

**Name of meeting:** Cabinet  
**Date:** 30<sup>th</sup> January 2018  
**Title of report:** Schools Forum: Report seeking approval for Kirklees' School Funding Formula for the financial year 2018-19

**Purpose of the Report**

- To report on the formal introduction from 2020-21 of the National Funding Formula for schools and how this will begin to impact upon local schools' formula funding from 2018-19.
- To recommend to Kirklees Cabinet the outline of the Kirklees school funding formula for 2018-19 in terms of:
  - a. Specific funding factors to be used and the relative weightings and values of the funding factors
  - b. Exceptions applications to the Education & Skills Funding Agency (ESFA) and approvals given
  - c. Central budget provision within the Dedicated Schools Grant Schools Block of funding, the Central School Services Block and the Early Years Block.
  - d. De-delegation arrangements for mainstream maintained schools
- To request that the Cabinet approve the outline details of the Kirklees school funding formula for 2018-19 to be submitted to the Education & Skills Funding Agency (ESFA) by the set deadline of 19<sup>th</sup> January 2018.

<b>Key decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?</b>	Yes
<b>Key decision - is it in the <a href="#">Council's Forward Plan (key decisions and private reports)</a>?</b>	Yes
<b>The decision - is it eligible for "call in" by <a href="#">Scrutiny</a>?</b>	Yes
<b>Date signed off by Strategic Director &amp; name</b>  <b>Is it also signed off by the Service Director for Finance, IT &amp; Transactional Services?</b>  <b>Is it also signed off by the Service Director – Legal, Governance &amp; Commissioning?</b>	Saleem Tariq 15 January 2018  Debbie Hogg (James Anderson) 15 January 2018  Julie Muscroft (John Chapman) 15 January 2018
<b>Cabinet member <a href="#">portfolio</a></b> <ul style="list-style-type: none"> <li>• Children's Services</li> <li>• Strategy and strategic resources</li> </ul>	Cllr Masood Ahmed Cllr Viv Kendrick Cllr Shabir Pandor

**Electoral [wards](#) affected: All Wards**  
**Ward councillors consulted: None**

**Public or private: Public**

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## 1. Key points

- 1.1** The Kirklees Schools Forum, as the main consultative group on revenue funding matters for the local authority and schools, helped to develop the current Kirklees funding formula which was introduced from 2013-14 for both mainstream maintained schools and mainstream academies. This model continues to be the basis for funding allocations up to the end of funding year 2017-18.
- 1.2** The last major change in the allocation methodology for the Dedicated Schools Grant funding to maintained schools and academies took place in financial year 2013-14. Dedicated Schools Grant (DSG) is the funding that is provided to the Council as the budget for statutory school age education (4-16 year olds). The funding provides additional education funding for children and young adults with special educational needs from birth to 25 years. In addition it also provides for free early education and childcare provision for 3 and 4 year-olds and for disadvantaged 2 year olds.
- 1.3** The **National Early Years Funding Formula** was introduced from 2017-18 to determine the amount of funding the Council receives in its annual DSG Early Years Block.
- 1.4** The remaining parts of DSG funding will also be determined by National Funding Formulae (NFF) commencing April 2018: -
- The **High Needs Block** of funding moves to a National Formula basis, although almost 50% of the allocation still uses the level of High Needs allocation each Council has hitherto received. Gains from the High Needs NFF will only be released at a maximum rate of 3% per annum.
- A new **Central School Services Block** of funding, also determined by a national pupil-led funding formula, is introduced from 2018-19 to fund specified Council duties relating to all pupils in the borough educated in maintained schools and academies. Previously, these budgets would have been funded by retaining funding from the Schools funding block.
- The new national funding formula to determine **Schools Block** funding also commences from 2018-19. For the next two funding years of 2018-19 and 2019-20 the national formula only determines the bottom-line starting allocation of schools funding to the Council. It is still a local decision as to how that funding is distributed amongst local schools and academies.
- 1.5** Required submissions to the Education & Skills Funding Agency (ESFA): - permission to make minor variations to the operation of the schools funding formula was applied for in line with the ESFA deadline of 30<sup>th</sup> November 2017. Exceptions requests were made for 2018-19 in respect of the minimum funding guarantee calculation for one local all-through school and in respect of transitional lump sum protection for a recently-amalgamated primary school. Both application requests have received ESFA approval.
- 1.6** The structure of the local 2018-19 schools funding arrangements and factor values used are required to be submitted to the ESFA by 19<sup>th</sup> January 2018, based upon a dataset provided by the ESFA derived largely from October 2017 pupil census information.

