|  |  |
| --- | --- |
| **Schools Forum 31st January 2017** | Item  7 |

**SUBJECT: Schools Block including Schools Funding Formula 2017/18**

**LEAD OFFICER: Marius Karsten-Strydom**, Children, Schools and Families Finance

**RECOMMENDATION**

**That the Forum:**

1. **Notes the Schools Funding Formula allocation for 2017/18 following consultation and provides comments for LA consideration.**
2. **Approves the continuation of the centrally held funding as detailed in paragraphs 2.2 and 2.3 of this report.**
3. **Purpose of report and executive summary**
   1. The Government announced the Dedicated Schools Grant allocation on 20th December 2016. Merton’s allocation split over the three blocks is as follows:

|  |  |  |
| --- | --- | --- |
| **Description** | **2017/18**  **£000** | **2016/17**  **£000** |
| Schools Block | 116,421 | 119,026 |
| Early Years Block | 15,061 | 11,122 |
| High Needs Block | 31,632 | 26,833 |
| **Total as at Schools Forum meeting** | **163,114** | **156,981** |
| Academy recoupment | (18,263) | (17,272) |
| **Final allocation for the year** | **144,851** | **139,709** |

* 1. This report will concentrate on the Schools Block and the allocation of this funding to Schools and Academies through the Schools Funding Formula.

1. **Details**
   1. The Schools Block allocation of £116.421m is split into the following blocks:

|  |  |  |
| --- | --- | --- |
| **Description** | **2017/18**  **£000** | **2016/17**  **£000** |
| Centrally Retained Items | 999 | 600 |
| September bulge growth requirement | 940 | 1,380 |
| Transfers to other blocks | 250 | 4,183 |
| De-delegated items | 1,808 | 1,717 |
| Central duties to maintained schools (ESG) | 489 | 0 |
| Individual School Budgets | 112,307 | 111,146 |
| One-off funding allocated from reserves not DSG | (372) |  |
| **Total Schools Block** | **116,421** | **119,026** |

* 1. The centrally retained items are detailed in the table below. Schools forum is asked to confirm the continuation of each of these items for 2017/18.

|  |  |  |
| --- | --- | --- |
| **Description** | **2017/18**  **£000** | **2016/17**  **£000** |
| School Admissions | 266 | 269 |
| Cost of Schools Forum | 12 | 12 |
| National Copyright Licences | 114 | 112 |
| Prudential borrowing | 207 | 207 |
| Central duties to all schools | 400 | 0 |
| **Total Schools Block** | **999** | **600** |

* 1. The September growth requirement was reduced to 940k for 2017/18. The fund is used to support Primary schools with £60k and Secondary schools with £80k additional funding to expand above their existing published admission number from September.
  2. This growth fund was reduced to take account of the underspend for 2016/17 identified as part of budget monitoring. The funding will be used to increase AWPU and top-up rates to primary, secondary and special schools and academies to support the contribution to statutory central duties Merton has to continue to support following the changes to the ESG.
  3. Following the re-baselining of the DSG, it is no longer necessary to make adjustments to the blocks for changes which were agreed for the years up to 2016/17. In order to align the DSG with expected spend for 2017/18 the following transfer is required.

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | **Schools**  **£000** | **Early Years £000** | **High Needs £000** |
| Increase in out of borough statement/EHCP placements | (250) |  | 250 |
| **Net Transfer between blocks** | **(250)** |  | **250** |

* 1. As highlighted in the December budget monitoring report, there is a cost pressure from more of Merton’s pupils being placed in out of borough maintained settings. In order to fund this increase we need to move £250k from the schools block to the high needs block.
  2. Both Primary and Secondary schools de-delegated budgets have been set based on the decisions made by the relevant phase representatives at Schools Forum on the 13th October 2016. The total de-delegated budget for 2017/18 is £1.808m. The table below details the total allocation to de-delegated services as well as the unit cost for each of these services.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Service** | **Total**  **£000** | **2017/18 Unit Cost** | **2016/17 Unit Cost** | **Measure** |
| Licences and Subscriptions | 115 | £5.41 | £5.29 | NOR |
| School Meals Subsidy | 19 | £1.21 | £1.21 | NOR |
| Schools in Challenging Circumstances | 294 | £13.87 | £13.87 | NOR |
| Marketing in Schools | 29 | £1.39 | £3.24 | NOR |
| Merton Education Partnership | 130 | £6.14 | £6.14 | NOR |
| Parenting and TU cover | 751 | £35.5 | £31.17 | NOR |
| Refugee Service and EMAG | 204 | £43.29 | £42.01 | EAL |
| Tree work | 45 | £2.13 | £2.13 | NOR |
| Behaviour Support | 191 | £33.09 | £35.34 | Low Att |
| School Improvement | 30 | £1.43 | new | NOR |
| **Total budget** | **1,808** |  |  |  |

(NOR= Number on Roll; EAL factor= English as an Additional Language; Low Att= Lower Attainment factor for low cost, high incidence SEN)

