Educational Excellence Everywhere

Consultation Paper for

2017-18

Proposals of North Somerset Council and the Strategic Schools Forum (SSF)
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Section A – Introduction

1. About this consultation

1.1. A significant reform agenda is transforming the Education system and the relationships within it. There are many drivers for this change, including:

   a. The drive for all schools to become academies
   b. The withdrawal of the Education Services Grant
   c. The implementation of a national fair funding formula for schools

1.2. North Somerset Council wants to create an environment where schools can continue to be successful in the context of the autonomy defined by the White Paper: Educational Excellent Everywhere and full academisation.

1.3. Work was undertaken, in partnership with school leaders, during the summer to look at how North Somerset can transform in response to these changes, whilst continuing to deliver excellent outcomes for our children and young people. This consultation paper builds on this work and gives the schools community the opportunity to formally respond to the proposed direction of travel.

1.4. The consultation also incorporates some of the standing annual consultation areas such as changes to school funding arrangements and de-delegations.

1.5. As discussed with school leaders during the summer, the timetable for the purchasing services via the council has been brought forwards and the range of services extended to reflect changes in funding and responsibility. This document also contains the traded services offering for the period April 2017 to August 2018 with as much detail as possible at this stage to enable schools to give proper consideration to purchasing decisions.

1.6. The direction of travel for future traded services offering is also provided for consultation in this document.

1.7. If you have any questions about anything contained in this document then please send them via email to emma.whitehead@n-somerset.gov.uk.
Section B – Executive Summary

2. A summary of all the recommendations for the SSF is provided in the table below. It is recommended that:

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
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<tbody>
<tr>
<td>F</td>
<td>Changes to the current Formula for mainstream schools</td>
<td>Recommendation no. F1 – funding for the Learning Exchange is retained for the period 1 April to 31 August 2017 after which, regardless of a schools status, the service will be traded (paragraph 14.13).</td>
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<td>Recommendation no.F2 – That the funding values used for the IDACI bands are reduced to fit within the level of resource allocated for this formula element in 2016-17. (paragraph 18.10).</td>
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<td>Recommendation no. F3 - Not to introduce exceptional pupil growth funding for schools with falling rolls for 2017-18 (paragraph 19.2).</td>
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<td>Recommendation no. F4 – If an individual school feels that they meet the criteria for additional funding due to a falling roll that their case would be considered by the SSF (paragraph 19.4).</td>
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<td>Recommendation no. F5 - To implement the wording change to the exceptional pupil growth funding policy for new schools for 2017-18 (paragraph 19.7).</td>
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<td>Recommendation no. F6 – To introduce the process detailed in option 2 in 2017-18 in order to automatically assess and allocate funding from the high needs block to those schools considered as having a disproportionate number of high needs pupils (paragraph 19.10).</td>
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<td></td>
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<td>Recommendation no F7 – To further review the need for a process to automatically assess and allocate funding from the high needs block to those schools considered as having a disproportionate number of high needs pupils again for 2018-19 (paragraph 19.12).</td>
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<td>Recommendation no.F8 – funding for ethnic minority groups continues to be de-delegated for the period 1 April to 31 August 2017 (paragraph 21.7).</td>
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<td>Recommendation no.F9 – funding for SS4L continues to be de-delegated for primary for the period 1 April to 31 August 2017 (paragraph 21.7).</td>
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<td>Recommendation no.F10 – funding for future schools continues to be de-delegated for primary schools for the 1 April to 31 August 2017 (paragraph 21.7).</td>
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<td>Recommendation no.F11 – funding for schools central funds ceases to be de-delegated and</td>
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<tr>
<td>Recommendation no.</td>
<td>Description</td>
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<tr>
<td>F12</td>
<td>Funding for schools in financial difficulty continues not to be de-delegated.</td>
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<td>F13</td>
<td>Funding for insurance for schools continues to be de-delegated.</td>
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<tr>
<td>F14</td>
<td>Funding for RPTA’s is not de-delegated and that it is a traded pooled scheme from April 2017 (paragraph 21.9).</td>
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<tr>
<td>F15</td>
<td>Funding for FSM eligibility continues to be de-delegated for primary for the period 1 April to 31 August 2017 (paragraph 6.5).</td>
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<tr>
<td>F16</td>
<td>Funding for contingencies continues to be de-delegated for the period 1 April to 31 August 2017 (paragraph 21.7).</td>
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<tr>
<td>F17</td>
<td>Any overspend or underspend on de-delegated services overall is carried forward to the following financial year to be used, overall, for the same purpose but that if the SSF considers that the total level of over or under spending on de-delegated services is excessive that the contributing schools will be required to make an additional payment or receive a reimbursement of the appropriate value (paragraph 21.11).</td>
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Section C – Proposals for a new Multi Academy Trust in North Somerset in partnership with the Council

3. Background

3.1. North Somerset Council recognises that the Government has stepped up its ideological drive to force all schools to become an academy in the White Paper, Educational Excellence Everywhere by 2020 or have plans to convert by 2022.

3.2. North Somerset Council intends to make a formal move towards setting up its own academy trust(s), following the government’s announcement that every local authority maintained school must became an academy by 2022, once the qualifying criteria is published and if this proposal is supported by the schools’ community.

3.3. The Council had already consulted in broad outline on this intention and on its plans to transform its traded services with schools into a traded company in its own right or by joining an established traded company or setting up a new traded company with another local authority. Any new vehicle for delivering traded services will be separate to any academy trust(s) developed in partnership with the Council. Section D of this consultation paper provides further details about the progress of developing a new vehicle to deliver traded services for education providers in North Somerset.

