

Title of meeting: Schools Forum

Date of meeting: 7 December 2016

Subject: School Funding Arrangements 2017-18

Report from: Alison Jeffery, Director of Children's Services

Report by: Richard Webb, Finance Manager

Wards affected: All Wards

Key decision: No

Full Council decision: No

1. Purpose of report

The main purpose of the report is to inform Schools Forum of the progress being made towards the implementation of changes to the school revenue funding arrangements for 2017-18 and to seek the necessary approvals at this stage.

2. Recommendations

It is recommended that Schools Forum:

- a) Agree by phase to the de-delegation of the following budgets for central administration in 2017-18 and note the proposed rates for de-delegation (as shown at paragraph 4.2), which will be finally agreed in January:
 - i. Behaviour Support - Primary Only
- b) Agree the proposed change to the de-delegation of union duties, with de-delegation for the period April 17 to August 17 and the introduction to a traded service arrangement from 1 September 2017; and note the proposed transfer arrangements.
- c) Note the potential impact on the funding arrangements for Secondary Schools of the opening of the University Technical College (due to open in September 2017).
- d) Endorse the high needs place numbers for maintained and academy special schools, resource units and alternative provision (AP) settings for the academic year 2017-18 as set out in the report.

3. Background

- 3.1. Schools Forum has already received reports and has endorsed or made a number of decisions in respect of the revenue funding arrangements for 2017-18, which are summarised below.
- 3.1.1. Endorsed the principles proposed by the mainstream working group to guide and inform the development of the funding arrangements for 2017-18.
- 3.1.2. Endorsed, that following the confirmation of the 2017-18 Dedicated Schools Grant (DSG), officers will amend the funding unit values to minimise the impact of fluctuations in funding at the school level and to maintain overall affordability. In order to provide schools with some certainty, where possible any changes will be limited to the following formula factors:
- Basic per pupil entitlement
 - Prior attainment
 - Lump Sum
 - The percentage of the financial cap
- 3.1.3. Endorsed the proposed changes to the mainstream funding formula factors, together with choices the council has made in implementing these factors locally.
- 3.1.4. Agreed by Phase to the de-delegation of the following budgets for central administration in 2017-18 and note the proposed rates for de-delegation, which will be finally agreed in January:
- Special Staff Costs (Union Duties)
 - Schools Contingency Fund
 - Licences
- 3.1.5. Endorsed the MFG disapplication requests submitted to the Department for Education.
- 3.1 At the meeting in October, Schools Forum members asked for two items to be brought to the December meeting:
- a. The proposal to de-delegate Behaviour Support funding for 2017-18 including the estimated de-delegation amount per pupil.
 - b. An update on the impact of the University Technical College (due to open in September 2017) on the funding for Secondary Schools in 2017-18.
- 3.2 In addition this report provides an update on the progress being made towards the finalisation of the school revenue funding arrangements for 2017-18 and the setting of the schools budget.

4 De-delegation Arrangements

- 4.1 At the Schools Forum meeting on 19 October 2016 the school representatives voted to keep de-delegation for Licences, Union Duties and Schools Specific Contingency, but Primary representatives requested more time to consult with their colleagues on the proposal to de-delegate Behaviour Support funding for 2017-18.
- 4.2 The proposal set out in the consultation document included the proposed de-delegation rates for 2017-18 as set out in the table below.

Expenditure Item		2016-17 rates	2017-18 proposed rates
		Primary £	Primary £
Behaviour Support	Basic entitlement	13.52	13.65
	FSM	40.14	40.54

- 4.3 Since the meeting on the 19 October, officers have also been discussing the transfer of Union Duties to a future traded services arrangement. In light of the potential number of schools that will be transferring to academy status, during the course of the 2017-18 financial year and subsequent years, it has been agreed to move Union Duties to a traded services arrangement from 1 September 2017. To support schools and to assist the union representatives to manage the transition, it is proposed that:
- The traded service will operate at the same per pupil rate as the de-delegated per pupil rate, meaning the cost to maintained schools will remain the same.
 - In order to minimise the disruption for schools from the transfer to a traded service, maintained schools will automatically be enrolled into the traded service from the 1 September 2017.
- 4.4 Maintained schools that are automatically enrolled on 1 September 2017 will be able to opt out of the traded services arrangements, but it is advisable that schools discuss the potential impact of this with a union representative before making a final decision.

