

Date written: 8<sup>th</sup> March 2018

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Date of meeting where the report is being considered: Thursday 15<sup>th</sup> March 2018

## **Issue: Grant Funding 2018 - 2019**

### **1.1 Purpose of the Report**

This paper provides an update to Members on the current position of grant funding to the consortia for 2018/19.

It provides detailed proposals for the final allocation of specific elements of the Education Improvement Grant (EIG) for LAs and Schools across the region for 2018/2019.

### **2.0 Recommendations**

It is recommended that members review the information contained within the report and:-

- 2.1 Seek clarity and explanations where there are areas of concern
- 2.2 Approve the principles of delegation outlined in the paper proposed by Directors

### **3.0 Background**

Historically, there are two main grants received from Welsh Government: Pupil Development Grant (PDG) and the Education Improvement Grant (EIG). In addition, Consortia received additional grants for specific purposes agreed with Welsh Government, usually through the Regional School Support Grant (RSSG). This grant funds the priority areas within the business plan for 2017/18.

Welsh Government has written to Lead Directors and Lead Section 151 officers, outlining changes to the grant funding of Consortia and LAs. In the communication received it outlined that Welsh Government would:

- *Issue a high-level "remit style" letter before the New Year which outlines each of the regions indicative funding envelope for the forward financial/academic year(s) to enable and help improve the Consortia's business planning cycle.(Received 20<sup>th</sup> December 2017)*
- *This will be followed by a single grant letter (excluding the Pupil Development Grant) that will be issued in the early New Year.(Yet to be received)*
- *Payments will be made on a profile/quarterly basis with monitoring of spend undertaken through review and delivery of the Consortia's business plans and also at Challenge and Review meetings negating the need for claim submissions in the future.*

With the launch of the national strategy, 'Education for Wales: Our National Mission', there has been a streamlining of the grant funding processes. From 2018/19, there will only be two grants received by Consortia:

- Pupil Development Grant (PDG)

- Regional Consortia School Improvement Grant (RCSIG)

The EIG will form part of the Regional Consortia School Improvement Grant (RCSIG) and there will remain an expectation that this element of the grant is match funded by local authorities. Currently the expectation is that match funding will be set at 2017/18 levels (although this is yet to be confirmed by Welsh Government). The EIG element of the Regional Consortia School Improvement Grant will predominantly be delegated to schools.

The remaining elements of the grant will be profiled according to the priorities of the Consortia Business Plan. The Business Plan will be approved by Joint Committee and approved by Welsh Government.

### **3.1 Education Improvement Grant**

The main grant received by regional consortia to support national school improvement priorities is the Education Improvement Grant (EIG). This was introduced in 2015 and was an amalgamation of 11 previous Grants. When the grant was first introduced this represented a 10% cut on the overall level of the aggregation of the previous 11 grant funding streams. In 2016/2017 there was a further 5% cut followed by a 0.62% cut in 2017/2018.

Information on the all Wales figures for EIG was published in the Welsh Government Final Budget Settlement on the 19<sup>th</sup> December 2017 for 2018/2019 and 2019/2020. Individual allocations for Consortia have not been published - however indicative allocations have been provided to Consortia Managing Directors by Welsh Government.

Welsh Government has indicated that £13.1m has been removed from EIG as part of a whole-Government approach to prioritise funding to Local Government for front line services and social care. In a written update to ADEW Finance sub group) 19<sup>th</sup> February 2018) Welsh Government stated *'This does not constitute a grant transfer, as the specific grant table within the Local Government Settlement shows'*. In addition the update also stated *'The intention for 2018/19 is to maintain the delegation, administrative and management, and Local Authority funding requirements at 2017/18 levels'*

In addition to this an overall reduction of £2m has been proposed across Wales.

Based upon unpublished indicative allocations provided by Welsh Government, the allocation for CSC for 2018/2019 and 2019/2020 are outlined in the table below:

Table 1: Indicative Allocations for EIG 2018/2019 and 2019/2020

	2015 – 2016 £m	2016 – 2017 £m	2017 – 2018 £m	2018 – 2019 £m	2019 – 2020 £m
<b>All Wales</b>	142.594	137.529	133.282	118.137	107.044
<b>% Cut</b>	10%	3.5%	3.09%	11.36%	9.39%
<b>CSC</b>	<b>43.461</b>	<b>41.466</b>	<b>41.210</b>	<b>35.605</b>	<b>32.228</b>
<b>% Cut</b>	<b>10%</b>	<b>5%</b>	<b>0.62%</b>	<b>13.6%</b>	<b>9.5%</b>

*Points to Note:*

- National allocations for EIG for 2018/2019 are reduced by £15.1m which represents an 11.36% cut across Wales and a further reduction of £11m, a 9.4% cut in 2019/2020;
- The cut to CSC allocations is 13.6% (based upon unpublished indicative allocation) which presents an overall funding shortfall of £5.6m when compared to the original allocations (prior to in-year variations) for 2017/2018.