3.4. The Council recognises that existing school partnerships form the basis for strong academy trusts. By forming a new Multi Academy Trust(s) in North Somerset in partnership with the Council the local authority could provide a solution for those schools that have not yet confirmed partnerships that will support their transition into a Multi Academy Trust.

3.5. It was hoped that this consultation would provide the ethos and structure of any Multi Academy Trust, developed in partnership with the Council. This would have enabled a formal consultation opportunity for schools to consider if the trust could provide the right Multi Academy Trust partner for an individual or group of schools. This will not be possible until the government have published the qualifying criteria and will therefore need to form part of a later communication with schools.

4. What should maintained schools do now?

4.1. In light of the government’s intention that all schools should convert to academy status by 2020, or have plans to convert by 2022, North Somerset Council is encouraging all maintained schools to convert to academy status, as part of a Multi Academy Trust, by September 2017.

4.2. The benefits of encouraging schools to convert to academy status within a relatively short agreed timeframe include:

   4.2.1. Protecting the quality and availability of services to schools
   4.2.2. Managing the transition to ensure that services to children and young people are not disrupted
   4.2.3. Properly resourcing and minimising the costs associated with the transfer to academy status by dealing with all conversions in a fixed time frame
   4.2.4. Reducing the risk of all schools being forced to convert because the LA is unable to deliver its statutory responsibilities to the required standards
4.2.5. Improving the predictability of financial planning and control for individual schools and the local authority

4.3. The Council had already taken the decision to charge schools for the cost of converting to academy status. One of the benefits of encouraging all maintained schools to convert to academy status within a relatively short time period is being able to properly resource and minimise the costs associated with the transfer. It is estimated that by encouraging all maintained schools to convert by September 2017, economies of scale will enable the cost charged to schools for conversion to be minimised to a level of no more than £2,000 (compared to the £5,000 previously agreed).

4.4. This charge will apply to all schools for whom an Academy Order is issued on or after 1 September 2016, although the cost is likely to increase for schools that do not convert by September 2017. The charge reflects the Council’s costs for the work undertaken in administering and coordinating the transfer. It is over and above the payment of legal fees which will be recovered separately on a time spent basis.

4.5. Attached as Appendix A is a self-evaluation activity that may help maintained schools to take the next step on the partnership journey.

4.6. Some further questions that Governing Bodies of maintained schools may wish to consider are detailed below:

a) Why do we want to do this?
b) Why should maintained schools join a new Multi Academy Trust?
c) What do we wish to achieve by converting into a Multi Academy Trust? (Initial Aims & Longer Term)
d) What will be the benefits/opportunities for children and young people and our schools be for schools that choose to join a new Multi Academy Trust?
e) How will we ensure we remain focused on achievement and what is best for children and young people?
f) What impact will this have on staff in schools?
g) What will the proposed governance model be? (Who are the members/trustees)?
h) What will delegation within each level of the governance look like?
i) What will the proposed leadership model look like? (Who will be the CEO?)
j) What will be provided centrally by the MAT and how will this be charged to the individual schools? (top sliced/charges/ is there a set of core and opt in set of services)
Section D – Proposals for a new vehicle to deliver traded services for education providers

5. Background

5.1. Schools are critical partners in achieving the Council’s corporate aims and it is in all of our interests to do everything we can to ensure that young people fulfil their potential.

5.2. One of the ways to support this objective is to ensure the continued provision of high quality, value for money services to schools, academies and other learning providers in North Somerset and beyond.

5.3. The existing education services are highly valued by many schools within North Somerset and beyond. There is strong evidence that these services play an important part in supporting schools to achieve excellent outcomes for children and young people in North Somerset (NS). Informal feedback from schools in the summer indicated that 87% of schools that responded would like these services to continue to be delivered through a different vehicle (48 out of the 55 schools that responded).

5.4. A high level options appraisal was been completed in the summer, with a range of stakeholders, to look at how these high quality services can continue to be available to schools in the context of the educational reforms.

5.5. The options appraisal identified a small number of options that merited further consideration. The three options to be considered were:

   a. establish a NS arms-length organisation
   b. work in partnership with existing arms-length organisation with another Local Authority (LA)
   c. establish a new arms-length organisation in partnership with another LA

6. Progress

6.1. Work on establishing a NS arms-length organisation has not progressed. This is due to a considered view that such an organisation is highly likely to be too small to be viable in the longer term.

6.2. Officers have initiated discussions with another LA which is in the process of transforming into an arms-length organisation to deliver education services. These discussions have progressed well and there is potential for this option to be delivered. This work is, however, still ongoing in both LA’s and more work is required before further details can be provided.

6.3. Similarly, officers have initiated discussions with a different LA about establishing a new arms-length organisation to deliver education services in partnership. These discussions have also progressed well and, again, there is potential for this option to be delivered. This work is, however, still ongoing in both LA’s and more work is required before further details can be provided.

6.4. Both options will be subject to scrutiny and ultimately approval by elected members. Opportunities for feedback from the schools community will established as the proposals progress.
6.5. In section E of this paper schools are being asked to commit to the services that they want to buy from or via the council for the period from April 2017 to August 2018. The basis on which the discussions with other LAs is progressing is that the commitment to services until August 2018 would be honoured by any new arrangements should they come into place before this date.

6.6. The Council’s Executive Committee will be asked to consider the progress to date on this issue at its meeting on 18 October 2016 to inform next steps and timescales.
Section E – Traded services 2017-18

7. Background

7.1. North Somerset Council and partners currently provide a number of services to schools both within and outside North Somerset. These services are typically offered on an April to March basis for maintained schools and an academic year basis for academy and free schools. Maintained schools are currently asked to commit to services in January and academy schools in May.

