



North Tyneside Council

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Briefing note

To: Schools Forum

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Title of Briefing: Schools funding 2017/18 – including centrally retained and de-delegated items

Purpose

1. To inform Schools Forum of the 2017/18 Local Government Finance Settlement in respect of the Dedicated Schools Grant
2. To determine with Schools Forum the centrally retained budgets for 2017/18
3. To inform Schools Forum of the draft mainstream formula prior to submission on 20 January 2017 and the movement between funding Blocks, which confirms the High Needs budget for 2017/18
4. To determine with Schools Forum the de-delegated budgets for 2017/18.

1. Revenue funding – Summary from the 14 December 2016 Local Government Finance Settlement

The main funding arrangements for 2017/18 are:

1. The Dedicated Schools grant (DSG) continues to be issued in 3 separate Blocks: Schools Block, Early Years Block and High Needs Block.
2. There is an apparent reduction in the per pupil funding for the Schools Block but this is to reflect the re-base lining of the High Needs Block.
3. Early Years funding now incorporates the 2 year old and 3-4 year olds, together with the additional 15 hours provision.
4. High Needs Block – only provisional figures issued in December, prior to the place review in January/February 2017 and final figures being provided in March 2017. The indicative figures are based on the re-base lining exercise which took account of block to block transfer agreed by Forum in previous years.
5. The overall DSG continues to be ring-fenced although the 3 Blocks are not ring-fenced individually so there remains discretion for the Local Authority to move money between the Blocks.

6. The Minimum Funding Guarantee (MFG) continues at minus 1.5% per pupil for 2017/18.

In addition to the funds provided through the DSG, schools will continue to receive Pupil Premium. The Pupil Premium will be held constant in 2017/18 at £1,320 per pupil for primary aged children, £935 for secondary aged children, £1,900 for adopted children, £1,900 per looked after child and £300 for Service children.

A summary of the settlement for North Tyneside is shown in the table below.

Table 1

	Schools Block	Early Years Block	High Needs Block	Total Estimated 2017/18 DSG
Per pupil rate (£): R-Year 11	£4,451.98			
Block value (£m) now includes NQT funding previously allocated separately	£115.40m	£11.75m	£18.68m	
TOTAL SETTLEMENT (£m)	£115.40m	£11.75m	£18.68m	£145.83m

The **Schools Block** (£115.40m) is based on the cash per pupil rate of £4,451.98 multiplied by the number of pupils in schools based on the October 2016 census. Overall, pupil numbers have increased by 233. The Per Pupil rate however has been adjusted following the re-base lining exercise all Local Authorities were required to complete in 2016/17. Also included in this years Schools Block DSG allocation is the Education Services Grant (retained element).

The funding to enable schools to pay for the services of their preferred appropriate body for monitoring and quality assure newly qualified teachers (NQT) which was previously identified separately is now included in the Schools Block allocation.

The 2017/18 **Early Years Block** DSG settlement (£11.75m) includes an allocation for the additional 15 hours entitlement for 3 & 4 year olds which will be introduced from September 2017. There will be further adjustments following the January 2016 census which will not be known until the summer. The Early Years block allocation includes funding for 2 Year olds and 3 & 4 year olds. Also included in the Early Years block settlement is the pupil premium allocation.

In respect of the **High Needs Block** allocation (£18.68m) only provisional figures have been issued in December by the Department for Education (DfE) prior to the place review in January/February 2017 with final figures for each Local Authority following thereafter in March 2017. The increase in this block reflects the re- base ling as mentioned above.

2. Centrally retained items

The Schools Block of £115.40m is shared amongst mainstream schools through the funding formula unless items are agreed as “centrally retained” or a Block to Block transfer is made.

Centrally retained items need to be agreed before setting the mainstream funding formula for 2017/18. These retained budgets are to be used in support of all North Tyneside children – Academies and maintained schools alike.

