

## SCHOOLS FORUM

### **.00 2017-18 DEDICATED SCHOOLS GRANT BUDGET STRATEGY**

#### **Purpose of the Report**

- .01 To update members on the national changes and local challenges affecting the 2017-18 Dedicated Schools Grant Budget.

To request the central retention and de-delegation of funds from the Schools Block, including the Growth Fund and those related to services formerly funded through the Education Services Grant (ESG).

To request 100% allocation of the transferred Retained Duties ESG funding from the Central Schools Block back to the LA for the discharge of statutory and regulatory duties for ALL Wokingham Schools and Academies.

To request Schools Forum to consider other potential areas of allocation and de-delegation of schools services following the withdrawal of ESG funding.

To request the topslice of the 3 & 4 Year old funding in the Early Years Block at 7% in 2017-18 and 5% in 2018-19 onwards for Early Years Centrally Retained Duties.

#### **Required Action**

##### **Early Years Block**

1. Schools Forum is asked to agree the topslice of 7% in 2017-18 and 5% from 2018-19 onwards of the 3 & 4 Year old funding for Early Years Centrally Retained Duties:

##### **Schools Block**

2. Schools Forum is requested to note the following proposed use Schools Block DSG:

##### **A. Transferred ESG funds**

- 3 Schools Forum is asked to agree the 100% allocation of the transferred ESG funds for Statutory and Regulatory duties.

##### **B. Centrally Retained DSG**

4. Schools Forum is asked to agree to allocate £1300k for the Pupil Growth / Infant class size Fund for 2017-18.
5. Schools Forum is asked to agree to allocate £4k for the costs associated with the Forum 2017-18.
6. Schools Forum is asked agree to allocate £304k to the School Admissions Service in 2017-18.

7. Schools Forum is asked to agree to allocate £265k for Support Costs in 2017-18.

### **C. De-delegation**

8. Schools Forum is asked that maintained school members agree de-delegation for School Specific Contingencies.
9. Schools Forum is asked maintained school members agree to de-delegation for Insurance.
10. Schools Forum is asked that maintained school members agree to de-delegation for Licences and subscriptions.
- 11(a). Schools Forum is asked that Members representing primary maintained schools agree to de-delegate Support to Underperforming Ethnic Minority Groups.
- 11(b). Schools Forum is asked that Members representing secondary maintained schools agree to de-delegate Support to Underperforming Ethnic Minority Groups.
- 12(a). Schools Forum is asked that Members representing primary maintained schools agree to de-delegate a Contingency for Behaviour Support Services.
- 12(b). Schools Forum is asked that Members representing secondary maintained schools agree to de-delegate a Contingency for Behaviour Support Services.
- 13(a). Schools Forum is asked that Members representing primary maintained schools agree to de-delegate funding for Trade Union Facilities time.
- 13(b). Schools Forum is asked that Members representing secondary maintained schools agree to de-delegate funding for Trade Union Facilities time.
- 14(a). Schools Forum is asked that Members representing primary maintained schools to consider agreeing to de-delegate Redundancy costs.
- 14(b). Schools Forum is asked that Members representing secondary maintained schools to consider agreeing to de-delegate Redundancy costs.

## **2017-18 DEDICATED SCHOOLS GRANT**

### **Early Years Block**

There will be a new Early Years Funding Formula from April 2017. EFA announced the outcome of the Early Years Funding Formula Consultation and the 2017-18 Early Years Operational Guidance on 1<sup>st</sup> December 2016. The new formula allocates funding to local authorities for the existing 15-hour entitlement for all three and four year olds and the additional 15 hours for three and four year children of eligible working parents. The funding rates for both the existing 15-hour entitlement and the additional 15-hour entitlement are the same. Funding in 2017-18 for the

additional 15-hour entitlement (the 30 hour childcare policy) is for part of the financial year, reflecting the fact that this policy begins in September 2017. The formula consists of a universal base rate plus factors for additional needs, using measures of free school meals; disability living allowance and English as an additional language.

Although WBC are able to topslice the 3 & 4 year old funding by 7% in 2017-18 and 5% in 2018-19 onwards to fund centrally retained duties for the provision of the Early Years services, they have opted for topslice of 5%.