7.2. There are also additional services which are provided via de-delegations to maintained schools (either primary, or both primary and secondary) and services that are funded via the Education Services Grant (ESG). Some of these services are offered to academies on a traded basis. This may be whole services, or elements that make up a services offer.

7.3. Following the decision taken by the Council to encourage all maintained schools convert to Academy Status by September 2017, and the announcement that the general element of the ESG will be removed completely from next September, the Council and partners have to consider how best to continue offering these services to schools.

8. Proposed changes - Length of traded agreement

8.1. As the Council expects the majority of schools to convert to academy status over the next year, the current model of offering services from April to March on an annual basis is no longer considered sustainable.

8.2. In the short term the Council is moving the majority of service provision (with a few exceptions noted in individual service entries within the traded services brochure) to a September start. From April 2017 these services will be offered on a 17 month basis through to August 2018.

8.3. Schools are being asked to commit to services for the period April 2017 – August 2018 by the end of this consultation period (27 September), in order for the Council to determine which services are viable to continue in the next financial year.

9. Proposed changes - Services charges

9.1. All services charges have been calculated on the assumption the following changes will happen:

9.1.1. The recommendations for de-delegations as detailed in section F of this document are agreed by the SSF

9.1.2. The general element of the ESG to be removed from April 2017 as transitional funding is not known at this time.

9.2. If any of the above changes do not go forward as expected then the Council reserves the right to change either the service offering or the charges to schools
before the service provision begins. All effort will be made to ensure no changes are made within the trading period, if this is necessary it will comply with the usual six month written notice as per the general traded services terms and conditions.

9.3. The charges have also been calculated assuming that all schools will be academies from the start of the trading period in April 2017. If a school has not converted to academy status by April 2017 there may be some reductions in the published cost of services. This will be dependent on the de-delegations for 2017-18 which will be agreed by the SSF in October and the amount of transitional general ESG protection received by the Council for the April to August 2017 period (no date for the publishing of this information has yet been issued by the DfE). This has been highlighted in the individual service entries and the exact amount of any reduction will be shared with maintained schools when more information is known.

9.4. Appendix B details the proposed de-delegations for services and when and what will be offered as a traded service to schools for these areas.

9.5. Due to the service charges being calculated earlier in the year than usual, the Council has not included an inflationary increase to these charges yet. In January this figure will be agreed and shared with the schools, but will be capped at a maximum of 5%.

10. Traded Services Offer

10.1. Once again individualised pricing for your schools can be found on the secure area of www.nsesp.org along with service SLAs where available.

10.2. To access this pricing for your school:

10.2.1. Go to www.nsesp.org
10.2.2. Log in using the login link to the top right
10.2.3. Once logged in click services.
10.2.4. Click Download Brochure to obtain a bespoke brochure for your school.
10.2.5. To purchase services click Quick Buy Form. This will then show you all the options available to your school and the pricing for these services. Please note that where services have a longer than a year contract the price for the entire length of the agreement will be shown – not just the annual amount.
10.2.6. From this page you can submit your buyback choices in the usual way

10.3. A high level overview of the services on offer from the Council and partners for this period can be found in the brochure.
Section F – Fair Funding Proposals for 2017-18

11. Background

11.1. The DfE have not introduced any major changes to the schools funding system in recent years.

11.2. The government remains committed to a national fair funding formula. In order to achieve this the government launched a two stage consultation (Schools National Funding Formula), by releasing the first stage of the consultation on 7 March 2016.

11.3. Although the first stage of consultation on the Schools National Fair Funding Formula ended on 12 April, the responses and outcome have not yet been released and consequently the second stage of the consultation has been delayed.

11.4. There are no firm details of the impact or the timescales of a National Fair Funding Formula although the government have now confirmed that it will not be introduced before 2018-19.

11.5. In March 2016 the government also released a simultaneous two stage consultation in respect of high needs (High needs funding formula and other reforms). The responses and outcome from this consultation are also still awaited from the DfE.

11.6. In addition to the two consultations mentioned above the Government also released its white paper: Educational Excellence Everywhere on 17 March. These three items are shaping the future of education, the funding of it and where the statutory responsibilities will reside.

11.7. In the absence of national funding changes, this section of this consultation document considers how the results of the local formula review work plan, agreed by the Strategic Schools Forum (SSF), could be introduced in North Somerset. The purpose of providing this information is to gather comments and feedback from stakeholders to enable the SSF to take informed decisions about implementation. It is essential that the SSF are aware of your views in order to achieve the best outcome for children and young people in North Somerset.

11.8. A timetable for this process is included in section G.

11.9. This section of the consultation document provides, where required, exemplifications of the financial impact for individual schools. They show what the financial impact would have been if the proposed changes had been introduced in the 2016-17 financial year. They do not predict the financial impact for 2017-18.

11.10. The Government announced, under the Childcare Bill of 2015, a commitment to increase the free entitlement from 15 to 30 hours per week of childcare for 3 and 4 year olds in September 2017.

11.11. A call for evidence occurred in 2015 (closing in August 2015) and the consultation to follow this opened on 11 August 2016 and closes on 22 September 2016.

11.12. Without full and certain detail of how the increased entitlement will be delivered, it
is not possible to include possible changes to early years funding within this consultation document. It is anticipated that a specific Early Years consultation will be issued to providers in North Somerset, once the outcome of the government’s consultation has been issued, before the end of 2016 for implementation the 2017-18 financial year.

12. Methodology

12.1. The Formula Review Working Group (FRWG) has undertaken the reviews identified by the SSF. The group has produced written minutes of each meeting and updated the SSF with progress.

12.2. The current membership of the group is set out below and where members cannot attend substitutions are allowed to ensure the group can carry out the work.

