Cheshire East Council

Cabinet

Date of Meeting: 10th October 2017

Report of: Mark Palethorpe, Acting Executive Director of People

Subject/Title: Notice of Motion – Schools Education Funding

Portfolio Holder: Cllr G Hayes, Children and Families

1. Report Summary

1.1. The purpose of this report is to provide a response to the Motion (Appendix 1), which was submitted at the Council meeting on 27th July 2017 and was referred to Cabinet for consideration. Notices of Motion must be considered by the relevant decision-making body within two meeting cycles.

2. Recommendation

2.1 It is recommended that

- the Leader of the Council thanks Councillor L Durham and Councillor D Flude for proposing and seconding the motion at the Council meeting on 27 July 2017 and acknowledges the importance of ensuring a fair school funding settlement across Cheshire East.

- it is noted that the Leader of the Council has already sent two letters relating to school funding.

- following a full analysis of the information published in September 2017 and a conversation with the schools sector a decision is taken on the need for a further letter to the Secretary of State.

3. Reasons for Recommendation

3.1 The Education Secretary announced on 17 July 2017 an additional £1.3 billion extra investment into the core schools budget over the next two years.

3.2 There will be an extra £1.3 billion for schools and high needs across 2018-19 and 2019-20 in addition to the schools budget set at the spending review 2015. This funding is across the next two years as we transition to
the national funding formula. Spending plans for the years beyond 2019-20 will be set out in a future spending review.

3.3 The additional investment made into schools will allow several things, including:

- Increasing the basic amount that every pupil will attract in 2018-19 and 2019-20;
- For the next two years, this investment will provide for up to 3% gains a year per pupil for underfunded schools, and a 0.5% a year per pupil cash increase for every school;
- Continuing to protect funding for pupils with additional needs.
- This formula settlement to 2019-20 will provide at least £4,800 per pupil for every secondary school and £3,500 per pupil for every primary school.
- All local authorities will receive some increase to the amount they plan to spend on schools and high needs in 2017-18. Confirmation of gains for local authorities, based on the final formula, will be confirmed in September.
- All primary schools will receive an increase in their PE and sports premium funding in the next academic year.

3.4 Many schools have worked hard up to this point to manage cost base pressures on their budgets, action will be taken this year to provide targeted support to those schools where financial health is at risk, deploying efficiency experts to give direct support to these schools.

3.5 Impact of announcement

We are currently analysing the impact of the announcement made in September.

In terms of headlines the information released in September indicates the following:

Local authorities will continue to use their local formula to determine the allocation to schools in 2018/19 and 2019/20. The announcements reflect a 2% increase in funding to Cheshire East if the national formula was implemented in full. This represents a substantial improvement over the stage 2 consultation where a 2.1% reduction was expected.

**High Needs** ~ this concerns the allocation of funding to the local authority and has changed from the stage 2 consultation by providing a 1.1% increase compared to an expected 7.8% reduction without protection.

**Central School Services Block** ~ this will be introduced from 2018/19 and will contain the other uses DSG is provided for such as education services
grant funded functions and historic commitments around ICT system costs and previous capital borrowing.

It is important to note the standard health warning over the DFE figures for LA’s and schools. They are based on October 2016 pupil numbers / characteristics, the National Funding Formula which is not being introduced until 2020/21 and the assumption of no transfers between funding blocks to reflect pressures – so they will NOT be the final budgets and there maybe other changes elsewhere.

All pupil number and pupil characteristic data will be updated at the October 2017 pupil census and incorporated into the final funding announcements made in late December 2017.

For indicative purposes, information is provided below on the current average funding per pupil based on the current formula. As the formula under national funding arrangements will be different, (some elements will be included that are not currently included and different factors will be applied) you cannot draw a direct comparison between these current average funding levels and the average of £4,800 which has been promised.

- Current average for secondary schools is £4,876.
- The range is between £4,617 and £7,322.
- Current average for primary schools is £3,851.
- The range is between £3,292 and £7,823.
- 13 out of 23 secondary school currently receive more than £4,800.
- 112 out of 124 primary schools currently receive more than £3,500.