In most circumstances the Local Authority proposes the retention and the Schools Forum decides; if there is any disagreement, the DfE adjudicates. Schools Forum has received presentations from relevant officers at earlier meetings about the current level of centrally retained items to assist in the decision-making process and to give an indication of the likely decision to allow the Local Authority to incorporate this into its financial planning and budget setting.

A list of the proposed centrally retained items for 2017/18 is shown in Appendix A.

Over recent years there has been a downward trend in the centrally retained items which has continued for 2017/18 with a proposed reduction of £0.575m, being the second part of the removal of the previous Early Years provision. However, the new treatment of the Education Services Grant (ESG) means that an additional amount will be centrally retained for both retained and general duties. This can be seen in detail in Appendix A and summarised in the table below:

Table 2

Year	Centrally retained
2012/13	£5,323,441
2013/14	£4,985,509
2014/15	£4,819,005
2015/16	£3,684,319
2016/17	£2,651,596
2017/18 (proposed core)	£2,076,596
2017/18 (proposed ESG retained)	£423,243

The revised treatment of the ESG was shared at previous Forum Meetings in the autumn term. The ESG is now split into two component parts; the retained duties (£423k) is now included in the Schools Block of the DSG, whereas the general duties element (£778k) is payable directly to the Local Authority for the period to August 2017 only. (Note current level of ESG for 2016/17 is £2.6m)

Schools Forum confirmed its intention to maintain centrally retained items, including the ESG.

In addition to the above list, and consistent with previous years, the DfE has agreed with several agencies to purchase a single national licence managed by the DfE for all state-funded schools in England.

This will be a non negotiable charge from the DfE and therefore will be an additional item held centrally rather than delegated to schools through the formula. The amount to be deducted from DSG for the licence is estimated to be £0.136m.

Section 6 includes the formal recommendation in relation to centrally retained items.

3. (a) Amounts available for distribution through the formula – Schools, Early Years and High Needs Blocks

The starting point is the settlement figure set out in section 1, adjusted for a number of other matters. As with previous years, the main adjustment is the centrally retained item – as set out in the section above, the adjustment this year is proposed to be £2.076m.

The table below shows the movement between the initial settlement and the final amount to be allocated through the formula. Annotated notes are included after the table to explain the context/background of each adjustment.

Table 3

Base budget proposal	Schools Block (£m)	Early Years Block (£m)	High Needs Block (£m)
Settlement for 2017/18 (as per section 1 of this report)	115.40	11.75	18.68
Forecast pressure for 2017/18 (See High Needs Paper)	(0.327)		0.327
Proposed centrally retained items (see section 2 above)	(2.08)		
Proposed ESG retained items (see section 2 above)	(0.42)		
DfE charge for a single national licence (see section 2 above)	(0.14)		
Total budget to be allocated through the formula	112.43	11.75	19.01

3. (b) Draft 2017/18 Mainstream formula

Schools were consulted on options for the mainstream formula following the September Schools Forum meeting and a sub-group of the Forum met in October/November to consider the findings of this. The sub-group also undertook detailed scenario planning to consider options for inclusion in the APT submission.

The findings of this group were fed back to Schools Forum in the November and December meetings. The proposed APT reflects the outcome of these discussions. .

We are still awaiting the new Business rates information and any changes to the 2017-18 will need to be reflected in the APT before submission to the DfE.

4. De-delegated items

Some services can be “bought back by phase” collectively following a decision made by the Schools Forum on behalf of maintained schools. Funds for these services are contained within the mainstream formula delegated to schools and then “de-delegated” (i.e. “paid back”) so the Local Authority can continue to provide the service.

The de-delegations proposed for 2017/18 were discussed at the September and October 2016 School Forum meetings and are shown in Appendix B – these have been updated for the October 2016 census data.

Following on from discussions at the last Forum a sub group met to agree revised proposals in relation to funding levels for schools in financial difficulty.