## **2. Schools revenue funding issues for 2018-19, discussed with Schools Forum and the wider community of schools, include:**

- How the National Funding Formula for Schools will work for mainstream maintained schools and academies in Kirklees
- How the local schools funding method should react to that NFF outcome in the two intervening 'soft' NFF funding years of 2018-19 and 2019-20
- Transitional lump sum protection for a recently amalgamated school
- An exceptions application to vary how the formula operates for an all-through school growing a primary provision
- Central budget provision within the Dedicated Schools Grant funding blocks
- De-delegation arrangements for mainstream maintained schools
- High Needs Block funding
- Early Years Block funding

## **3. The National Funding Formula for Schools and its outcome for mainstream maintained schools and academies in Kirklees Council**

**3.1** Following two rounds of extensive consultation on proposals for a National Funding Formula for schools, the ESFA published a consultation outcomes document at the end of the summer break. The final NFF funding factor values were also confirmed and details released of the revised timetable for implementation of the Schools NFF.

**3.2** The final implementation timetable has been pushed back one year in comparison to the dates set out in the NFF consultation. The Schools Block allocations made to Councils for funding years 2018-19 and 2019-20 will be calculated via the new Schools National Funding Formula method but only to determine the starting bottom-line figure. The distribution of this funding to local schools and academies remains a matter for Council decision following consultation with the local Schools Forum. In these two years the application of the national funding formula is described as a 'soft' arrangement.

**3.3** With effect from funding year 2020-21 the ESFA will use the NFF funding values to allocate the majority of funding to mainstream schools and academies. This is termed a 'hard' NFF arrangement. Local authorities will still have some input to the calculation in respect of premises-related funding factors and for specific funding for planned pupil growth.

**3.4** During the NFF consultation rounds it became apparent that Kirklees' schools would fare relatively poorly from a national approach to funding. The illustrations provided alongside the Stage Two consultations back in March showed significant reductions for the majority of Kirklees schools. The minimum funding guarantee would however have dampened the rate of decrease to minus 1.5% per pupil per annum.

**3.5** Following the Stage Two consultations a number of changes to the proposals were made. The most significant of these being a change of approach by the Government to build in cash floor protection for **all** schools in comparison to the amount of funding per pupil they received for funding year 2017-18. In the 'soft' NFF allocation for 2018-19 all schools attract a minimum 0.5% increase in per pupil funding with another 0.5% increase to follow for 2019-20. This provides the potential for a funding boost over the

next two years but this is still, in effect, a real terms cut to schools funding when pay and price inflation is factored in.

**3.6** The table at Annex A shows how the National Funding Formula factor values differ from Kirklees' 2017-18 factor values. In addition to the formula factors shown in the table schools receive premises funding in respect of business rates, split-site operation and rented accommodation payments where applicable.

**3.7** The cash floor protection allocates a significant portion of funding to Kirklees over and above the level which would be needed to simply move to the National Funding Formula factors. Within the modelled illustration provided by the ESFA, the floor protection accounts for roughly £12m on top of the £273m cost of the pure NFF allocation.

**3.8** In those local authorities where the National Funding Formula naturally delivers an above floor funding increase for schools and academies, a move to the NFF result has been a relatively straight forward decision to reach. The cash floor protection within Kirklees' allocation has made the decision over how to adjust schools funding for 2018-19 and 2019-20 much more complicated.

#### **4. Movement towards the National Funding Formula in the 'soft' NFF years of 2018-19 and 2019-20**

**4.1** Discussions about the approach to take to schools funding in the two 'soft' National Funding Formula years have been held with Schools Forum. A NFF implementation event was held on 27<sup>th</sup> November at the John Smith's Stadium, the invitation to which went out to all Kirklees mainstream maintained schools and academies. Valuable feedback provided from that event has helped the Forum settle upon a preferred approach to the funding distribution for the next two years.

**4.2** The following approaches to funding schools in the next two years were considered at the implementation event and by the Forum.