- Alison Waite  Headteacher  Burrington Primary School
- Vacant  Headteacher  Medium Sized Primary School
- Adam Mathews  Headteacher  Bournville Primary School
- Chris Sammons  Headteacher  St. Katherine’s School
- Tony Searle  Headteacher  Hans Price Academy
- Philippa Clark  Headteacher  Ravenswood Special School
- Vacant  Headteacher  Social Deprivation Representative
- Jonquil Brooks  Governor  St. Anne’s Primary School
- Karen Corfield  Governor (substitute)  Westhaven Special School
- Vacant  Governor  Secondary School
- Neil Foster  RPTAs
- Joline Lewis  Bursar  Windwhistle Primary School
- Anne Clubb  Business Manager  Priory Community School an Academy Trust
- Issy Johnson  Bursar  Baytree Special School
- Louise Malik  Service Leader (Resources and Strategic Planning)
- Emma Whitehead  Education Funding and Traded Services Manager
- Clare Pearce  Funding Finance Officer (Children)

12.3. The vacancies above have all been previously advertised and, at the time of the consultation going live, have not been filled. They will be advertised again in the Autumn.

12.4. The group have met once to date during the current financial year. At meetings the group debates the implications of each item using the options presented by officers. From this, recommendations are reported to the SSF and are included in this consultation document where applicable.

12.5. An event is planned for Friday 23 September at which any last minute questions can be addressed before the consultation closes on 27 September 2016.

13. Overall Structure of the Schools Budget

13.1. The schools budget is funded by the Dedicated Schools Grant (DSG). The SSF, on behalf of the Local Authority (LA), takes decisions about the use of the DSG and how resources are allocated to schools and other providers.
13.2. Regulations currently control how the DSG can be used. The regulations that will apply to 2017-18 have not yet been published or consulted on by the DfE. As a result it is expected that any changes will be minimal (with the exception of those that relate to the Educational Services Grant (ESG)) and will not impact upon any decisions taken as a result of this consultation.

13.3. The **Operational guidance for schools revenue funding for 2017-18** has been published though and this has been used where appropriate to detail the changes to the schools budget within this document.

13.4. The major change to note that will affect schools funding, though not part of the DSG, is the change to the ESG. This is so that the saving of £600m announced as part of the 2015 Spending Review can be achieved. There are two parts to this grant – the general element and the retained element.

13.5. The general element of the ESG provides funding to LAs for duties in respect of maintained schools. Equivalent funding is also provided to academies for these duties, for which responsibility transferred to them on conversion. Whilst there is going to be some transitional funding to LAs for the general element of the grant from April to August 2017 this funding will cease from September 2017 and instead funding will be topsliced from mainstream schools budgets to continue to deliver statutory duties.

13.6. The amount to be topsliced by the local authority needs to be agreed by the maintained schools members of the Strategic Schools Forum (SSF).

13.7. The retained element of the ESG provides funding to LAs for functions carried out on the behalf of all children and young people, regardless of the status of the school that they attend. This grant will continue but will be added to the Dedicated Schools Grant (DSG) from 2017-18.

14. **National / Local Formula Review Outcome – Structure of the Schools Budget**

14.1. As the changes being instigated with effect from April 2017 are minimal, the rules governing the way the schools budget is used, and how funding is distributed to schools and other providers in each LA remains, in the main, the same as 2016-17.

14.2. There are, however, some changes for 2017-18 which will impact on the amount of DSG that each LA receives or how it is allocated to schools. The known changes at the moment are as follows:

14.2.1. The DSG blocks have been re-baselined to reflect current spending patterns

14.2.2. Funding for ESG retained duties (£15 per pupil) will be transferred into the schools block of the DSG for 2017-18

14.2.3. The post 16 formula funding factor is being removed, but with protection through the minimum funding guarantee (MFG) - this factor is not used in North Somerset and so will have no impact

14.2.4. Local authorities will be able to retain funding from the DSG from maintained schools, including special schools and pupil referral units (PRUs) for statutory duties previously covered by the ESG (general element)
14.2.5. A national weighting for secondary low attainment figures will be introduced to ensure that the first cohort assessed at KS2 in 2016 under the new, more challenging national curriculum do not disproportionately influence this funding factor – the data set for this is not being published until December 2016 and so the impact is not yet known.

14.2.6. New bandings for the index of deprivation affecting children (IDACI) are being introduced – covered in section 18 below.

14.2.7. Local authorities are only required to submit one proforma setting out the local funding formula for schools (APT) in January 2017, rather than also having a submission in October 2016.

14.3. The DSG for 2017-18 continues to be based on three notional blocks. Details of the blocks are provided below with example dates for 2017-18 of the data that will be used to calculate them:

14.3.1. The schools block - October 2016 pupil numbers
14.3.2. The high needs block – historic
14.3.3. The early years block - January 2016 levels of take up (initially)

14.4. The blocks remain non-ring fenced in 2017-18 so funds can be moved between them.

14.5. Any under or overspends within the DSG will be carried forward to the following financial year as is currently the case. Under or overspending in each of the blocks will be added together rather than carried forward for each block individually.

14.6. The schools block includes the budget delegated to mainstream schools.

14.7. The schools block does not include funding delegated to special schools, resource bases and PRU’s for places, or top up funding for high needs pupils in mainstream schools - this is in the high needs block. It also does not include funding for nursery classes in maintained schools as this is in the early years block.

14.8. Some areas where funding has been delegated to schools can be ‘de-delegated’. This means that the funding delegated to maintained mainstream schools only can be removed from individual schools budgets and held as a central pool. This can reduce certain risks on individual schools budgets.

