



**Nottinghamshire
County Council**

SCHOOL FUNDING 2014-15:

**CONSULTATION WITH SCHOOLS
ON THE
LOCAL FUNDING FORMULA**

SEPTEMBER 2013

**Consultation period:
26 September to 18 October 2013**

<u>CONTENTS</u>	<u>PAGE</u>
Introduction	2
Approach to the Consultation	2
Summary of Changes for 2014-15	3
Overview of Proposals for 2014-15	6
Primary to Secondary Funding Ratio	7
Basic Entitlement – Age Weighted Pupil Unit	7
Deprivation and the treatment of the Pupil Premium	8
Low Cost, High Incidence SEN (Prior Attainment)	8
Looked after Children	9
English as an Additional Language	10
Pupil Mobility	10
Sparsity	10
Lump Sum	11
Split Sites	12
Rates	12
Exceptional Factors	12
Growth Fund	13
De-delegation	13
Gains Cap	14
High Needs Funding	15

Appendix 1 – Financial Models 1 to 4

Appendix 2 – Formula Unit Values comparison (all models)

Appendix 3 – Consultation Response Form

Introduction

1. This consultation concerns the distribution of the Dedicated Schools Grant (DSG) – Schools Block of funding for 2014-15 and the distribution of this through the local funding formula. It is relevant to all primary and secondary maintained schools and academies in Nottinghamshire.
2. During March 2013, the Department for Education (DfE) conducted a short consultation to review the effectiveness of the changes made to the school revenue funding system in 2013-14. This review was limited in scope, and was carried out in order to enable the DfE to identify what further changes were required in 2014-15 in order to reach national consistency (and by definition move closer to a national funding formula) and achieve greater transparency in the distribution of school budgets.
3. The introduction of a national funding formula - where pupils attract the same level of funding no matter where they go to school in the country, will not be addressed in the 2014-15 financial year. However, as announced in June 2013, the Government are planning to introduce this during the next comprehensive spending review period commencing in 2015-16. It is expected that a consultation on this will be launched by the DfE later in the year. The changes required to local funding arrangements from 2014/15 can, therefore, be viewed as a further period of transition - to support the move to a new national formula.
4. In June 2013, the DfE published the outcome of this consultation in '***School Funding Reform: Findings from the review of 2013-14 financial year arrangements and changes for the 2014-15 financial year***'. This paper is available in full on the Schools Forum website www.nottinghamshire.gov.uk/learning/schools/information-for-schools/schools-forum. This details the changes required by the DfE and the requirement for all Schools Forums and local authorities to review their local funding formula. A full consultation must be held with schools and the local authority must submit a pro-forma detailing the new formula to the Education Funding Agency (EFA) by 31 October 2013.

Approach to the Consultation

5. This document outlines the requirements set by the DfE for each of the factors that may be used in determining the local schools funding formula in 2014-15.
6. The changes that are required by the DfE were discussed at the Schools Forum meeting held on 20 June 2013. The outcome of discussions at this meeting and the Schools Forum Funding Reform Working Group, held on 3 and 15 July 2013, form the basis of the proposals in this consultation document. The local authority's consultation therefore encompasses any required changes to the local funding formula by the DfE, as well as changes proposed by the Schools Forum following these meetings.
7. The aim of the consultation is to seek the views of all maintained primary and secondary schools and academies on the principles that should underpin the use of the factors in 2014-15. The consultation on these proposals will be open from 26 September to 18 October 2013.
8. Responses to the proposals in this consultation should be submitted by no later than Friday 18 October 2013.
9. **At this stage, the local authority is unable to provide financial modelling to show how making any combination of these changes would affect indicative budgets for 2014-15 as changes in pupil numbers, demographics and DSG settlement are not available. However, to help inform responses to the consultation questions, any proposed changes to**

individual factors have been modelled in isolation to demonstrate the potential impact in adopting the proposals.