- **Continue to use the local funding formula factors and values** for the two 'soft' NFF years. The basic entitlements per pupil in primary, KS3 and KS4 would need to be increased proportionately to distribute the actual 0.5% cash floor increase (which is worth around £1.5m on top of the 2017-18 level of school funding). The normal Minimum Funding Guarantee (MFG) of minus 1.5% per pupil would continue to limit losses between years and scale back gains to meet the cost of doing that.
- **Movement to the basic shape of the National Funding Formula.** This approach, because of the generally lower funding values of the NFF, initially left around £12m uncommitted. A couple of options were considered to re-spread this amount to enhance the NFF values to spend the available amount of funding. **Option 1** enhanced all the NFF pupil-led factors proportionately and **Option 2** enhanced only the three basic entitlement per pupil factors.
- **Use a combination of the current local formula and the National Funding Formula.** This **hybrid approach** would use the two 'soft' NFF years to take two broadly equal steps towards the 'hard' NFF in 2020-21. In

2018-19 the distribution would take two thirds of the local formula values plus one third of the NFF values. The year after would then be based upon one third of the local formula values plus two thirds of the NFF values.

- [Options 1, 2 and the hybrid approach each produced a funding redistribution effect, creating gains and losses for the community of schools. The scale of those gains and losses varies with how close to the NFF shape each option moves schools. The largest spread of gain and losses occurred in Option 1, with the hybrid approach (with a majority of funds still allocated via the local formula) producing the lowest redistribution effect by comparison. The gains and the more significant losses would be mitigated by the Minimum Funding Guarantee mechanism to limit reductions to minus 1.5% per pupil between funding years].
- **Option 3 – apply a Minimum Funding Guarantee set at plus 0.5% per pupil.** This option would ensure that each school and academy would gain at least 0.5% per pupil in 2018-19 in comparison to their 2017-18 funding per pupil baseline. In 2019-20 a further 0.5% per pupil gain would be delivered in comparison to each school's 2018-19 funding per pupil baseline. Any losses experienced by schools would only be the result of downward pupil number shifts.

**4.3** Feedback from the schools and academies attending the implementation event was mainly in support of Option 3. Many of the schools favouring Option 3 cited its predictability, transparency and fairness. Some selflessly chose this option despite other option outcomes being more favourable to their own school.

**4.4** Schools Forum recommended use of the Option 3 approach at their meeting on 1<sup>st</sup> December 2017.

## **5. Exceptions applications to the Education & Skills Funding Agency:**

### **5.1 Lump sum transitional protection for amalgamated schools:**

Schools Forum agreed an exceptions application to the ESFA to seek permission to allocate a second year of transitional lump sum funding in 2018-19 to a recently-amalgamated primary school. **Oak C of E (VC) Primary School** came into existence on 1<sup>st</sup> May 2016 bringing together Thornton Lodge Nursery School, Dryclough CE(VC) Infant School and Crosland Moor Junior School. The Infant and Junior Schools each received a lump sum amount of £130,000 when funded as separate schools but Oak Primary, as a single school, only receives the one lump sum value. The funding method automatically provides some transitional support for the lost lump sum funding in the first funding year following an amalgamation. This adds back 85% of the withdrawn lump sum as follows...

**Previous lump sum total £260,000 x 85% = £221,000 less the continuing lump sum = a transitional allocation of £91,000.**

Transitional lump sum protection is not automatic in the second funding year following an amalgamation, so permission has to be requested to apply a reduced amount. This works from 70% of the previous lump sum total, ie

**Previous lump sum total £260,000 x 70% = £182,000 less the continuing lump sum = a transitional allocation of £52,000.**

## **5.2 Adjustment to the Minimum Funding Guarantee (MFG) calculation to prevent an anomalous outcome**

The Luck Lane primary provision which is part of the all-through Royds Hall Community School continues to grow by one year group each academic year. In 2017/18, pupils joined the primary provision in Year 3 for the first time. In 2018-19 additional funding will need to be factored in for pupils in Year 4 from September 2018. The standard MFG calculation defines the all through school as a secondary provision and attempts to protect pupils at the higher secondary school funding rate. An exceptions application was submitted to ensure that the effect of the additional primary pupils is taken account of in the calculation at the appropriate primary age funding rate.

**5.3** The Education & Skills Funding Agency responded on 7<sup>th</sup> December 2017 to signal their intention to approve both the above requests.

