



**TELFORD & WREKIN COUNCIL**

**CABINET – 4 JANUARY 2018**

**SCHOOL FUNDING FORMULA 2018/19**

**REPORT OF THE ASSISTANT DIRECTOR: EDUCATION & CORPORATE PARENTING**

**LEAD CABINET MEMBER – COUNCILLOR SHIRLEY REYNOLDS**

**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 and in 2018/19 will determine the distribution of around £110m of funding.
- 1.2 The following is proposed for 2018/19:
  - We amend the local funding formula to move towards the DfE's National Funding Formula model for school funding, details of which were published in 2017, and increase the protection for schools by increasing the minimum funding guarantee to 0% from the current minus 1.5%;
  - We request from the Schools Forum a top-slice from mainstream school budgets, to support the increasing budget pressure on high needs.
- 1.3 The revised funding formula has to be submitted to the Education & Skills Funding Agency (ESFA), a DfE agency, by 19 January 2018.
- 1.4 This report seeks Cabinet approval for the proposed 2018/19 funding formula for Telford & Wrekin mainstream schools.

**2. RECOMMENDATION**

- 2.1 **That the 2018/19 funding formula for Telford & Wrekin mainstream schools, as consulted on with schools and the Schools Forum, 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 2018 for maintained schools and from 1 September 2018 for academies. Details of the formula have to be provided to the ESFA by 19 January 2018.	
<b>FINANCIAL/VALUE FOR MONEY IMPACT</b>	Yes	Most mainstream schools in Telford & Wrekin (T&W) are forecast to receive an increase in funding in 2018/19, both in funding per pupil and in total funding. This is because the revised method of allocating funds to local authorities for their mainstream schools has benefited Telford & Wrekin and also because many local schools are experiencing increases in pupil numbers. For the small number of schools with a potential reduction in funding per pupil there is a Minimum Funding Guarantee (MFG). We propose taking advantage of a new flexibility local authorities have been given, to increase this from the current level of minus 1.5% per year to 0%, meaning that no school in T&W will experience a reduction in funding per pupil in 2018/19.
<b>LEGAL ISSUES</b>	Yes	The revised arrangements have to comply with the Government's 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 four blocks; Schools, High Needs, Early Years and Central School Services, using the following bases:

- Schools Block: Calculated by multiplying the number of pupils at the preceding October census (i.e. October 2017 for 2018/19) by a unit of funding, which is different for each local authority. The 2018/19 allocation for T&W will be approximately £110m.
- High Needs Block: Calculated by a combination of historic allocations and a national funding formula. The 2018/19 allocation for T&W will be approximately £21m.
- Early Years Block: Calculated by taking the average pupils in the relevant two January censuses (i.e. January 2018 and January 2019 for 2018/19) and then multiplying by a unit of funding. The 2018/19 allocation for T&W will be approximately £12m.
- Central School Services block: Calculated by a mixture of historic expenditure levels and number of pupils. The grant is new for 2018/19 (replacing part of the now ceased Education Services Grant and some of the funding for services that used to be funded by Schools Block top-slices) and the allocation will be approximately £1m.

4.2 There is some flexibility to move money between blocks, but any movement out of the Schools and Early Years blocks is limited in scale and subject to a Schools Forum vote. DSG as a whole is ring-fenced for schools.

4.3 The final distributions of DSG are notified in December, based upon October census data.

4.4 DSG is distributed to institutions as follows:

- Mainstream schools Via a locally determined funding formula, within the constraints of DfE regulations. The details of this are discussed in section 5 below.
- 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 ESFA.
- Nurseries, nursery classes and private, voluntary and independent early years providers. Via an Early Years Single Funding Formula 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 £5.11 in T&W,).

## **5 T&W 2018/19 FUNDING FORMULA**

- 5.1 The DfE is calculating 2018/19 Schools Block funding allocations to local authorities by using a National Funding Formula (NFF). This revised methodology replaces the existing historically based allocations.
- 5.2 The NFF will benefit T&W schools. If fully implemented the DfE's illustrative increase for T&W is 7% per pupil. It will take at least three years to be fully implemented, but in 2018/19 the illustrative increase is 2.7% with a similar further increase in funding in 2019/20. This means approximately £3m of additional resources in 2018/19 and a further £3m in 2019/20. It is in addition to any increases arising from increasing pupil numbers. The 7% increase represents the 13<sup>th</sup> largest out of 152 local authorities in England. It is good news for our schools and provides some vindication for our long standing belief that mainstream school funding for T&W has previously been held at an unjustifiably low level by the DfE.
- 5.3 The local funding formula for 2018/19 was discussed with the Schools Forum on 16 November, following a consultation with all schools. The principal question that schools were asked was whether we should:
- move our local funding formula towards the DfE's NFF; or
  - continue with our existing formula, allocating the additional funds to the basic per pupil factor (AWPU) and retaining the existing secondary-primary ratio.
- 5.4 The majority view of schools and the Forum was that we should move towards to the NFF, on the basis that this was the likely destination for school funding and that for most schools the difference between the NFF and the existing local funding formula was modest (less than 1% for over 60% of our schools). As noted above, the additional funds for T&W also enable us to adopt a higher minimum funding guarantee (MFG) per pupil than the minus 1.5% per pupil that the DfE has had in place for some years. An MFG set at 0% means that no school will experience a decrease in funding per pupil (subject to the possible top-slice outlined in paragraph 5.6).
- 5.5 Officers views are consistent with schools, in supporting the logic of moving towards the likely outcome for school funding, particularly when this can be achieved with little turbulence impacting upon individual schools.
- 5.6 The actual allocations to schools can only be finalised once the confirmed data from the October 2017 census is released by the DfE in December. The amounts received by schools will also depend upon a possible top-slice from mainstream school budgets to support high needs. DfE rules means that this cannot normally exceed 0.5% of the total mainstream school budget (i.e. around £550,000) and will require schools forum approval. Anything above 0.5%, or an amount below this level that hasn't been agreed by the Schools Forum, has to be individually agreed by the Secretary of State. The amount requested (if any) at the Forum to be held on 11 January will be determined once further work on the 2018/19 high needs budget has been completed. Cabinet approval is therefore for the principles behind the local funding formula for schools, rather than the precise amounts allocated to each school.

## **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. As noted above, T&W is proposing a local protection that amends this to 0%, a more generous level of protection.
- 6.2 Under current regulations, the formula can be reviewed and if desirable it can be amended by the local authority each year. This may change from 2020/21 with the introduction of a national funding formula for schools at school level.

## **7. PREVIOUS MINUTES**

- 7.1 Minutes of the meetings of the Cabinet held on Thursday 13 November 2014 (concerning the 2015/16 funding formula) and 12 November 2015 (concerning the 2016/17 funding formula) and 15 January 2017 (concerning the 2017/18 funding formula).

## **8. BACKGROUND PAPERS**

“Schools revenue funding 2018 to 2019: Operational guide”, Education & Skills Funding Agency, September 2017

T&W Schools Forum, minutes and accompanying papers of meetings held on 16th November 2017

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