expected during Spring Term 2017.

## **7. PREVIOUS MINUTES**

7.1 Minutes of the meetings of the Cabinet held on 8th November, 2012 (concerning the 2013/14 funding formula for schools), 14<sup>th</sup> November 2013 (concerning the 2014/15 funding formula), Thursday 13 November 2014 (concerning the 2015/16 funding formula) and 12 November 2015 (concerning the 2016/17 funding formula).

**8. BACKGROUND PAPERS**

“Schools revenue funding 2017 to 2018: Operational guide”, Education Funding Agency, July 2016

T&W Schools Forum, Minutes and accompanying papers of meetings held on 23<sup>rd</sup> September 2016

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