Further modelling and strategic decisions will need to be made in the January 2017 Schools Forum with regards to consulting and amending the 3 & 4 year old funding formula and the use of the Early Years Block resources in setting budgets for 2017-18.

**Recommendation 1.                Schools Forum is asked to agree the topslice of 5% in 2017-18 and 5% from 2018-19 onwards of the 3 & 4 Year old funding for Early Years Centrally Retained Duties.**

## **SCHOOLS BLOCK**

### **What's new or different for 2017 to 2018?**

The funding arrangements for 2017 to 2018 are broadly similar to last year. The main changes for 2017 to 2018 as advised by DfES are:

- the DSG blocks have been rebaselined to reflect current spending patterns.
- funding for ESG retained duties (£15 per pupil) will be transferred into the schools block for 2017 to 2018.
- the removal of the post-16 funding factor, but with protection through the minimum funding guarantee (MFG).
- that local authorities will be able to retain funding from the DSG from maintained schools, including special schools and pupil referral units (PRUs), for statutory duties previously covered by the ESG.
- using a national weighting for secondary low attainment figures.
- using new bandings for the index of deprivation affecting children (IDACI).
- that local authorities are submitting one authority proforma tool (APT) in January 2017.
- EFA are consulting changes to the arrangements for free school recoupment.
- EFA are introducing a grant to local authorities to cover monitoring and commissioning of school improvement and intervention in failing schools.
- clarification on the PFI factor, not all schools have to receive the same funding under the factor, it may vary between PFI contracts.

## **EFA November 2016 updates**

Changes included to the EFA Schools Revenue Funding 2017-18 Operational Guide in November 2016 are:

- update to the central retained budgets section, including guidance on the split of former ESG duties to be funded from centrally retained schools block funding.
- from 2017 to 2018, school improvement services offered to maintained schools are included in the list of de-delegated services – these are in addition to the statutory duties covered by a new school improvement grant.
- addition of annex 3 – applying a national weighting factor to the secondary low prior attainment factor for 2017 to 2018.
- links to the high needs funding arrangements for 2017 to 2018.
- removal of the limit on central expenditure for admissions and servicing of schools forums.

Whilst EFA have implemented technical changes to rebase the funding blocks, adjusted high needs funding for post 16 students and remove post 16 funding from the Schools Block, Wokingham Borough Council have not proposed any changes in the funding formula for 2017-18 other than for EFA changes.

**Recommendation 2**      **Schools Forum is requested to agree to 5% EY topslice and the transfer of the ESG settlement for £373k from the DSG to contribute towards funding the shortfall for the ESG removal. Also note the following proposed use for the funds as detailed below.**

## **Education Services Grant (ESG)**

Changes in Local Authority (LA) funding will remove the Education Services Grant (ESG) from April 2017. The settlement funding for 2017/18 DSG included element for ESG for £373k transferred into the Schools Block DSG for Retained Statutory and Regulatory Duties. The LA can seek the Forum's permission to de-delegate funding for the remainder of services from maintained schools; the estimated gap in funding is detailed in the ESG report. Current de-delegated services are shown below:

1. Contingencies (including schools in financial difficulties and deficits of closing schools);
2. Behaviour Support Services;
3. Support to underperforming ethnic groups and bilingual learners;
4. Insurance;
5. Licences / subscriptions;
6. Staff cost for supply cover (e.g. maternity, paternity, trade union and public duties.)

Wokingham Borough Council proposes to use the £373k ESG settlement to contribute to fund statutory and regulatory duties which was previously funded through ESG.

Statutory and regulatory duties cover a variety of responsibilities including prepare and monitor budgets and financial regulations, provide internal audit, provide elements of human resource support, certain health and safety responsibilities and maintain the Standing Advisory Council on Religious Education. Some of these duties would diminish as schools convert to academies but others, such as the appointment of a Director of Children Services will remain. Whilst the LA continues to have maintained schools responsibilities will remain, as will the duty to appoint a Director of Children's Services.