10. A summary of the potential impact on the formula for each proposal is included in the relevant section on this document. Further appendices are included to show the potential impact on each school. The models are based on October 2012 pupil numbers and datasets provided by the DfE and 2013-14 funding levels. They therefore do not reflect the funding that will be received by a school in 2014-15 and have been provided for the purposes of modelling only.

11. The responses to the consultation will be considered at an extraordinary meeting of the Schools Forum on 29 October 2013, and used to finalise the local funding formula for 2014-15 for submission to the EFA by 31 October 2013. The formula will then subsequently be recommended to the County Council’s Policy Committee for approval in November 2013.

12. The final local funding formula for 2014-15 will then be finalised based on affordability of the 2014-15 DSG settlement and issued pupil data sets in late December 2013, for final submission to the EFA on 22 January 2014. Individual school budget allocations will be confirmed to local authority maintained schools by 20 February 2014. The EFA will confirm academy budgets by 28 February 2014.

Summary of the changes for 2014-15

13. Below is a brief summary of the main changes that the DfE have made to the school funding system for 2014-15. As outlined in paragraph 3 above, full details of the changes required for 2014-15 can be accessed through the Schools Forum website.

14. Funding within the Schools Block must be delegated to schools with the exception of any approved de-delegation for maintained schools (exception 1) or where the authority continues to provide for historic commitments or statutory functions (exceptions 2 and 3). Where funding is retained under exceptions 2 and 3, the authority is not allowed to retain more than the 2013-14 budget without the permission of the Secretary of State. Where funding was previously retained through de-delegation (exception 1), this must again be agreed with the Schools Forum for 2014-15.

15. The local funding formula for 2014-15 will operate with a maximum of 13 allowable factors, compared to 12 in 2013-14. Of the 13 factors, three remain not applicable in Nottinghamshire – Private Finance Initiative (PFI) contracts, London Fringe and Post-16 funded through the DSG.

16. The remaining 10 factors are listed with a brief description of how each factor will operate in 2014-15 in the table below. Any changes from the arrangements for 2013-14 are shown in ***bold italics***.

Factor		Description
Pupil led factors		
1	Basic per pupil entitlement - age weighted pupil unit (AWPU)	Single unit value for primary – <i>the value of the primary AWPU must be greater than £2,000</i> Single unit value for each of KS3 and KS4 – <i>the value of the KS3 and KS4 AWPU must be greater than £3,000</i>
2	Deprivation	Continues to be measured by free school meals (either single year or Ever6 indicators) and/or

		<p>Income Deprivation Affecting Children Index (IDACI).</p> <p>Separate unit values for primary and secondary phase are still permitted.</p> <p>Local authorities and Schools Forums are requested to determine an appropriate proportion of schools block funding to allocate through this factor.</p>
3	Prior attainment (Low Cost, High Incidence SEN)	<p>Primary pupils continue to be identified by Early Years Foundation Stage Profile (EYFSP). Pupils in Years 2 to 5 will be identified by a score of less than 78 or 73 points on the old EYFSP. Pupils in Year 1 will be identified as those not achieving a 'good' level of development.</p> <p>Secondary pupils continue to be identified by Key Stage 2 assessments, but will now be identified as achieving Level 3 or below in English OR Maths.</p> <p>Separate unit values for primary and secondary phase are still permitted.</p>
4	Looked after children	<p>A single unit value for both phases will remain.</p> <p>A single indictor will now be provided, covering all pupils who have been looked after for one day or more on 31 March 2013.</p>
5	English as an additional language (EAL)	<p>Pupils will continue to attract funding for a maximum of three years after the pupil enters the statutory age school system.</p> <p>Separate unit values for primary and secondary phase are still permitted.</p>
6	Pupil mobility	<p>Pupils starting school at non-standard start dates (i.e. not August, September or January for Year R) in the last three academic years. A 10% threshold will now apply to attract funding.</p> <p>Separate unit values for primary and secondary phase are still permitted.</p>
Non pupil led factors		
7	Sparsity	<p>A fixed or variable amount to a maximum of £100,000 may be applied to small schools where the average distance (as the crow flies) to pupils' second nearest school is</p> <p>>2 miles primary >3 miles secondary</p>