## **6. Central budget provision within the Dedicated Schools Grant funding blocks (see Annex B)**

**6.1** The National Funding Formula revisions have changed the landscape for central budget provision within the Dedicated Schools Grant. Hitherto, central schools budgets have largely had to be paid for by retaining an amount of funding within the DSG Schools Block. From 2018-19 a fourth funding block is being introduced, the **Central School Services Block**. This allocates funding to Councils for a range of statutory and regulatory duties relating to all pupils within the authority no matter what type of school they attend. Although this funding comes directly to the Council, Schools Forum retains the responsibility for an annual decision about the budget provision in response to local authority proposals.

**6.2** The only retained central funding **within the DSG Schools Block** from 2018-19 is related to (pre-16) pupil growth. Local authorities can propose to operate both a **Pupil Growth Fund** and a **Falling Rolls Fund**. The Forum again has an annual decision to make about the operation of these two funds and the level of funding set aside for them. The Pupil Growth Fund meets pre-opening costs for new schools opened in response to a basic need for places, supports schools experiencing a mid-year growth in pupil numbers that is of sufficient scale to trigger a new class arrangement, supports primary schools struggling to meet the KS1 class size regulation. Growth Fund support is only given where a school cannot afford the costs from their own resources. The Falling Rolls Fund supports 'good' or 'outstanding' schools wishing to retain good teachers during a temporary dip in pupil numbers but only if the cost of such retention cannot be met from the school's own resources.

**6.3** Central budget provision can also be retained within the **Early Years funding block** up to a maximum of 5% of the EY block total. Kirklees' level of retention is much lower at around 2.7% of the total. The majority of the retained amount funds the Free Early Education and Childcare Team who

ensure that the right funding reaches schools and other providers, contribute to sufficiency place planning and to supporting the attainment of good standards among providers.

**6.4** Decisions about central spend within the **High Needs funding block** rest with the local authority with the Schools Forum having no formal role in that process.

**6.5** The detail of Central School Services Block budgets and growth provision within the Schools funding block were agreed with Schools Forum, at their meeting on 12<sup>th</sup> January 2018. Central retention within the Early Years Block budget for 2018-19 will be the subject of consultation with all providers over the next few weeks and will be considered at the next Forum meeting on 9<sup>th</sup> February. [Please refer to Annex B below for details of the retained budgets].

## **7. De-delegation arrangements for mainstream maintained schools (see Annex C)**

**7.1** Annual proposals on de-delegation are made by the local authority to maintained primary and secondary schools. The ESFA only permits de-delegation against a number of specified headings. The maintained primary and secondary school Forum representatives formally decide on de-delegation issues on behalf of their phase.

**7.2** The de-delegated budget arrangements proposed for 2018-19 are: -

- Schools contingency
- Free school meals eligibility checks
- Maternity, paternity and adoptive leave costs
- Trade union facilities time \*
- Public duties
- International new arrivals service \*
- School Improvement Commissioning \*

[\* Schools Forum receives additional, regular monitoring reports in prioritised areas].

**7.3** De-delegation arrangements for 2018-19 were agreed with the maintained school representatives to Schools Forum, at their meeting on 12<sup>th</sup> January 2018. [Please refer to Annex C below for details of 2018-19 de-delegation deductions].

## **8. High Needs Block Funding 2018-19**

**8.1** Under the new national funding formula for High Needs, Kirklees' allocation is projected to increase by nearly 21%, equating to an eventual gain of £7m. However, the maximum annual gain Councils can receive is limited to 3% and the situation may be less certain from 2020-21 as a new spending review period commences then. The pace of the increase in funding is not helpful given the mounting pressure being experienced now within Kirklees high needs account. If the new High Needs formula provides an objective measure of the local need to spend then that projected funding increase is needed now. It should also be noted that approximately half of the High Needs NFF funding method still use the historic level of high needs funding

to each local authority. A pure High Needs NFF allocation would see Kirklees receive a much larger funding increase.

**8.2** All local authorities have to undertake a strategic review of their local High Needs arrangements. The outcome of the review has to be published by the end of March 2018 and will be the subject of a specific report to Cabinet / Council thereafter. The main aims of the plan are to show how the Council will ensure that its SEND provision is suitable to meet changing needs, how any gaps in provision will be addressed and how the Council will allocate resources to deliver provision and ensure sustainability within future high needs funding allocations.