14.9. Delegation does not apply to academies, special schools or PRU’s. However, the DfE has a presumption that LAs will offer traded services to these schools instead, which they can choose to buy.

14.10. The areas where de-delegation for maintained mainstream schools is permitted are:

14.10.1. Allocation of contingencies but only for - exceptional unforeseen costs (which it would be unreasonable to expect governing bodies to meet), schools in financial difficulties and additional costs relating to new, reorganised or closing schools;
14.10.2. Behaviour support services;
14.10.3. Support for minority ethnic pupils or underachieving groups.
14.10.4. Free school meals (FSM) eligibility;
14.10.5. Insurance;
14.10.6. Museum and library services
14.10.7. Licences/subscriptions; and,
14.10.8. Staff costs – e.g. maternity/paternity/suspensions;

14.11. Section F of this consultation document provides further information about potential de-delegations.

14.12. There are some elements of the schools budget that can be retained centrally. These are provided in table 14i below. As detailed in paragraph 14.2.4 above funding can be topsliced from maintained schools in 2017-18 to fund activities that were previously funded by the ESG, subject to approval from the SSF. It is likely, therefore, that the list in table 14i below will increase for the 2017-18 financial year as the impact of the ESG changes becomes clear:

<table>
<thead>
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<th>Table 14i Centrally retained items in the schools block</th>
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<td>The Learning Exchange (see para 14.13)</td>
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<td>Safeguarding in school coordination</td>
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<td>Targeted mental health in schools</td>
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<td>The virtual school for looked after children</td>
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<td>Pupil growth funding</td>
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14.13. The changes proposed to the schools budget in the government’s stage one consultation document would have meant that it is no longer possible to retain funding centrally for the Learning Exchange. However, as the changes to the schools budget are not going to be implemented in 2017-18 it can continue to be retained. Given the developments within North Somerset and the potential that all schools will be academies by September 2017, the SSF are likely to be asked to agree for the funding for the Learning Exchange to be centrally retained until September 2017, from which point, regardless of a schools status, it will be offered as a traded service.

14.14. Funding for the above elements can only be retained up to the level budgeted in the previous financial year and only for pre-existing commitments. These restrictions do not apply to pupil growth funding.

14.15. The budgets set in 2016-17 for the majority of the items in the table above were for ongoing commitments and they fund a range of services. Prudential borrowing funds a number of individual borrowing arrangements and as these come to an end the budget will decrease, increasing the funds available for delegation to schools.

14.16. The high needs block is designed to provide funding for high needs pupils/students. The DfE define this as being pupils or students who require provision that would not normally be available in mainstream settings and/or those requiring provision costing more than around £10,000 per year.

14.17. There is flexibility to use the high needs block in a way that provides the most effective support to meet the needs of children and young people.

14.18. The early years block funds the provision of the free entitlement for 2, 3 and 4 year olds which is allocated to a range of providers including schools (regardless of whether maintained or academy), private, voluntary and independent providers
(PVI's) and childminders. It also funds other support and services for 0 to 5 year olds.

14.19. Funding for children in early years with high needs is held in the high needs block.

14.20. The funding for the early years block is updated during the year so that by the end of the financial year it will reflect the take up of the free entitlement as at January during the year.

15. National / Local Formula Review Outcome – Financial Implications

15.1. The major financial implications as a result of the continuing reforms will not be felt by the schools budget in 2017-18.

15.2. The most significant impact in 2017-18 will be as a result of the withdrawal of the Education Services Grant (ESG) and the topslice on maintained schools budgets to fund services that were previously funded by this grant as detailed in paragraph 14.12.

15.3. The longer term financial implications will become clearer when the government issue the stage two consultation on the National Fair Funding Formula.

16. Recommendations

16.1. It is recommended that:

- Recommendation no. F1 – **Funding for the Learning Exchange is retained for the period 1 April to 31 August 2017 after which, regardless of a schools status, the service will be traded** (paragraph 14.13).
17. Changes to the current formula for mainstream schools

17.1. The current formula was originally calculated on a needs led basis in order to reflect the needs of children and young people and to distribute funding on a fair and equitable basis. It has since been amended in order to comply with the government’s school funding reforms.

17.2. The minimum funding guarantee will continue to provide some protection in 2017-18. Schools continue to be encouraged to incorporate the longer term financial implications of funding changes in their planning, where possible.

17.3. This section aims to outline all the formula factors that could be changed for 2017-18 and on what basis.

18. National Formula Review Outcomes

18.1. There is only one national change that requires consultation to determine how it is implemented within the North Somerset funding formula for 2017-18. This relates to changes to the IDACI data and bandings that will be used to distribute resources for 2017-18.

18.2. The income deprivation affecting children Index (IDACI) dataset is updated every five years by the Department for Communities and Local Government.

18.3. The most recent update to the dataset, which took effect in local authorities’ 2016 to 2017 schools block dataset in December 2015, showed a markedly different distribution to the previous 2010 dataset.

18.4. The DfE have recognised that the 2015 data update created unexpected and unhelpful turbulence in school budgets in 2016-17, towards the latter stages of the local formula-setting process.

18.5. They have considered the concerns raised by local authorities and views expressed through the first stage national fair funding formula consultation, and have decided to update the IDACI banding methodology to return the IDACI bands to a roughly similar size (in terms of the national proportion of pupils in each band) as in 2015-16.

18.6. The revised bands are named “A” to “G”; with the most deprived neighbourhoods being captured by band “A” (previously bands 6 and 5). For future data updates, the DfE will set out plans for managing the change in data by adjusting the band boundaries more promptly.

18.7. The DfE have updated the October 2015 dataset with the new IDACI band definitions. They have also used the latest lower super output area (LSOA) postcode data.

