

# Cheshire East Council

## Cabinet

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**Date of Meeting:** 7<sup>th</sup> February 2017  
**Report of:** Executive Director of People and Deputy Chief Executive  
**Subject/Title:** Review of 2017/18 Schools Funding Formula  
**Portfolio Holder:** Cllr Liz Durham, Children and Families

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### 1. Report Summary

- 1.1. This report sets out the proposed local schools funding formula for 2017/18 for approval following consideration of the options by the Cheshire East Schools Forum.
- 1.2. If approved the formula will be used to allocate schools funding to maintained schools and academies during 2017/18. The total funding is £201.7m.

### 2. Recommendation

- 2.1. This report asks Cabinet to consider and approve the proposed options for the schools funding formula for 2017/18.
- 2.2. The key changes relate to:
  - 2.2.1. Increasing the Growth Fund by £225,000 to £500,000.
  - 2.2.2. Reducing Low Cost, High Incidence funding in order to re-direct funds to targeted SEN support.
  - 2.2.3. Changing the deprivation rates following a national change in the banding of pupils.
  - 2.2.4. Removing the Looked After Children element – given it is small amount of funding and not material when allocated to schools.

### 3. Other Options Considered

- 3.1. A sub group of the Schools Forum entitled the Schools Block Formula Working Group (FWG) met to consider two main options:
- 3.2. **Option 1** was no change ~ this was not affordable given changes to the rates for deprivation.

- 3.3. **Option 2** considered the mix of options set out in para 2.2 and a further amendment to the method of funding for pupils with English as an Additional Language. This further change was not accepted by the FWG.
- 3.4. There was scope to consider other options however, with the pending introduction of a national funding formula from 2018/19, significant changes to the 2017/18 formula and schools budgets were not warranted.

#### **4. Reasons for Recommendation**

- 4.1. The annual review of schools funding formula by representatives from schools is an important part of the on-going need to address issues and pressures they are experiencing. There is a need for such changes to be formally considered and approved each year.
- 4.2. This timescale fits in with submission of the formula to the DfE and calculation and issue of individual budget figures to each school in preparation for the new financial year.

#### **5. Background / Chronology**

- 5.1. The Council receives Dedicated Schools Grant funding as a ring-fenced grant to pay for education. This is received in blocks and local decisions are made over use of the blocks, transfers between them and the basis for allocation to schools.
- 5.2. The school allocation formula is based on a relatively simplified set of formula options introduced a few years ago. There is a need for any changes to be considered by the local Schools Forum.
- 5.3. The issue was first raised at the Schools Forum in October 2016 and a Formula Working Group meeting was held on 7<sup>th</sup> November. The results were considered by the Forum on 6<sup>th</sup> December 2016 and it was agreed the recommendation should proceed to Cabinet.
- 5.4. Further information on the options considered is provided at **Appendix 1**.
- 5.5. Other issues with the formula are set out below.

#### **Minimum Funding Guarantee**

- 5.6. The Minimum Funding Guarantee will continue to apply at -1.5% (excluding the lump sum, post-16 funding, allocations from the High Needs Block, including those for named pupils with SEN, allocations made through the early years single funding formula and rates).

## **Education Services Grant**

- 5.7. There has been a significant change in relation to Education Services Grant for 2017/18. This grant has been reduced and an element (retained services) has been moved into DSG. Schools Forum are required to agree for this to be retained by the Council to fund certain essential services. This was considered and agreed by Schools Forum in January 2017.

## **6. Wards Affected and Local Ward Members**

- 6.1. All wards are affected by the changes to the schools' funding formula.

## **7. Implications of Recommendation**

### **7.1. Policy Implications**

- 7.1.1. None.

### **7.2. Legal Implications**

- 7.2.1. The Local Authority has the statutory responsibility to set the funding formula for schools, following consultation with the Schools Forum.

### **7.3. Financial Implications**

- 7.3.1. The schools funding formula is the mechanism through which the Dedicated Schools Grant is delegated to schools. Cheshire East Council currently delegates 92% of funding to schools through the funding formula, retaining 8% centrally to fund non-schools expenditure, which is mainly SEN placements in independent provision and out of borough.

### **7.4. Equality Implications**

- 7.4.1. None.

### **7.5. Rural Community Implications**

- 7.5.1. During 2014/15 and 2015/16 the Council provided a small amount of additional funding to small rural schools. This was to help the schools restructure and achieve efficiencies to make them sustainable. That fund has come to an end.

### **7.6. Human Resources Implications**

- 7.6.1. None.

## **7.7. Public Health Implications**

7.7.1. None

## **7.8. Implications for Children and Young People**

7.8.1. The formula will determine the amount of funding provided to each school and therefore determine the level of provision at each setting.

## **7.9. Other Implications (Please Specify)**

7.9.1. None

## **8. Risk Management**

8.1. Prompt agreement of the local allocation allows schools to receive their budget allocations in advance of the financial year. They can ensure their expenditure plans are in line with their available budget.

## **9. Access to Information / Bibliography**

9.1. Schools Forum papers for 2016 are held at:

[http://www.cheshireeast.gov.uk/schools/schools\\_forum/schools\\_forum.aspx](http://www.cheshireeast.gov.uk/schools/schools_forum/schools_forum.aspx)

## **10. Contact Information**

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