## **9. Early Years Block Funding 2018-19**

### **9.1 Early Years Funding: 3-4 year olds:**

All 3 and 4 year olds are eligible for 15 hours per week of free early education. This is a universal entitlement for all children. A new entitlement to '30 hours childcare' was introduced in September 2017. This is an additional 15 hours of free childcare for children that are eligible. The additional 15 hours is available subject to application (to HM Revenue and Customs) to families where both parents are working (or the sole parent is working in a lone parent family), and each parent earns, on average, a weekly minimum equivalent to 16 hours at national minimum wage or national living wage and less than £100,000 per year.

**9.2** Following a two stage engagement and consultation with childcare providers and operating within the funding constraints provided by a new Early Years National Funding Formula a rate of £4.14 per child per hour was agreed for 2017/18. Using an historic surplus budget in the Early Years Block an additional £0.05 protection was added to the 2017/18 rate to give childcare providers time to adjust to a lower funding rate.

**9.3** There have been no changes to the Early Years National Funding Formula for 2018/19. As a result it is proposed that the funding rate of £4.14 remains in place as there are limited options to make any changes. However, it should be noted that a funding rate of £4.19 has been in place since April 2010. Therefore childcare providers are to be funded at a lower rate than 8 years ago whilst the cost base for providing childcare has been increasing, e.g. energy costs, minimum wage, pension etc. This creates sustainability challenges for many providers.

### **9.4 Supplements and additional factors**

There have been no changes to the permitted supplements therefore it is proposed to continue with just the mandatory deprivation supplement. However clarity has been given in that LAs should not differentiate between the universal entitlement and extended entitlement i.e. additional 15 hours childcare for eligible working parents. For 2017/18 it was agreed in the Kirklees formula that the deprivation supplement would only be applicable to the universal entitlement. To pay the same deprivation rates across both entitlements would require a reduction in the £4.14 base rate or a redistribution of the deprivation allocated budget by reducing the individual deprivation rates paid per child per hour. There will be engagement with early years providers before consultation with Schools Forum on this point.

**9.5 Early Years Funding: 2 year olds:** Funding for the most disadvantaged 2 year olds was set in 2017/18 as £5.00 per child per hour. Again, with no change to the Early Years National Funding Formula the proposal is to retain this rate.



## 10. Dedicated Schools Grant funding 2018-19

### 10.1 Overall summary relating to DSG revenue funding:

**10.1.1 DSG Schools Block:** The 2018-19 per pupil units of funding for the DSG Schools Block are £4,117 per primary pupil and £5,271 per secondary pupil. The ESFA requires that at least 80% of this funding block is allocated via pupil-led factors. In Kirklees in 2017-18 90.32% of the available total was pupil-led.

**10.1.2** The confirmed Schools Block allocation for Kirklees in 2018-19 has increased by £6.7m (£280.97m in 2017-18 to £287.67m for 2018-19), due to a combination of increased pupil numbers in the system and the 0.5% per pupil cash floor increase.

**10.1.3** The Schools Block funding factors to be used in the 2018-19 funding allocation will largely be those prescribed by the National Funding Formula (see Annex A below). Each school's outcome from this calculation will be adjusted by the minimum funding guarantee calculation.

**10.1.4** Minimum funding guarantee: As local authorities work towards the implementation of the national funding formula for schools, the ESFA has allowed scope for flexibility in setting a different MFG percentage next year to the usual minus 1.5% protection per pupil. Local authorities can propose to set a MFG percentage within the range minus 1.5% to plus 0.5% without further reference to the Secretary of State. Setting a local MFG at plus 0.5% per pupil largely replicates the ESFA cash-protected settlement for Kirklees schools and academies.

**10.1.5 Central School Services Block:** Kirklees will be allocated approximately £34.86 for every 4 to 16 year old pupil attending schools and academies in the borough. A sum of £170k will then be added to reflect historic annual pension commitments charged to the DSG. A breakdown of budget provision supported by the CSSB can be found at Annex B below. A significant portion of the CSSB relates to funding for the range of statutory and regulatory duties (which used to be funded via the Education Services Grant) the Council has for all local pupils whether educated in maintained schools or academies.

**10.1.6 DSG High Needs Block:** The introduction of the national funding formula to the High Needs block will see a £1.06m increase to the Council's allocation for 2018-19 (from £33.62m to £34.68m). This is part of a projected 21% gain in HN Block funding for Kirklees under the new national funding formula, although there is a 3% cap being applied to annual gains.