The publication of the final settlement has not given the clarity that we were all hoping for regarding the 2018/2019 EIG. However, Welsh Government have provided consortia with a funding letter (19<sup>th</sup> December 2017) outlining indicative allocations for 2018/2019, with formal grant letters to follow.

In the aforementioned letter and subsequent e-mail from WG the following information has been provided:

- 2018/2019 indicative allocation for CSC is £35,605,777 - c13.6% cut from the previous financial year;
- Support for Foundation Phase continues to be part of the grant terms and conditions and will continue the requirement to work towards the ratios for 2018/2019; and
- Support for Minority Ethnic Achievement and Gypsy Roma Traveller support will be outside of the EIG in line with assurances to the Cabinet Secretary for Education.

From the above, we are therefore assuming that the consortium will not be providing local authorities with an allocation for MEAG or Gypsy Traveller during 2018/2019 from EIG.

### **3.2 Additional Grant Funding: Regional Consortia School Improvement Grant and PDG**

The Consortium is now in receipt of indicative allocations for all other grants due in 2018/2019. A summary of the funding is show in Table 2. In addition to the cuts faced in EIG there is also an overall cut of £460k, 1.3% on all other funding.

**Thus the overall cut to external grant funding received by the Consortium for 2018-19 is £6.060m.**

**Table 2: Indicative Allocations for Other Grants 2018/19**

	Grant Line	2017-18 £	2018-19 £	Inc/(Dec) £	%
<b>All Wales</b>	Regional Consortia School Improvement Grant (RCSIG)*	27,354,566	22,813,066	(4,541,500)	-16.6%
	Pupil Development Grant (PDG)	91,133,200	91,133,200	0	0%
<b>CSC</b>	Regional Consortia School Improvement Grant (RCSIG)*	5,022,123	4,450,693	(570,430)	-11.4%
	Pupil Development Grant (PDG)	30,517,400	30,567,400	50,000	0.2%

\* Excluding EIG element of the RCSIG

The table above highlights an increase in the Pupil Development Grant and a reduction in all other remaining grant funded activity. The activity within the RCSIG is approved as part of the business planning cycle with Directors, Joint Committee and Welsh Government. This funding cannot be used to fund core activity and is used to fund activity to support 'Education for Wales: The National Mission'. Indicative allocations for RSSG show a cut of £570k for 2018/19 when compared to allocations for 2017/18. This represents an 11.4% cut.

In addition, Welsh Government has provided information regarding 'red lines' that will need to be met as part of the funding conditions. This information will be shared with strategic leads to facilitate business planning.

#### **4.0 EDUCATION IMPROVEMENT GRANT: APPORTIONMENT AGREEMENT**

The following principles of apportionment are being proposed:

- A minimum 2.37% cut to be apportioned across all 2017/2018 EIG funding commitments going forward into 2018/2019 financial year;
- Continue to delegate as much of the EIG as possible to schools;
- Continue to apportion funding for 14 – 16 learning pathways funding directly to schools;
- Delegating funding for non-maintained settings within Foundation Phase so that each LA receive a fixed amount per setting with an additional allocations per setting for training;
- Continue to retain central funding to support the requirements for induction and HLTA
- Continue to retain central funding for literacy / numeracy / Welsh & wider curriculum support;
- Continue the SLA between the consortia and local authorities for administration / finance functions; and
- Allocate EIG using current PLASC data and provide schools with an indicative allocation (prior to the data being verified) in March with final allocations confirmed to schools in June/July.
- Protection mechanism (on a sliding scale) applied to the EIG formula that prevented significant winners and losers to cease on the 31<sup>st</sup> March 2018.

#### **5.0 PROTECTION MECHANISM**

Information presented in this report assumes removal of the protection mechanism from the end of the current financial year. During 2017/2018 CSC advised each Local Authority of the schools that are currently being affected by the protection mechanism in order to aid forward planning.