* 1. In order to maintain the statutory central duties to Merton maintained schools (old ESG funded services), schools are required to make a contribution towards these services based on numbers on roll through the AWPU factor (top-up NOR for special schools). The cost to primary, secondary and special schools will be £23.11 per pupil on roll to provide an overall de-delegated budget of £500k in 2017/18 (£489k for schools block and £11k from high needs block). This is estimated to increase to £38.27 in 2018/19 to provide an overall budget of £828k.
  2. The total amount to be paid to schools and academies for 2017/18 as part of the Individual Schools Budget is £112.307m. Details of this allocation of can be found at Appendix 1.
  3. The amount allocated to schools in 2017/18 was increased by a one-off reserve allocation of £372k. This relates to the 2015/16 DSG underspend and was agreed by schools forum at their meeting on the 16th June 2016.

1. **School Funding Formula Factors**
2. A summary of the factors used and the total budgets allocated against each factor for all schools is set out in the funding pro-forma which can be found at Appendix 2.
3. AWPU rates for Primary and Secondary KS3 and KS4 has been uplifted this year to take account of the additional £1.43 cost to schools for school improvement, £23.11 for the statutory central education function reduction and an additional £28.2 through using the one-off reserves and other movements in the schools block budget. We were able to do this in the anticipation of a higher national funding formula allocation to schools in 2018/19 which should enable us to maintain these rates in future.

|  |  |  |
| --- | --- | --- |
| **Description** | **2017/18** | **2016/17** |
| Primary | £3,305 | £3,253 |
| Secondary Key Stage 3 | £4,326 | £4,274 |
| Secondary Key Stage 4 | £5,229 | £5,177 |

1. The Free School Meals factor unit values were kept the same as 2016/17 at £683.52 for Primary and £632.69 for Secondary schools. Through the formula this resulted in a total budget allocation of £2.368m (£2.399m in 2016/17) and £1.442m (£1.521m in 2016/17) for Primary and Secondary schools respectively.
2. The Income Deprivation Affecting Children Index (IDACI) is a subset of the Indices of Multiple Deprivation (IMD). It is an area-based measure which is interpreted as the proportion of families with children under 16 which is income deprived.
3. We have kept the IDACI unit values the same as 2016/17. Through the formula this resulted in a total budget allocation of £452k (£417k in 2016/17) and £248k (£227k in 2016/17) for Primary and Secondary schools respectively.
4. The unit value for Looked After Children (LAC) has been kept the same as in 2016/17 at £1,000. The total allocation through this formula for 2017/18 is £63k (£72k in 2016/17).
5. The English as an Additional Language (EAL) factor unit values were kept the same as the previous year at £376.5 and £906.6 for Primary and Secondary schools respectively. This resulted in a total budget allocation of £1.774m (£1.758m in 2016/17) and £477k (£454k in 2016/17) for Primary and Secondary schools respectively.
6. Due to the change in the Primary school prior attainment factor, the total budget and unit cost for this factor are adjusted annually. The overall Primary school budget for this factor, which supports Low Cost, High Incidence SEN students, was maintained at £3.862m as there was only a slight reduction in student numbers from last year. The total budget for Secondary schools for 2016/17 is £2.927m (£2.919m for 2016/17). This resulted in unit values of £759.27 (£840.98 in 2016/17) and £1,627.69 (the same as in 2016/17) for Primary and Secondary schools respectively.
7. The lump sum factor was kept the same as in 2016/17 at £150k and the split site factor was also kept at the 2016/17level of £72k.
8. The rates factor was decreased by £177k to £1.780m (£1.957m in 2016/17) reflecting the expected cost for 2017/18.
9. The minimum funding guarantee floor was set at -1.5% by the DfE. Due to the overall changes in factors, the requirement for MFG decreased from £478k in 2016/17 to £269k in 2017/18.
10. These figures exclude the 6th form funding which still needs to be provided by the EFA and does not form part of the schools funding formula. It also excludes additional resource provision and individual pupil statement funding which forms part of the high needs block and will be reported on separately.
11. The figures in Appendix 1 also exclude the bulge class funding which is held centrally and will be paid to schools as part of their monthly advances.
12. Pupil Premium funding is not included in these figures and estimated figures will be provided separately when schools are informed of their budgets for 2017/18.
13. **Financial, resource and property implications**

4.1 The financial implications are detailed in the main body of this report.

1. **Legal and statutory implications**
   1. No legal implications at this stage.
2. **Human rights, equalities and community cohesion implications**
   1. None at this stage.
3. **Appendices**
   1. Appendix 1: ISB allocations
   2. Appendix 2: Schools Funding Pro-forma

1. **Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report:** 
   1. Centrally held financial information and other papers held by the Children Schools and Families Finance Team.
2. **Report author**

Marius Karsten-Strydom, Service Financial Adviser CSF

0208 545 4129

[marius.karsten@merton.gov.uk](mailto:Zoe.Church@merton.gov.uk)

Further information about Merton Council can be obtained from its web site [www.merton.gov.uk](http://www.merton.gov.uk)