**10.1.7 DSG Early Years Block:** The early years national funding formula has not changed since 2017-18. There are some variations associated with the change in pupil numbers, the most notable being

2 year old funding which has reduced by 95 part-time equivalent places (5.3%). The maintained nursery schools supplement has reduced due to the re-organisation of one nursery school. The funding for the extended entitlement has increased to reflect a full financial year. The total allocation in the early years block for 2018-19 is £28.7m (in 2017-18 the allocation was £27.0m).

## **11. Recommendations for the 2018-19 DSG schools funding formula from Kirklees Schools Forum**

- 11.1** To recognise the ESFA-approved exceptions applications.
- 11.2** To note the consultative process undertaken in collaboration with head teachers through the Kirklees Schools Forum to agree the details of the Kirklees funding formula.
- 11.3** To support the decisions, in principle, relating to central budgets and de-delegated budgets for 2018-19 and acknowledge the systematic monitoring of the expenditure and impact by Schools Forum.
- 11.4** To approve, in principle, the final details of the Kirklees school funding formula for 2018-19 to be submitted to the Education & Skills Funding Agency by 19<sup>th</sup> January 2018.

## **12. Implications for the Council**

- 12.1 Health and wellbeing:** The work of Schools Forum continues to support the Health and Wellbeing Strategy as schools work collaboratively to effectively manage resources available to Kirklees, particularly in early intervention and prevention; reducing inequalities and overcoming barriers to learning for children in their communities.
- 12.2 Early intervention & Prevention:** Schools Forum continues to oversee school funding factors, and their subsequent impact on schools' budget, relating to groups likely to benefit from early intervention. These include those who have been eligible for free school meals; live within defined 'Income Deprivation Affecting Children Index' (IDACI) areas; are looked after; have low prior attainment; and who have English as an additional language.
- 12.3 Economic resilience:** The work of Schools Forum supports the local Economic Strategy in ensuring resources within schools, and use of funding to provide additional services from external providers, is focused on enhancing future employment prospects, skills and incomes. Through balanced representation of schools leaders from across the types and the age ranges of learning provision, local decision making is connected to the needs and priorities of all learners in the Kirklees community.
- 12.4 Improving Outcomes for Children:** Schools Forum seeks to ensure that the fairest approach to funding across the system is in place, particularly at a time when financial pressures for schools are increasing. Maximising resources for teaching and learning, alongside the role that schools play in supporting children and their families and the wider community is crucial in ensuring that children have the best start in life.

## **13. Council Funding:**

- 13.1 School Improvement Monitoring and Brokering Grant.** This grant supports local authorities to continue to monitor and broker school improvement support for maintained schools. The grant was introduced in September 2017. The value of this grant to Kirklees is expected to be around £400k in a full year.

**13.2** In addition, there is a Strategic School Improvement Fund which is accessible, through a bidding process, aimed at ensuring resources are targeted at the schools most in need of support to drive up standards, use their resources more effectively and deliver more good school places. The following organisations are eligible to bid at various windows during the year.

- Teaching Schools
- Multi-academy Trusts
- Local Authorities

#### **14. Consultees and their opinions**

**14.1** In October 2017, The Education and Learning Partnership Board was established, and sits alongside Schools Forum as a 'sister' board. The two operate together in a complementary approach to work in partnership with our schools and settings. The Forum Chair is a member of the Education and Learning Partnership Board. The work of each board is supportive of a single strategic oversight of the system.

**14.2** Schools Forum consult with school groups through Kirklees High School Headteachers, Primary Headteacher groups and School briefings. Non-school members from the early years private and voluntary sectors, trade unions, and the Post 16 sector ensure consultation and feedback from their representative groups. Current discussions focus on the decisions required by the ESFA for 2018-19.

**14.3** Updates for the Portfolio Holders for Children's Services are provided regularly.

#### **15. Next steps**

**15.1** Schools Forum will continue to help shape schools funding arrangements at their meeting on 12<sup>th</sup> January 2018 prior to the deadline for submission of the school funding allocations for 2018-19 to the ESFA on 19<sup>th</sup> January 2018.

**15.2** Based on the ESFA funding timeline, it is expected that the local authority will inform maintained schools of their 2018-19 budgets by 28<sup>th</sup> February 2018. The ESFA will inform academies of their budget allocations for the academic year 2018/19 by the 31<sup>st</sup> March 2018.