**Table 3 – Impact of removing the protection mechanism (LA Level) based on 2017/2018**

<b>EDUCATION IMPROVEMENT GRANT : Local Authority Allocations 2017/2018</b>			
	<b>Original Budget</b>	<b>Removal of Protection</b>	
RCT CBC	9,249,398	9,146,836	- 102,561
Bridgend	5,364,475	5,401,283	36,808
Vale of Glamorgan	5,188,786	5,189,398	612
Cardiff	12,911,562	12,971,623	60,061
Merthyr	2,264,512	2,264,512	-
Funding to be reallocated		5,080	5,080
<b>TOTAL</b>	<b>34,978,732</b>	<b>34,978,732</b>	<b>- 0</b>

**allocations.**

**Table 4 – Summary of the impact on schools within each Local Authority if Protection Mechanism had been removed for 2017/2018.**

<b>EDUCATION IMPROVEMENT GRANT : Schools Allocations 2017/2018</b>				
	<b>Decrease in EIG Funding Allocations</b>			
	<b>£</b>			
	<b>0 - (4,999)</b>	<b>(5,000) to (9,999)</b>	<b>(10,000) to (19,999)</b>	<b>(20,000) +</b>
RCT CBC	7	0	2	2
Bridgend	0	0	0	0
Vale of Glamorgan	1	0	0	0
Cardiff	5	1	1	0
Merthyr	0	0	0	0
	<b>Increase in EIG Funding Allocations</b>			
	<b>£</b>			
	<b>0 - 4,999</b>	<b>5,000 to 9,999</b>	<b>10,000 to 19,999</b>	<b>20,000 +</b>
RCT CBC	0	0	0	0
Bridgend	1	0	0	1
Vale of Glamorgan	1	0	0	0
Cardiff	1	2	0	3
Merthyr	0	0	0	0

## **6.0 CENTRALLY RETAINED EIG: PROPOSALS 2018/2019**

Further reduction in the centrally retained element of EIG for 2018/2019, in line with the overall reduction to EIG, is required. In 2017/2018 funding was retained to cover literacy and numeracy provision to vulnerable schools, central support for Welsh, Foundation Phase, HLTAs and NQTs, SIG funding and leadership programme development.

The consortia will continue to retain a common finance and administration function in order to ensure effective budget monitoring / grant claim procedures to Welsh Government and compliance with audit requirements specified within the terms and conditions of the grant. In 2018/2019, subject to further discussion / consideration, a 15.2% cut to the amount retained by the consortium has been assumed.

## 7.0 Delegated to Local Authorities

**Table 5: Funding delegated to Local Authority for specific circumstances.**

Priority Area	Budget 2017/2018 £	Funding required 2018/2019 £	Variance	Variance Explanation
MEAG	4,327,520	-	- 4,327,520	Funding removed from EIG
Gypsy Traveller Children	411,176	-	- 411,176	
Foundation Phase non-Maintained Setting	380,199	334,104	- 46,095	Reduction in 5 non maintained settings across LAs Reduced by 2.37%
LA Retained Admin	68,654	67,063	- 1,592	Reduced by 2.37%
<b>TOTAL Delegated to LAs</b>	<b>5,187,548</b>	<b>401,167</b>	<b>- 4,786,382</b>	

This leaves the balance available for allocation to schools at £34,158,263 (assuming a 2.37% cut to the level of match funding). A decrease in the amount available for school allocation of 2.35%.

### 7.1 LA SERVICE LEVEL AGREEMENT: PROPOSALS 2018/2019

It is recognised that there is a continuing need for Local Authority administration and finance support in order to meet the terms and conditions of the grant / audit requirements.

#### PROPOSALS 2018/2019

Subject to confirmation of the terms and conditions of the grant CSC continues to allocate funding to support this function at the rates below:

**Table 5: Delegated funding to LA for Administration / Finance Functions**

EDUCATION IMPROVEMENT GRANT : ADMINISTRATION/FINANCE SLA		
	Budget 2017/2018 £	Budget 2018/2019 £
RCT CBC	18,446	18,008
Bridgend	10,731	10,477
Vale of Glamorgan	10,377	10,130
Cardiff	24,907	24,315
Merthyr	4,190	4,090
<b>TOTAL VALUE OF SLA</b>	<b>68,651</b>	<b>67,021</b>

## **8.0 DETAILED PROPOSALS FOR DELEGATION 2018/2019**

Outlined below are the previous statutory requirements within the Education Improvement Grant and the assumptions that are being proposed in order to allocate funding.

### **8.1 14 – 16 LEARNING PATHWAYS**

For 2016/2017 Directors agreed to move to a common funding formula across the region. Funding was delegated directly to schools using a per pupil formula (based on PLASC January 2016 for pupils in year 10 & 11).