5 High needs places 2017-18

- 5.1 As mentioned in the previous report the authority has agreed the following high needs places for maintained and academy special schools, resource units and alternative provision (AP) settings for the academic year 2017-18.

Special schools

- 5.2 The table below shows the agreed commissioned places together with the anticipated additional places required to be funded for the 2016-17 academic year Summer Term and the first two terms of the Academic year 2017-18. These numbers have been agreed with the schools concerned, although additional place funding will only be provided if the places are filled.

Special Schools			
School	Original Agreed Commissioned Places 2017-18	Additional Places Academic Year 2017-18*	Total places 2017-18 financial year
Cliffdale	104	12	116
Harbour	95	-	95
Mary Rose ¹	138	6	144
Redwood Park	141	-	141
Willows	42	-	42
Total	520	18	538

* Additional places required when compared to original agreed commissioned places

Inclusion Centres (Resourced Units)

Inclusion Centres (Resource Units)		
School	Agreed Commissioned Places 2016-17 academic year	Agreed Commissioned Places 2017-18 academic year
Devonshire	12	9
Northern Parade Federation	7	7
Southsea Infant	8	8
Milton Park Primary	14	14
Portsdown Primary	10	9
Victory Primary	23	23
Trafalgar	6	6
St Edmunds	9	9
Total	89	85

- 5.3 As previously reported² both Devonshire Infant and Portsdown primary will close their development and assessment units on 31 August and open new Communication and Interaction units from 1 September 2017. To ensure the schools do not see an overall reduction in funding element 3 top up funding of £1,934 will be paid on a per pupil basis.

¹ Includes Albert Annex (Craneswater Annex)

² Portsmouth SEND strategy: remodelling Portsmouth specialist education provision - 19 October 2016

Alternative Provision

- 5.4 The table below sets out the Alternative Provision place numbers for 2017-18 and includes the full year effect of the changes to the AP provision at Harbour from September 2016.

Alternative provision			
School	Agreed Commissioned Places 2017-18	Emergency Places Academic Year 2017-18	Total places 2017-18 financial year
Harbour	111	0	111
Flying Bull Primary	12	2	14
Total	123	2	125

- 5.5 The authority has received a request from The Harbour School for an increase in the AP element 3 Top up rate from £6,000 per annum to £8,000 per annum. Finance and the Inclusion team are considering the financial and non-financial implications of the request. Any proposal to implement the request will require consultation with schools and approval from the Cabinet Member and endorsement by Schools Forum.

Post 16

- 5.6 Previously the Department for Education (DfE) held funds centrally for the element 2 funding of £6,000 per high needs place for post-16 providers. The DfE then paid funding direct to providers according to the commissioned numbers agreed with local authorities. From April 2017 this process will change.
- 5.7 The DfE have allocated the element 2 funding out to local authorities as part of the High Needs Block. The DfE will then recoup funding from the local authority and pass it to post-16 providers according to the numbers commissioned by the local authority at each setting. For 2017-18 Portsmouth's proportion of the centrally held funds will be £250,000, the current cost of funding the 45 places at Highbury and Portsmouth Colleges equates to £270,000 a funding gap of £20,000; which will need to be absorbed within the overall Dedicated Schools Grant budget.
- 5.8 In line with the High Needs Guidance issued by the Education Funding Agency on 29 September, the authority has submitted its High Needs place return for post-16 settings. For the 2017-18 academic year the authority has requested a further five places as set out in the table below.

	Academic Year Place Numbers		
Settings	2016-17	2017-18	Variation
Post 16 institutions			
Portsmouth College	30	30	0
Highbury College	15	20	5

- 5.9 The request reflects the numbers of pupils, over and above the current 45 places, who are attending the post 16 settings in the city. The authority is currently paying a higher rate of Element 3 Top-up which includes £6,000 to cover the element 2 funding that they are not receiving from the DfE. Should the request be accepted by the DfE then the funding for these pupils would switch between the Element 3 to the place funding. Therefore the additional places will be cost neutral to the authority.