#### **16 Officer recommendations and reasons**

Members are asked to;

- Note the consultative process undertaken in collaboration with Headteachers, through Schools Forum, to determine the local approach to the distribution of DSG Schools Block funding for the two 'soft' National Funding Formula funding years of 2018-19 and 2019-20.
- Note the exceptions applications made to the ESFA and subsequently approved.
- Approve the submission of the schools funding formula for 2018/19 (based upon a positive minimum funding guarantee of 0.5% per pupil) to the Education & Skills Funding Agency.

## **17. Cabinet portfolio holder recommendations**

- To note the changes to schools funding arrangements for the two 'soft' NFF funding years of 2018-19 and 2019-20 leading up to the full introduction of the National Funding Formula for Schools from April 2020.
- To note the ongoing local consultation with schools and other providers to ensure an appropriate local response to national funding formula developments.
- To support the officer recommendations above, and to thank Schools Forum members for their work.

## **18. Contact officer:**

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## **19. Service Directors responsible:**

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**ANNEX A: Comparison of Kirklees' 2017-18 funding factors with those used by the National Funding Formula**

<b>Funding factor</b>	<b>Kirklees 17-18 per pupil</b>	<b>NFF values per pupil</b>	<b>Notes</b>
Primary basic per pupil	£2,794	£2,747	
Key Stage 3 per pupil	£3,996	£3,863	
Key Stage 4 per pupil	£4,933	£4,386	
Primary Free School Meals Ever 6	£553	£540	
Sec'y Free School Meals Ever 6	£553	£785	
Primary current FSM	Nil	£440	New factor
Secondary current FSM	Nil	£440	New factor
Prim IDACI Band F	£437	£200	
Prim IDACI Band E	£536	£240	
Prim IDACI Band D	£795	£360	
Prim IDACI Band C	£795	£390	
Prim IDACI Band B	£795	£420	
Prim IDACI Band A	£795	£575	
Sec'y IDACI Band F	£341	£290	
Sec'y IDACI Band E	£821	£390	
Sec'y IDACI Band D	£884	£515	
Sec'y IDACI Band C	£1,011	£560	
Sec'y IDACI Band B	£1,011	£600	
Sec'y IDACI Band A	£1,011	£810	
Looked-after Children	£1,500	Nil	LAC to be funded by Pupil Premium Plus
Primary English as an Additional Language	£974	£515	Kirklees' method looks at the last census, NFF looks at the last three
Secondary English as an Additional Language	£974	£1,385	As per Primary EAL above
Primary low prior attainment	£1,661	£1,050	NFF value applies to a greater number of pupils
Secondary low prior attainment	£1,210	£1,550	

School Lump Sum	£130,000	£110,000	
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## ANNEX B: DEDICATED SCHOOLS GRANT: CENTRAL BUDGET RETENTION 2018-19 [for mainstream maintained schools and academies]

### 1) Growth funding within the Schools Block

Budget provision	£	Notes
Pupil Growth Fund	600,000	Supports mid-year basic need pupil growth of sufficient scale to trigger a new class arrangement. Also support to schools struggling to meet the KS1 class size regulation. PGF only allocated where school cannot fund from own resources
Falling Rolls Fund	50,000*	Can only be accessed by 'good' or 'outstanding' schools. Provides help to retain good teachers during a temporary dip in number on roll. School must not be able to afford to do so from its own resources.
<b>TOTAL</b>	<b>£700,000</b>	

\*This represents a reduction from the £100,000 set aside in 2017-18. £50,000 is sufficient provision to support just one case per year. The budget has been reduced in the light of previous inactivity in the account.

### 2) The Central School Services Block

Budget provision	£	Notes
Servicing of Schools Forum	31,000	
Pupil Admissions Service	401,900	
School Organisation & Planning	139,600	
School Reorganisation Support	292,000	
Historic DSG pension commitments	170,400	Fixed historic commitment, budget cannot increase
Provision for central LAC / NEET etc	0	Responsibility transferred to High Needs
National Copyright Licence charge	311,000	Forum approval is not required
(Former Education Service Grant retained duties) Per pupil allocation to the Council in respect of statutory and regulatory duties for all children in Kirklees	994,800	
<b>TOTAL</b>	<b>£2,340,700</b>	

In comparison to 2017-18, £45,100 for LAC / NEET support has been removed as the budget purpose no longer meets the ESFA criteria for continued retention within the Central School Services Block; the national copyright licence charge has increased from £299,600 to £311,000 due to the combined effect of rising pupil numbers and price inflation; the former-ESG retained duties element in 2017-18 was £986,300 – the increase for 2018-19 is pupil number driven.