18.8. Table 18i details the IDACI score used for bands 0 to 6 in 2016-17 and the revised IDACI score for the new bands G to A which will be used for 2017-18.
Table 18i IDACI score used for bands 0 to 6 in 2016-17 and revised score for bands G to A for 2017-18

<table>
<thead>
<tr>
<th>2016-17</th>
<th>2016-17 IDACI Score</th>
<th>New bands for 2017 - 18</th>
<th>Revised IDACI Score for 2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>less than 0.20</td>
<td>G</td>
<td>less than 0.20</td>
</tr>
<tr>
<td>1</td>
<td>between 0.20 and 0.25</td>
<td>F</td>
<td>between 0.20 and 0.25</td>
</tr>
<tr>
<td>2</td>
<td>between 0.25 and 0.30</td>
<td>E</td>
<td>between 0.25 and 0.30</td>
</tr>
<tr>
<td>3</td>
<td>between 0.30 and 0.40</td>
<td>D</td>
<td>Between 0.30 and 0.35</td>
</tr>
<tr>
<td>4</td>
<td>between 0.40 and 0.50</td>
<td>C</td>
<td>Between 0.35 and 0.40</td>
</tr>
<tr>
<td>5</td>
<td>between 0.50 and 0.60</td>
<td>B</td>
<td>Between 0.40 and 0.50</td>
</tr>
<tr>
<td>6</td>
<td>between 0.60 and 1.00</td>
<td>A</td>
<td>Between 0.50 and 1.00</td>
</tr>
</tbody>
</table>

18.9. In 2016-17 the funding values were as demonstrated in Table 18ii below:

Table 18ii 2016-17 funding values

<table>
<thead>
<tr>
<th>2016-17</th>
<th>2016-17 IDACI Score</th>
<th>Funding Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>less than 0.20</td>
<td>£0.00</td>
</tr>
<tr>
<td>1</td>
<td>between 0.20 and 0.25</td>
<td>£0.00</td>
</tr>
<tr>
<td>2</td>
<td>between 0.25 and 0.30</td>
<td>£0.00</td>
</tr>
<tr>
<td>3</td>
<td>between 0.30 and 0.40</td>
<td>£94.00</td>
</tr>
<tr>
<td>4</td>
<td>between 0.40 and 0.50</td>
<td>£560.00</td>
</tr>
<tr>
<td>5</td>
<td>between 0.50 and 0.60</td>
<td>£1,190.00</td>
</tr>
<tr>
<td>6</td>
<td>between 0.60 and 1.00</td>
<td>£1,489.56</td>
</tr>
</tbody>
</table>

18.10. Implementing the new IDACI data and scores provided by the DfE would increase the IDACI funding to schools by approximately £150k. As there are no additional resources available for 2017-18 as a result of these changes, the band values will need to reduce so that the overall level of funding remains at the same level as in 2016-17.

18.11. It is proposed that the each funding band is reduced by the same % (6.973%) for Bands D to A as detailed in table 18iii.

Table 18iii proposed 2017-18 funding values applied to the revised IDACI data and bands

<table>
<thead>
<tr>
<th>IDACI Band 2016-17</th>
<th>IDACI Score 2016-17</th>
<th>Funding Value 2016-17</th>
<th>IDACI Bands Revised</th>
<th>IDACI Score Revised</th>
<th>Funding Value Revised</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>&lt; 0.20</td>
<td>£0.00</td>
<td>G</td>
<td>&lt;0.20</td>
<td>£0.00</td>
</tr>
<tr>
<td>1</td>
<td>0.20 - 0.25</td>
<td>£0.00</td>
<td>F</td>
<td>0.20 - 0.25</td>
<td>£0.00</td>
</tr>
<tr>
<td>2</td>
<td>0.25 - 0.30</td>
<td>£0.00</td>
<td>E</td>
<td>0.25 - 0.30</td>
<td>£0.00</td>
</tr>
<tr>
<td>3</td>
<td>0.30 - 0.40</td>
<td>£94.00</td>
<td>D</td>
<td>0.30 - 0.35</td>
<td>£87.45</td>
</tr>
<tr>
<td>4</td>
<td>0.40 - 0.50</td>
<td>£560.00</td>
<td>C</td>
<td>0.35 - 0.40</td>
<td>£520.95</td>
</tr>
<tr>
<td>5</td>
<td>0.50 - 0.60</td>
<td>£1,190.00</td>
<td>B</td>
<td>0.40 - 0.50</td>
<td>£1,385.69</td>
</tr>
<tr>
<td>6</td>
<td>0.60 - 1.00</td>
<td>£1,489.56</td>
<td>A</td>
<td>0.50 - 1.00</td>
<td>£1,489.56</td>
</tr>
</tbody>
</table>
18.12. Appendix C details the impact of the proposal for schools. The table details the % of pupils in each IDACI band for 2016-17, the % of pupils for each updated IDACI band for 2017-18 and the difference in funding. This represents the impact that the changes to IDACI data and bands would have had if implemented in 2016-17. It is not a projection of the impact in the 2017-18 financial year.