The meeting took place on Monday 9th January 2017 and the group agreed to the following proposal:

- The overall level of funding should increase to reflect the pressure on the system.
- The total amount available should be at the level previously held .i.e. £799,354.(Current level £381,469)
- This increase equates to £17.86 per pupil.
- The level should be reviewed on an annual basis and especially in light of emerging pressures in the system and potential impact of National Funding Formula.
- Enhanced scrutiny on future budget proposals of individual schools continues.
- Further consideration is given to Secondary Staffing/Leadership levels.

5. Recommendations

Schools Forum is asked to:

1. Note the details of the settlement in respect of the Dedicated Schools Grant as set out in Section 1
2. Approve the centrally retained items as set out in Section 2 and Appendix A – if a vote is required this will be open to all members (orange colour-coded vote with the exception of ESG) and will be undertaken item by item (as per Appendix A)
3. Confirm the approval of the new ESG arrangements.
4. Approve the Block to Block transfers as set out in the Section 3A – if a vote is required this will be open to all members (orange colour-coded vote) and will be undertaken item by item (as per table 3). This will confirm the High Needs budget for 2017/18.
5. Subject to changes arising from Recommendations 2 and 3 above, approve the budget option as set out in Section 3 and agree that school budgets are progressed accordingly to meet EFA 20th January 2017 deadlines and subsequent distribution to Schools. This vote will be open to School Members plus representatives of the Early Years providers (green colour-coded vote).
6. Approve the de-delegated items as set out in Section 4 and Appendix B. This vote will be open to Primary (red colour-coded vote) and Secondary (purple colour-coded vote) and may take by phase if required.

Appendix A: Proposed centrally retained sums from the DSG for 2017/18

Budgets proposed to be held centrally	Agreed retention for 2014/15 £	Agreed retention for 2015/16 £	Agreed retention for 2016/17 £	Proposed retention for 2017/18 £
Budgets historically used in support of early years provision	1,300,000	1,300,000	575,000	0
Budget set aside to support Local Authority and Trust objectives.	1,119,686	0	0	0
Budget to fund the Schools Support Service.	652,508	652,508	652,508	652,508
Budget to support vulnerable schools. Allocations to individual schools made annually by School Improvement staff	52,044	52,044	52,044	52,044
Budget to improve quality and variety in school meals.	307,723	307,723	0	0
Budget to maintain High Borrans Outdoor education facility	110,000	95,000	95,000	95,000
Budget for the Education Improvement Partnership (secondary schools).	100,398	100,398	100,398	100,398
Budget to support the informational requests of the Schools Forum and improved budgetary awareness across all schools.	30,125	30,125	30,125	30,125
Collective contribution to ongoing pension costs incurred when allowing teachers to leave schools prematurely.	624,951	624,951	624,951	624,951
Budget for costs associated with de-commissioned school buildings.	30,000	30,000	30,000	30,000
School admissions service	141,570	141,570	141,570	141,570
DSG contribution to Home to School Transport costs	100,000	100,000	100,000	100,000
Support for Schools with Falling Rolls	250,000	250,000	250,000	250,000

Totals	4,819,005	3,684,319	2,651,596	2,076,596
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2017/18 (proposed ESG retained)	£423,243
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Appendix B: De-delegation proposals 2017/18

The amounts to be de-delegated will be based on the same per pupil rates used in 2016/17. The final amounts per school for 2017/18 will be calculated through the individual school budget allocations.

Narrative	Total de-delegated 2017/18 £	Rate per pupil £
Budget to support mainstream maintained schools in financial difficulty	549,354	23.48
Support for vulnerable Headteachers for those incidents where independent support and advice is necessary	38,365	1.64
Support for minority ethnic pupils and underachieving groups. (EMTAS) NB: rate per pupil only applies to pupils that meet the EAL threshold	380,132	1,212.00
Assessment of Free school meals eligibility.	36,961	1.58
The current central scheme to cover staff costs – supply cover. i.e. the maternity/ paternity/ adoption cover scheme, including Union facility time costs and Jury Service.	578,509	24.73
Total	1,583,321	