Cardiff and Bridgend retained funding to support specific arrangements in 2017/2018 (although it was agreed that this would only be for one year). Directors approved that this arrangement would cease with effect from April 2018.

#### **PROPOSALS 2018/2019**

- Continue to delegate funding directly to schools according to pupil numbers in years 10 & 11 (PLASC January 2018).

### **8.2 FOUNDATION PHASE: PROPOSALS 2018/2019**

Currently, there is still an expectation that schools prioritise classroom assistant ratios and the entitlement of non-maintained settings to 10% of a qualified teacher's time within the terms and conditions of EIG.

#### **PROPOSALS 2018/2019**

- Each LA receives £4,147.60 per setting; and
- CSC delegate £415.25 to each non maintained setting directly to support training.

### **8.3 INDUCTION: PROPOSALS 2018/2019**

Current terms and conditions of the grant state that the grant should be used to support the statutory induction on newly qualified teachers as set out in the Education Regulations 2015 (The consortium acts as the appropriate body for this statutory function). The grant should support the provision of a high quality induction experience.

#### **PROPOSALS 2018/2019**

- To continue to determine average number of NQTs within the region.
- To continue to allocate £307.50 per NQT
- To continue to retain the funding centrally, managed by the Professional Programme Co-ordinator (funding for this post it still to be confirmed)

The funding is allocated for the following activities:

- briefing sessions on the statutory arrangements for the induction of NQTs for both school based mentors (SBM) and NQTs in each LA including and introduction to e-safety and safeguarding;
- briefing sessions for SBM who at present do not have an NQT but may do in the future; and

- briefing sessions for short term supply NQTs
  - on statutory arrangements for induction
  - e-safety
  - safeguarding
  - the training of external mentors from Hub schools for the induction of NQTs
  - the payment of EMs from Hub schools for the induction of NQTs

#### **8.4 HIGHER LEVEL TEACHING ASSISTANTS: PROPOSALS 2018/2019**

Terms and Conditions of the grant state that this should be used to deliver the Higher Level Teaching Assistant Scheme across the consortia.

#### **PROPOSALS 2018/2019**

A reduction in line with the overall reduction in the grant is applied to 2017/2018 funding levels and budgets to be managed by the Professional Programme Co-ordinator.

The funding is allocated for the following:

- to manage and continue to follow the same arrangements as previous years for the assessment of HLTAs; and
- to undertake a pilot programme for support staff in line with all support staff being registered with EWC from April 2016.

#### **8.5 MINORITY ETHNIC ACHIEVEMENT GRANT / EDUCATION OF GYPSY CHILDREN AND TRAVELLER CHILDREN**

Support for Minority Ethnic Achievement and Gypsy Roma Traveller support will be outside of the EIG in line with assurances to the Cabinet Secretary for Education.

From the above, we are therefore assuming that the consortium will not be providing local authorities with an allocation for MEAG or Gypsy Traveller during 2018/2019 from EIG, however further conversations between Local Authorities and Welsh Government are continuing.

## **9.0 OPTIONS FOR CONSIDERATION**

Members are required to consider the following:

- 9.1 Protection arrangements currently employed within the EIG delegated schools funding formula are planned to be removed with effect from 1<sup>st</sup> April 2018.

Publication of the final settlement by Welsh Government provided additional financial information - particularly around the cut applied to EIG in both 2018/19 and 2019/20 financial years.

In 2018/19 a relatively small cohort of schools (c5%) will experience a reduction in funding as a direct result of the removal of the protection mechanism and the cut being applied to the overall EIG funding envelope. Based on updated financial information Members are required to consider the withdrawal of the protection arrangement or alternatively extending the current arrangement into financial year 2018/19.

- 9.2 Funding for 14-16 is currently allocated to schools through a common formula with local agreements within Cardiff and Bridgend in relation to the funding of 14-16 central learner support functions.

Directors previously approved that this arrangement would cease with effect from April 2018. Endorsement of the original decision is required or agreement to the continuation of local arrangements, under the auspices of service level agreements with schools, within individual local authorities.

- 9.3 Consider and approve the remaining proposals outlined within the report.

## **10.0 Links to CSC Business Plan and Risks**

**Improvement Priority 5:** To develop effectiveness and efficiency in Central South Consortium

### **11.0 Background papers**

- National Model for Regional Working
- Cuts to Core Budget Report (Directors Nov 2017)
- EIG Terms and Conditions
- Central South Consortium Annual Accounts 2016/2017

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