6 The University Technical College

- 6.1 In September 2017 the new University Technical College (UTC) is due to open in Portsmouth and will provide education for pupils from across the region in years 10 to 13.
- 6.2 To ensure the financial stability and provide surety of funding the authority has agreed to fund the new intake of pupils each year, based on estimates for the first two years of the UTC opening. The funding will be based on guaranteed pupil numbers, on a pro-rata basis, of 75 in the first year and 100 in the second year for year groups 10 and 11 (pre 16).
- 6.3 Years 10 and 11 are funded under the mainstream funding formula from the DSG. Funding will be recouped from the City Council and passed directly to the UTC by the Education Funding Agency (EFA). Academies receive their funding from 1 September of the academic year following the census, for example for the October 2016 census, academy funding will be received in September 2017.

Impact on the UTC

- 6.4 The guaranteed funding arrangements mean that the UTC will receive the funding in the academic year of opening, thus enabling them to function throughout 2017-18.
- 6.5 As the unit opens in September the UTC will receive a proportion of the annual funding to cover the 7 month period September 2017 to March 2018, the equivalent of 43.75 pupils.
- 6.6 For 2018-19 the UTC will be funded on actual pupils (year 11) and on an estimate for the September 2018 cohort of 100 pupils. Again the estimate

pupils will be prorated for the period September 2018 to March 2019, the equivalent of 58.3 pupils.

6.7 For 2019-20 they will be funded on the October 2019 census.

Impact on maintained and academy secondary schools

6.8 The existing maintained and academy secondary schools in Portsmouth will receive funding for 2017-18 based on the number of pupils on the October 2016 census. If pupils transfer to the UTC during 2017-18, then the schools will continue to receive funding for the full year.

6.9 Again, for 2018-19 the existing maintained and academy secondary schools will receive funding based on the October 2017 census. If the schools have experienced a reduction in pupil numbers, as a result of pupils transferring to the UTC during 2017-18, then this will be reflected in a reduction in funding provided to the school.

6.10 The Admissions team have notified secondary school head-teachers of the number of pupils from their school who have applied to the UTC. Schools have also been sent information regarding the process of allocating places to pupils at the UTC including a timetable for finalising the numbers of pupils attending both the UTC and secondary schools for the academic year 2017-18.

7 Next Steps

7.1 Officers are awaiting the October census information from the DfE to prepare the 2017-18 mainstream school funding Proforma for agreement by the Cabinet Member and Schools Forum before submission to the DfE on 20 January 2017.

7.2 The authority has submitted two MFG disapplication requests relating to the variation of primary pupil numbers at Mayfield School due to the continuing increase in the primary cohort. At the date of writing this report the authority is awaiting approval from the DfE.

7.3 Further information is still awaited from the DfE regarding the following areas:

- Operational guidance relating to the treatment of the "retained duties element" of the Education Services Grant which has transferred into the Dedicated Schools Grant.
- The outcome of the Early Years consultation and subsequent funding changes for 2017-18.

8 **Reasons for recommendations**

The purpose of this report is to provide Members with an update on the progress being made towards the implementation of changes to the school revenue funding arrangements for 2017-18 and to seek the necessary approvals at this stage. Members are therefore recommended to approve the proposals contained within this report as they seek to comply with both the DfE Guidance "School Revenue Funding 2017 to 2018 - operational guidance" in July 2016 and the School and Early Years Finance (England) Regulations.

9 **Equality impact assessment**

This report does not require an Equality Impact Assessment as the proposal does not have an impact upon any particular equalities group.

10 **Legal implications**

The recommendations in this report are consistent with the requirements of the School and Early Years Finance (England) Regulations and Department for Education Operational Guidance.

11 **Director of Finance's comments**

Financial comments are included in the body of the report.

.....
Signed by: Alison Jeffery - Director of Children's Services.

Appendices:

None.

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Schools revenue funding 2017 to 2018 operational guidance, July 2016	https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/541544/2017_to_2018_LA_operational_guide_FINAL_FOR_PUBLICATION_v1.2.pdf
Financial Modelling	Children's Finance Team

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

.....
Signed by: