
School Funding Formula 2017/18 - Summary Report

Committee considering report:	Executive
Date of Committee:	19 January 2017
Portfolio Member:	Councillor Lynne Doherty
Date Portfolio Member agreed report:	19 December 2016
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Forward Plan Ref:	EX3053

1. Purpose of the Report

- 1.1 The School Finance Regulations require the local authority on an annual basis to review the school funding formula, consult with all schools on its proposals, and gain political approval. This report sets out the proposal for the primary and secondary school funding formula for the 2017/18 financial year.

2. Recommendations

- 2.1 The formula factors for 2017/18 are to remain the same as those in 2016/17.
- 2.2 55% be added to the basic entitlement (per pupil funding) which equates to £8 per pupil, and 45% be added back to the lump sum which equates to £1,400. This is the same proportion to the deduction that was made to school budgets in 2016/17 to transfer funding to the high needs block.

3. Implications

- 3.1 **Financial:** School funding allocations are met from the Dedicated Schools Grant (DSG) and do not impact on the Council's corporate budget. The amount of funding that can be allocated to schools is therefore limited by the amount received through this grant.
- 3.2 **Policy:** None
- 3.3 **Personnel:** None
- 3.4 **Legal:** None
- 3.5 **Risk Management:** None
- 3.6 **Property:** None
- 3.7 **Other:** None

4. Other options considered

- 4.1 No other options were considered for the formula factors to be used or the amount of current funding that is put into each factor, mainly due to the fact that a national funding formula is due in 2018/19 and to make changes for one year only would cause unnecessary turbulence to school budgets.
- 4.2 There are various options available in distributing additional funding or reducing funding should this be required – through one factor only or a combination of factors. The proposal being recommended is following a discussion with head teachers on what they felt was fair, and this was agreed by Schools' Forum.

5. Executive Summary

- 5.1 The Department for Education (DfE) announced the funding arrangements for primary and secondary schools on 21st July 2016. The proposed move to a national funding formula has been delayed by a year, and therefore there are minimal changes for 2017/18, none of which effect West Berkshire schools.
- 5.2 Even if there are no changes being proposed, local authorities are still required to review their funding formula and consult with schools (this includes Academies as well as maintained schools). The review of the current formula took place with Schools' Forum at its meeting on 10th October. The consultation process with schools commenced on 11th October and the briefing & consultation document is attached in Appendix C. The closing date for comments from schools was 8th November. The few comments received were received by Schools' Forum on 5th December, and no changes were made to their original proposal. School Finance Regulations require Executive approval, with the final formula required to be submitted to the Education Funding Agency on 20th January 2017.
- 5.3 The proposal is that there should be no change to the current funding formula. The current formula is set out in Table 1 of Appendix C and the allowable funding factors are set out in Appendix E. The main reasons for proposing no changes to the current funding formula are as follows:
- To prevent any turbulence in school budget allocations and keep to what schools have been basing their longer term strategic financial planning on. To change the allocations could see some schools going into deficit for reasons completely outside their control.
 - The current formula is deemed to be a best fit for West Berkshire schools within the parameters allowed and funding available.
 - It makes no sense to make changes a year before national funding is due to be implemented.
 - The largest proportion of funding is allocated through the basic entitlement (per pupil rate) and lump sum and these rates are still relatively close to the national average, which we would not want to move away from (reduce further) if this is the direction of a national formula. The primary/secondary ratio is very close to average, so we would not want to move funding between the two sectors.
 - All our formula rates are below the national average, and we would need additional funding to get closer to these averages. In theory the national formula should deliver additional funding to bring WBC closer to the average, so in the meantime we should aim to keep our funding rates stable if at all possible.
- 5.4 The second consideration is how a change in the level of resources available for distribution should be dealt with. School funding allocations are met from the Dedicated Schools Grant (DSG), and the amount received will determine the funding rates used in the formula. More information on the DSG is in Appendix D and the reasons why the grant and the amount available for distribution to schools could go up or down are set out in paragraph 3.5 of Appendix C.
- 5.5 Reductions or additions can be dealt with by adjusting the rate of just one factor or through a combination of factors. The proposal agreed by Schools' Forum (after discussing the options with head teachers) is if there is a reduction in resources that

there be a deduction in the per pupil basic entitlement rate, as this will have a proportional impact on every school in accordance with their size. If there are additional resources available that for the first £848k, 55% be added to the per pupil basic entitlement and 45% be added back to the lump sum. This is in proportion to the deduction to the lump sum that was made to school budgets in 2016/17 to transfer funding to the high needs block. Any additional funding over this amount will be added to the basic entitlement.

- 5.6 The final school block funding allocation was received from the Government on 20th December 2016. After deducting central budget requirements and allocating funding to schools based on the current formula factors and funding rates, there is approximately £226k left to be allocated to schools. The breakdown of this calculation is shown in Table 1.

Table 1

Total DSG School Block Allocation for 2017/18	96,687,340
Add: Estimated Carry Forward of School Block DSG from 2016/17	300,000
Total Funds Available	96,987,340
Less: Centrally Retained Budgets (this includes £794k of services previously funded by the Council via the Education Services Grant)	1,490,690
Funds Available for Delegation	95,496,650
Formula Allocation on current funding rates (<i>including increase in business rates of £205k</i>)	95,270,920
Headroom	225,730

- 5.7 Distributing this as per the School Forum recommendation is an increase to the basic entitlement of £8 per pupil, and an addition to the lump sum received by all schools of £1,400.
- 5.8 The proposed formula and funding rates are shown in Appendix F, and the impact on each individual school is shown in Appendix G.

6. Conclusion

- 6.1 The proposals present minimal impact on school budgets. Schools losing funding are those with a reduction in pupil numbers, given that almost 89% of the formula is driven by pupil numbers. This proposal presents a final year of stability before the proposed national funding formula commences in 2018/19.

7. Appendices

- 7.1 Appendix A - Supporting Information

- 7.2 Appendix B – Equalities Impact Assessment
- 7.3 Appendix C – Briefing & Consultation Document for Schools
- 7.4 Appendix D – An Explanation of the Dedicated Schools Grant (DSG)
- 7.5 Appendix E – Allowable Funding Factors
- 7.6 Appendix F – 2017/18 Proposed School Formula
- 7.7 Appendix G – 2017/18 Indicative School Formula Allocations

Corporate Board's recommendation:

Proposals agreed.