19. Local Formula Review Outcomes

19.1. In July 2016 the SSF agreed the FRWG work plan in preparation for the 2017-18 financial year. The table below lists the areas for review and some comments on the outcome. Further details are provided where required in the paragraphs below:

<table>
<thead>
<tr>
<th>Items in FRWG work plan</th>
<th>Comments on outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact of National Fair Funding Formula</td>
<td>Only the first part of a two stage consultation has been released, with no outcomes from the first stage yet published. Therefore, it has not been possible for the FWRG to complete work on these proposals.</td>
</tr>
<tr>
<td>Exceptional Pupil Growth Funding – Falling Roles and New Schools</td>
<td>There are no changes proposed to the exceptional pupil growth policy to incorporate schools with a falling roll. Details are provided from paragraph 19.2. In relation to new schools the proposed changes are detailed from paragraph 19.7.</td>
</tr>
<tr>
<td>Consideration of whether to instigate a process to automatically assess and allocate funding from the high needs block to those schools considered as having a disproportionate number of high needs pupils</td>
<td>The proposed changes are detailed from paragraph 19.8.</td>
</tr>
<tr>
<td>SEN factor assessment – reception</td>
<td>This is currently on hold until stage two of the national fair funding consultation is released.</td>
</tr>
<tr>
<td>Social deprivation</td>
<td>This is currently on hold until stage two of the national fair funding consultation is released.</td>
</tr>
<tr>
<td>Alternative provision</td>
<td>This work is ongoing but it is on hold due to the forthcoming changes to the commissioning and funding of alternative provision as detailed in the White Paper: Educational Excellence Everywhere.</td>
</tr>
<tr>
<td>High Needs – special school infrastructure costs</td>
<td>This is currently on hold until stage two of the national fair funding consultation is released.</td>
</tr>
</tbody>
</table>

19.2. Exceptional Pupil Growth Funding – Falling Roles - In 2014-15 a new factor was introduced by the DfE so that LA’s could provide additional short term funding to schools with a falling roll, in advance of a population bulge. This funding can only be provided to good or outstanding schools (including academies) and should be restricted to population increase expected within two to three years. The fund must not be used to support unpopular or failing schools.

19.3. Following consultation, it was decided not to introduce this factor for 2014-15. The same decision was taken for 2015-16 and 2016-17 but that it would be reviewed by the FRWG again for 2017-18.
19.4. The FRWG have reviewed the need for this factor and concluded that they do not feel that it is required for 2017-18 as no schools currently meet the criteria and, as an area, the population in North Somerset is growing. It was felt that if an individual school felt they were in this position that they could contact the LA and it would be looked at on a case by case basis.

19.5. Exceptional Pupil Growth Funding – New Schools - The FRWG have not recommended any changes to the wording of the policy in relation to New Schools. However, due to the way that the Education Funding Agency (EFA) uses estimated pupil numbers a wording change to the policy is required.

19.6. Currently the policy states “An allocation will be made from the exceptional pupil growth fund to reflect the pattern of pupil growth only seen in new schools. The allocation will be calculated on the difference between the estimated pupil numbers used in the delegated budget share* and the actual pupil numbers, as at January during the financial year, rounded up to the nearest multiple of 30 pupils. This number will be multiplied by the appropriate AWPU value and the appropriate number of months with an adjustment for SEN and social deprivation funding”

19.7. It is felt that the wording needs to be changed to reflect that confirmation from the EFA on funded numbers will be sought. This is to reduce the potential risk of double funding by either the Education Funding Agency (EFA) or the Local Authority. The proposed amendment to the wording is detailed in Appendix D.

19.8. Consideration of whether to instigate a process to automatically assess and allocate funding from the high needs block to those schools considered as having a disproportionate number of high needs pupils - LA’s are able to allocate additional resources, calculated on a formulaic basis, to schools that have a disproportionate number of high needs pupils. This is to provide support to such schools in funding up to the first £6,000 of support for pupils with special educational needs.

19.9. Following consultation, it was decided not to introduce this process in any of the financial years 2014-15 to 2016-17, but that the FRWG would consider if it was required for 2018-19. However, two schools have made representations to the SSF during the financial year as they feel that they are being adversely effected because of the lack of this process in North Somerset.

19.10. The FRWG have, therefore, reviewed the need for this arrangement and the group agreed that schools should be consulted on introducing a process for the 2017-18 financial year. Appendix E contains three possible options for implementing this process.

19.11. However, these proposals are not as effective and robust as is desired and therefore there is further work required to improve the proposed mechanism.

19.12. It is proposed that option 2 is implemented in 2017-18 and that further work is completed during 2017-18 ready for use in 2018-19 if appropriate and following further consultation.
20. Recommendations

20.1. It is recommended:

- Recommendation no. F2 – That the funding values used for the IDACI bands are reduced to fit within the level of resource allocated for this formula element in 2016-17. (paragraph 18.10).

- Recommendation no. F3 - Not to introduce exceptional pupil growth funding for schools with falling rolls for 2017-18 (paragraph 19.2),

- Recommendation no. F4 – If an individual school feels that they meet the criteria for additional funding due to a falling roll that their case would be considered by the SSF (paragraph 19.4).

- Recommendation no. F5 - To implement the wording change to the exceptional pupil growth funding policy for new schools for 2017-18 (paragraph 19.7).

- Recommendation no. F6 – To introduce the process detailed in option 2 in 2017-18 in order to automatically assess and allocate funding from the high needs block to those schools considered as having a disproportionate number of high needs pupils (paragraph 19.10).

- Recommendation no F7 – To further review the need for a process to automatically assess and allocate funding from the high needs block to those schools considered as having a disproportionate number of high needs pupils again for 2018-19 (paragraph 19.12).
21. De-delegation

21.1. De-delegation allows the funding for particular areas to be pooled from maintained mainstream schools in order to provide a more effective use of resources and reduce the risks to individual schools budgets.

21.2. Funds cannot be de-delegated from academies, special schools or PRU’s. Academies, special schools and PRU’s have to take decisions as individual schools about how to support these areas of expenditure within their budgets.

21.3. For maintained primary and secondary schools their representatives on the SSF will make a decision that will apply to all of the maintained schools in their phase. This consultation provides an important opportunity to ensure that the representatives on the forum can take an informed decision about what services their constituent schools, on the whole, want to be de-delegated.