**Recommendation 3.        Schools Forum is asked to agree the 100% allocation of the transferred ESG funds as a contribution towards funding for Statutory and Regulatory duties.**

### **Centrally Retained DSG**

Local authorities may request Forum's permission to top-slice funding from the Schools Block of the DSG. In general, these budgets are capped at the level funded in previous years except for exceptional circumstances. The top-slicing occurs before the funding formula is calculated and impacts on maintained schools, free schools and academies. All state financed schools are therefore eligible to receive the services so funded.

As detailed in the First Draft if the 2017-18 Schools Budget Report Schools Forum is asked to note and agree:

**Recommendation 4.        Schools Forum is asked to agree to allocate £1300k for the Pupil Growth / Infant class size Fund for 2017-18.**

**Recommendation 5.        Schools Forum is asked to agree to allocate £4k for the costs associated with the Forum for 2017-18.**

**Recommendation 6.        Schools Forum is asked to agree to allocate £304k to the School Admissions Service in 2017-18.**

**Recommendation 7.        Schools Forum is asked to agree to allocate £265k for Support Costs in 2017-18.**

### **De-delegation**

As detailed in the De-delegated Services Paper Schools Forum is asked to note and agree:

<b>Recommendation 8.</b>	<b>Schools Forum is asked that maintained school members agree to de-delegation of School Specific Contingencies for 2017-18.</b>
<b>Recommendation 9.</b>	<b>Schools Forum is asked that maintained school members agree to de-delegation of Insurance for 2017-18.</b>
<b>Recommendation 10.</b>	<b>Schools Forum is asked that maintained school members agree to de-delegation for Licences and subscriptions for 2017-18.</b>
<b>Recommendation 11(a).</b>	<b>Schools Forum is asked that Members representing primary maintained schools agree to de-delegate Support to Underperforming Ethnic Minority Groups for 2017-18.</b>
<b>Recommendation 11(b).</b>	<b>Schools Forum is asked that Members representing secondary maintained schools agree to de-delegate Support to Underperforming Ethnic Minority Groups for 2017-18.</b>
<b>Recommendation 12(a).</b>	<b>Schools Forum is asked that Members representing primary maintained schools agree to de-delegate a Contingency for Behaviour Support Services for 2017-18.</b>
<b>Recommendation 12(b).</b>	<b>Schools Forum is asked that Members representing secondary maintained schools agree to de-delegate a Contingency for Behaviour Support Services for 2017-18.</b>
<b>Recommendation 13(a).</b>	<b>Schools Forum is asked that Members representing primary maintained schools agree to de-delegate funding for Trade Union Facilities time for 2017-18.</b>
<b>Recommendation 13(b).</b>	<b>Schools Forum is asked that Members representing secondary maintained schools agree to de-delegate funding for Trade Union Facilities time for 2017-18.</b>

### **Redundancy Costs**

These are a Local Authority (LA) responsibility but can be passed on to a school where any of the following apply:

- If a school has decided to offer more generous terms than the authority's policy, then it would be reasonable to charge the excess to the school
- If a school is acting outside the local authority's policy
- Where the school is making staffing reductions which the local authority does not believe are necessary to either set a balanced budget or meet the conditions of a licensed deficit

- Where staffing reductions arise from a deficit caused by factors within the school's control
- Where the school has excess surplus balances and no agreed plan to use these
- Where a school has refused to engage with the local authority's redeployment policy.

**Recommendation 14(a). Schools Forum is asked that Members representing primary maintained schools to consider agreeing to de-delegate Redundancy costs**

**Recommendation 14(b). Schools Forum is asked that Members representing secondary maintained schools to consider agreeing to de-delegate Redundancy costs**

### **High Needs Block**

The budgetary pressures in the High Needs Block (HNB) remains. There is a review scheduled for HNB expenditure and Schools Forum will be updated with the details of the 2017-18 proposals when finalised in 2017 Schools Forum meetings.

### **Other Pressures – Apprenticeship Levy**

The Apprenticeship Levy will be imposed from April 2017. This is a levy on all employers whose payroll exceeds £3m and is charged at 0.5% of the pay bill. All maintained schools where the Council is the employer will count against Wokingham's levy, which will be passed on to schools. The position of voluntary aided and foundation schools is being clarified.

**John Ogden  
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January 2017**

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