

SCHOOLS FORUM

12th JANUARY 2017

SCHOOL FUNDING FORMULA 2017-18

1. Introduction

- 1.1 The purpose of this report is to inform the Schools Forum about the 2017-18 funding position, and to seek the Forum's approval in respect of a number of issues associated with finalising school budgets for 2017-18.

2. Background

- 2.1 Local authorities are required to submit their finalised 2017/18 school funding formulae to the Department for Education (DfE) by 20th January 2017. The DfE uses a standard format (known as the Authority Pro-forma Tool or APT) to collect this data from local authorities and local Schools Forum approval is required prior to submission.
- 2.2 The St Helens school funding formula has now been updated with the October 2016 school census information, on which 2017-18 school budgets will be based. The 2017/18 St Helens APT is attached at Appendix 1a. The APT relates only to the Schools Block of the Dedicated Schools Grant (DSG). School delegated budgets also include funding from the Early Years and High Needs blocks of the DSG.

3. School Funding 2017-18

- 3.1 On 20th December 2016, the indicative DSG allocations for 2017-18 were announced. The indicative DSG for St Helens (prior to adjustments for Academy funding) is £134.23m. This represents an increase of £5m (3.88%) over the 2016-17 funding level. The increase comprises:
- £2.4m for the extension of the free childcare and early education entitlement;
 - £1.6m due to an increase in the total number of St Helens pupils compared with 2016-17;
 - £0.4m transfer of funding from the Education Services Grant to the DSG, in respect of responsibilities that local authorities have for all schools;
 - £0.3m technical adjustment in respect of post-16 costs for pupils with additional needs;
 - £0.3m in respect of the High Needs block.
- 3.2 Further adjustments will be made to DSG allocations in respect of Early Years headcount data.
- 3.3 As discussed at the previous meeting of the Schools Forum (December 2016), the pupil related data that the DfE has provided for 2017/18 includes changes to the IDACI (Income Deprivation Affecting Children Index) dataset. These

changes will have a redistributive effect on school budgets although the impact has been dampened within the formula to avoid significant reductions at an individual school level. These adjustments are consistent with the approach adopted for 2016/17 in respect of the previous change to the dataset.

4. School Funding Formula 2017-18

- 4.1 Based on the indicative DSG referred to in paragraph 3.1 above, the summarised school funding formula for 2017-18 is attached at Appendix 1a. Individual school allocations are included at Appendix 1b. The Minimum Funding Guarantee (MFG) is retained at -1.5% for 2017/18 and a cap has been applied to restrict increases in the amount of funding per pupil to zero. This helps to meet the cost of the MFG.
- 4.2 It is important to note that the allocations included at Appendix 1b do not represent each school's total delegated budget for 2017-18. As stated in paragraph 2.2 above, schools also receive allocations from the High Needs block of the DSG, and funding is allocated in respect of nursery pupils from the Early Years block. These allocations have not yet been finalised for 2017-18.
- 4.3 £450k is set aside to fund increases in pupil numbers, including additional allocations in relation to infant class sizes. This amount also includes funding in respect of specific primary schools which, in agreement with the Council, have increased their Published Admission Numbers to accommodate localised demand for school places. Funding will be allocated to these schools on the basis of additional teacher resource where extra classes are required.
- 4.4 In December 2016 the Forum was informed of DSG budgetary pressures in respect of pupils with additional needs, particularly independent special school costs and the increase in places at Mill Green and Lansbury Bridge special schools. The report recommended how the pressures should be addressed (summarised at Appendix 2), and these are incorporated within the proposed total Schools Block funding allocation at Appendix 1a.
- 4.5 The total cost of top-up payments for high needs pupils in primary and secondary schools is estimated to increase by approximately £320k in the financial year 2017/18. The total cost of top-up payments increases annually due to the number of pupils assessed as requiring additional support. In order to fund these costs, a corresponding amount of money is transferred from the basic pupil entitlement (AWPU funding) of the funding formula. Clearly, this gradually reduces the overall level of basic entitlement funding (the main funding block within the school funding formula). Current arrangements in respect of top-up funding will need to be reviewed, particularly in the context of the proposed national funding reforms. As an interim measure, it is proposed that £360k of one-off funding from DSG balances is allocated to the schools funding block for 2017/18. This can be met from historical sums that were set aside in respect of potential funding formula changes and CAMHS support.

5. Early Years Funding

- 5.1 Following the recent national consultation, the government has confirmed the introduction of a national early years funding formula for 2017-18. The key elements of the early years funding reforms are as follows:

- local authorities will be funded according to a national formula which will be implemented for the financial year 2017-18;
- the formula will consist of a base rate of funding for each child, an additional needs factor and an area cost adjustment;
- there will be an overall increase in funding for most local authorities;
- the amount of funding that can be retained centrally will be capped;
- a single base rate for all early years providers must be in place by 2019/20 at the latest;
- the use of funding supplements will be restricted;
- local authorities will be required to have SEN inclusion funds in place to support children with additional needs.

5.2 Further details are contained in a separate report that is included on the agenda for this meeting of the Schools Forum.

6. Pupil Premium Grant 2017-18

6.1 The Pupil Premium Grant rates have been confirmed for 2017-18 and are set out in the table below. Pupil Premium funding is not part of the DSG and, therefore, is additional to the school formula funding at Appendices 1a and 1b.

Pupil Premium	2016-17 (£)	2017-18 (£)
Primary Pupil	1320	1320
Secondary Pupil	935	935
Looked After Child / Former LAC	1900	1900
Service Child	300	300

7. Centrally Retained and De-Delegated Funding

7.1 A number of services within the Schools Block of the DSG are retained centrally. The school funding regulations require that they are retained at the same cash levels as 2012-13, and these are set out in Appendix 3. The schedule has been updated to reflect the transfer of funding from the Education Services Grant in relation to local authority responsibilities as set out in the Schools and Early Years Finance Regulations.

7.2 The Schools Forum is required, on an annual basis, to confirm which services should be de-delegated for the financial year ie the Council would top-slice the funding from school budgets and continue to provide services on behalf of schools. Where a school phase opts to retain the money within their delegated

budgets, individual schools are able to buy-in the service through a Service Level Agreement.

- 7.3 A summary of the services that may be de-delegated, including the equivalent 2017-18 funding amounts, is included at Appendix 4. In addition, the decision taken by the relevant phase of the Schools Forum in respect of 2016-17 has been included for information. In respect of nursery, special, and academy schools, the school funding regulations require that the funding in respect of these services is delegated.

8. Recommendations

The Schools Forum is requested to:

- 8.1 Note the contents of the report.
- 8.2 Approve the proposed school funding formula as per the attached DfE proforma at Appendix 1a.
- 8.3 Confirm de-delegation arrangements for 2017-18 for the primary and secondary school phases.