4. Other Options Considered

4.1. Not applicable

5. Background

5.1 The Department for Education undertook a consultation on the principles of a national funding formula for both schools funding and for high needs funding early in 2016. On the 14 December 2016 they published stage 2 of the consultation, which modelled the potential local authority and school allocations using the proposed formula. The consultations closed on 22 March 2017.

5.2 The proposed School National Funding Formula

5.2.1 A new school funding formula was proposed from 2018-19. In the first year it was proposed to be a 'soft' formula with funding for schools being provided to the Local Authority using the national formula. The Local Authority, however would still be able to allocate this funding to schools on our local formula in consultation with schools forum.
5.2.2 From 2019-20 a 'hard' formula was proposed with school funding based on the national funding formula with no local formula being used.

5.2.3 Transitional arrangements were proposed to ensure that the overall reduction to any individual school budget, as a result of the introduction of the national funding formula, was limited to -1.5% per pupil per annum.

5.3.3 The high needs funding was proposed to be initially protected at current levels.

5.3 Local Action/Response

5.3.1 The Local Authority, schools and MP’s met with the Minister Nick Gibb on 9 January 2017 and he agreed that DfE officials would work with us to model the basic rate needed to run a school and to look at any exceptional circumstances that relate to Cheshire East. The Leader of the Council wrote to the Minister to confirm the outcome of the meeting. Appendix 2.

5.3.2 A follow up meeting took place on 7 March 2017 where specific concerns were presented to DfE Official about the unfairness of the formula. The budget of a fictional school was presented which demonstrated how it would be impossible for the school to set a balanced budget and/or provide the level of pastoral support which is essential to meet the basic needs of some.

5.3.3 We also evidenced that under the new formula Cheshire East will be worse off than it was when the DfE recognised we were poorly funded in 2015-16 and we were allocated an additional £5.7 million.

In the meantime schools across Cheshire East have campaigned with support of Local Authority as the consequences to them were significant. The Local Authority facilitated a briefing session with all Headteachers and Chairs of Governors to ensure they all understood the implications and to agree the overall key message to go back through the consultation.

5.3.4 The local authority facilitated a petition which was submitted with a covering letter from the Leader of the Council Appendix 3. Attached were letters from pupils from some schools which formed part of their assessed writing, and signatures from parents from some schools.

5.4 Summary

5.4.1 We recognised that there will always be an authority who is the lowest funded but the rate of the lowest funded authority needs to be enough to run a school. We sought assurance that the formula will enable Children in Cheshire East to have the same opportunities as Children elsewhere.

6. Wards Affected and Local Ward Members

6.1. Proposed changes to school funding affects all schools (including academies)
7. Implications of Recommendation

7.1. Policy Implications

The original proposal would have had an impact on schools abilities to provide the basic education entitlement.

7.2. Legal Implications

7.2.1 None

7.3. Financial Implications

7.3.1 The original proposals impacted negatively on most of Cheshire East Schools. The final proposals provide an improved financial settlement for schools.

7.4. Equality Implications

7.4.1 The intention of the original proposal was to support pupils from deprived areas. However, the proportion of funding allocated to this criterion reduced the basic amount available to all schools to below the level needed to run a school.

7.5. Rural Community Implications

7.5.1 The proposed original proposal included an element for rurality but the criteria used resulted in only two Cheshire East schools attracting this element of funding.

7.6. Human Resources Implications

None

7.7. Health and Wellbeing Implications

None

7.8. Implications for Children and Young People

7.8.1 School funding should ensure that children attending schools in Cheshire East are afforded the same opportunities as pupils in other schools.

7.9. Overview and Scrutiny Committee Implications

7.9.1 None
7.10. **Other Implications (Please Specify)**

None

8. **Risk Management**

8.1 The original proposal would have potentially resulted in many schools being unable to set a balanced budget.

9. **Access to Information**

9.1. Further information can be found on the Department for Education website.

10. **Contact Information**

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