21.4. The de-delegations that are permitted in 2017-18 are the same as those permitted since 2013-14. Each individual area is subject to the approval of the SSF on an annual basis.

21.5. Table 21i shows which areas of funding can be de-delegated:

<table>
<thead>
<tr>
<th>Table 21i Allowable de-delegations</th>
<th>De-delegation permitted</th>
<th>De-delegated in NS since 2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for ethnic minority groups *</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Inclusion advisory teachers – behaviour (SS4L)*</td>
<td>Yes</td>
<td>Yes in Primary under new arrangements for SS4L Secondary Schools voted not to de-delegate in 2016-17</td>
</tr>
<tr>
<td>Behaviour improvement programme (SS4L)*</td>
<td>Yes</td>
<td>Yes in Primary under new arrangements for SS4L Secondary Schools voted not to de-delegate in 2016-17</td>
</tr>
<tr>
<td>Future schools*</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Schools central funds (maternity etc)</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Support for schools in financial difficulty</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Insurance</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>RPTA’s</td>
<td>Yes</td>
<td>No until 2016-17</td>
</tr>
<tr>
<td>FSM eligibility*</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Contingencies *</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

21.6. Some changes are being made to the proposed de-delegations for 2017-18. This is consistent with other changes being proposed and aligns to the future delivery model in the context of full academisation.
21.7. There are a number of services in the table above marked with an asterisk (*). For these services it is recommended that the funding is de-delegated for the period 1 April to 31 August 2017. Where appropriate these services will be traded from September 2017.

21.8. It is also considered appropriate at this point in time to propose to end the de-delegation for schools central funds (maternity & supernumerary) from 1 April 2017 and to offer pooled schemes, for maternity/paternity only, that individual school can chose as part of the traded services offer. This pooled scheme will operate on a similar basis to the scheme for sickness cover in schools. It is not proposed to offer a pooled scheme to cover the cost of staff suspended from duty (supernumerary) as the scheme would be too volatile given the small number of cases. This does mean that individual maintained mainstream schools will need to fund the associated costs of any existing and future staff suspended from duty, and any cover required, with effect from 1st April 2017.

21.9. It is also considered appropriate at this point in time to propose to end the de-delegation for costs associated with Recognised Professional Teaching Associations (RPTAs) from 1 April 2017 and to offer this as pooled schemes that individual school can chose as part of the traded services offer. This pooled scheme will operate on a similar basis to that in place before the de-delegation commenced in 2016-17.

21.10. A traded service will continue to be offered to academies, special schools and PRU’s for most of the areas proposed for de-delegation.

21.11. Any overspend or underspend on de-delegated services overall can be carried forward to the following financial year to be used, overall, for the same purpose. This ensures that any over or underspends on these resources are ring fenced to those schools that contributed towards the fund through de-delegation from their formula budget share. It is proposed that these arrangements remain in place in but if the SSF considers that the total level of over or underspending on de-delegated services is excessive that the contributing schools will be required to making an additional payment or receive a reimbursement of the appropriate value.

22. Recommendations

22.1. It is recommended that:

- Recommendation no.F8 – funding for ethnic minority groups continues to be de-delegated for the period 1 April to 31 August 2017 (paragraph 21.7).

- Recommendation no.F9 – funding for SS4L continues to be de-delegated for primary for the period 1 April to 31 August 2017 (paragraph 21.7).

- Recommendation no.F10 – funding for future schools continues to be de-delegated for primary schools for the 1 April to 31 August 2017 (paragraph 21.7).
• Recommendation no.F11 – funding for schools central funds ceases to be de-delegated and the elements become traded pooled schemes from April 2017 (paragraph 21.8).

• Recommendation no.F12 – funding for schools in financial difficulty continues not to be de-delegated.

• Recommendation no.F13 – funding for insurance for schools continues to be de-delegated

• Recommendation no.F14 – funding for RPTA's is not de-delegated and that it is a traded pooled scheme from April 2017 (paragraph 21.9).

• Recommendation no.F15 – funding for FSM eligibility continues to be de-delegated for primary for the period 1 April to 31 August 2017 (paragraph 6.5).

• Recommendation no.F16 – funding for contingencies continues to be de-delegated for the period 1 April to 31 August 2017 (paragraph 21.7).

• Recommendation no.F17 – any overspend or underspend on de-delegated services overall is carried forward to the following financial year to be used, overall, for the same purpose but that if the SSF considers that the total level of over or under spending on de-delegated services is excessive that the contributing schools will be required to making an additional payment or receive a reimbursement of the appropriate value (paragraph 21.11).
Section G - Overall position and next steps

23. Background

23.1. This section sets out the key next steps towards implementation in of the proposals in this document from April 2017. The timetable for the implementation is provided in table 23i below:

<table>
<thead>
<tr>
<th>Table 23i Timetable for implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 September to 27 September</td>
</tr>
<tr>
<td>23 September</td>
</tr>
<tr>
<td>18 October</td>
</tr>
<tr>
<td>19 October</td>
</tr>
<tr>
<td>November</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Late December</td>
</tr>
<tr>
<td>December/January</td>
</tr>
<tr>
<td>25 January</td>
</tr>
<tr>
<td>By 28 February</td>
</tr>
<tr>
<td>By 31 March</td>
</tr>
</tbody>
</table>

23.2. Further engagement with schools on issues such as early years, the stage two consultation on schools and high needs funding and following the publishing of the qualifying criteria for Local Authority Multi Academy Trust will need to take place during the Autumn. At this stage it is not possible to establish the timescales for this further engagement.