### 3) Funding retained within the Early Years Block

Budget provision	Proposed £	Notes
Early Learning and Childcare	585,000	Free Early Education & Childcare Team – funding to providers, free entitlement place sufficiency, supporting standards of delivery
Back office / management costs	71,200	Finance, payroll, HR, Legal, IT etc

Inclusion Support	40,400	Contribution to the Inclusion Officer team
Miscellaneous	12,000	Contribution to admissions, maternity, union duties etc
<b>TOTAL</b>	<b>£708,600</b>	

The introduction of '30 hours free childcare' and the resulting increase in the number of providers eligible to claim funding for the free entitlement (mainly after school-clubs and childminders) has placed unprecedented volume pressures on the teams which support children, families and early learning and childcare providers. Efficiency improvements have helped ensure that these pressures can continue to be met with existing resources. The proposed Early Years Block retention is approximately 2.7%, well within the 5% level permitted by the government.

Consultation about 2018-19 Early Years funding and retention arrangements will be held with all local providers of the free entitlement with the aim of providing feedback to Schools Forum at their meeting on 9<sup>th</sup> February.



## ANNEX C: DE-DELEGATION 2018-19 [Maintained Mainstream Schools only]

Budget	Primary per pupil	Secondary per pupil	Notes
School Contingency	-£13.29	-£16.65	Used to correct funding errors, support schools facing emergencies, pick up costs it would be unfair to ask schools to meet, one-off financial interventions in schools in financial difficulty to help them secure necessary savings.
Free school meals eligibility checks	-£1.03	-£1.29	Customer & Exchequer service checks to identify children eligible to claim free school meals – helps schools maximise their deprivation-related funding
Maternity, paternity and adoptive leave	-£16.25	-£20.37	Central payment of salary costs during these leave periods so the school only pays the replacement costs
Trade union facilities time	-£5.72	£0.00	Pays for the release from schools of local TU officials to manage casework (competence, attendance, disciplinary etc) involving school staff
Public duties	-£0.16	-£0.20	School cover costs re staff on jury service, appearing as witnesses in court proceedings, serving as magistrates, serving as governors at another school etc
International new arrivals	-£1.58	-£1.98	Support to schools dealing with language-related issues of children admitted from different parts of the world
School Improvement Commissioning	-£4.50	-£12.01	Supports improvement interventions in schools – appropriate support to schools for the cost of implementing improvement action plans, brokering school-to-school support by meeting the cost of releasing staff from other schools to work with the school in need of support.
<b>TOTALS</b>	<b>-£42.53</b>	<b>-£52.50</b>	

The above pattern of per pupil de-delegation is unchanged from financial year 2017-18. It was agreed by the maintained primary and secondary school representatives to the Schools Forum on 12<sup>th</sup> January 2018.

## ANNEX D: Meeting Schedule

### Consultation meetings with Schools Forum, Headteacher groups and Early Years Providers

#### Schedule

Consultation focus	Meetings	Meeting date	ESFA response date
<b>Schools block and Central schools services block</b>  <b>Implications of National Funding Formula for the Council and schools from 2018-19</b>	HT briefings	27 <sup>th</sup> November 2017 and 10 <sup>th</sup> January 2018	19 <sup>th</sup> January 2018
	Consultation by email with schools	w/c 8 <sup>th</sup> January 2018	
	Schools Forum	12 <sup>th</sup> January 2018	
	Schools Funding paper to Cabinet	23 <sup>rd</sup> January 2018	
<b>Early years block</b>	Provider reference group	e-mail engagement 8 <sup>th</sup> December 2017	28 <sup>th</sup> February 2018
	Provider engagement	Online engagement TBC	
	Provider reference group	Meeting TBC	
	Schools Forum	9 <sup>th</sup> February 2018	

## **ANNEX E: KEY REFERENCE DOCUMENTATION**

The following key reference documents are available on the GOV.UK website. Other, related documentation is also available on these web links.

1. [Schools Funding](#)
2. [Early Years Funding](#)
3. [High needs funding: 2018 to 2019](#)