		<i>To be classed as a small school, primary schools must have a maximum of 150 pupils on roll and secondary schools must have a maximum of 600 pupils on roll to qualify.</i>
8	Lump sum	<i>Lump sum value may be differed for primary and secondary phase, with a new upper limit of £175,000.</i> <i>The value use for <u>each phase</u> must be applied to all schools in that phase.</i> <i>Merging schools will be permitted to keep 85% of the two lump sums for the next financial year in which they merge.</i>
9	Split sites	The criteria used for this factor can continue to be determined locally but must clearly define what constitutes a split site and how much is paid.
10	Rates	Rates will continue to be funded at the latest estimate of cost.

17. In addition to the factors shown in the table below, it will be permitted to apply to use exceptional premises factors in the local funding formula. In 2013-14 Nottinghamshire was successful in the application to use exceptional factors for joint use arrangements and rental of premises. These approved factors can continue to be used in 2014-15 provided that the same criteria are applied. Permission for any new exceptional premises factors to be used must be applied for from the Education Funding Agency (EFA).
18. For 2014-15, of the total funding delegated to schools through the local funding formula, a minimum of 80% of this must be distributed through the locally determined combination of pupil led factors (numbered 1 to 6 in the table above). In Nottinghamshire, a total of 90.8% was allocated through the pupil led factors in 2013-14.
19. The DfE have not prescribed any constraints on the primary to secondary funding ratio for 2014-15, although they have indicated that this may be considered for future years. However, local authorities are advised to identify how they compare nationally. The national average for the primary to secondary ratio in 2013-14 was 1:1.27; in Nottinghamshire the ratio was 1: 1.265.
20. The minimum funding guarantee (MFG) will continue to operate in 2014-15 at minus 1.5% per pupil. The MFG only applies to the funding received for statutory school age children and therefore excludes any early years or post 16 funding. As the protection provided by the MFG is based on per pupil funding, the MFG calculation will not include the lump sum, sparsity funding or rates. There is a clear commitment that the MFG will continue beyond 2014-15; however the level at which this will be set in future years has not been confirmed.
21. The ability to apply a local gains cap will remain for 2014-15. It will continue to be a requirement that any cap applied has to be at the same level and on the same basis for all schools, so cannot be differentiated by phase. The EFA will apply the local gains cap to academies on the same basis as for maintained schools.

Overview of Proposals for 2014-15

- To maintain the overall primary to secondary funding ratio at 1: 1.265 (page 7, question 1)
- To fund AWPU rates in 2014-15 at the level required to maintain the overall primary to secondary funding ratio of 1:1.265, taking into to consideration the decision to fund proposals included in this consultation and the overall affordability of the formula (page 7, question 2)
- To continue to fund a deprivation factor using a combination of Free School Meals (FSM) Ever 6 and IDACI data using the same funding proportions and weightings as in 2013-14 (page 8, question 3)
- To continue to use the Prior Attainment (Low Cost High Incidence SEN) factor using the same proportion of funding as in 2013-14 but to consult on the rates used for each phase (page 9, question 4)
- To continue to have a factor for Looked after Children using the same fixed rate of funding as in 2013-14 (page 10, question 5)
- To continue to fund English as an Additional Language for up to 3 years from when a child enters the compulsory school system using the same proportion of funding as in 2013-14 (page 10, question 6)
- To continue to use the Pupil Mobility factor using the same proportion of funding as in 2013-14 (page 10, question 7)
- To consult on allocating funding through the new Sparsity factor (page 11, questions 8 to 10)
- To maintain the Lump Sum at £100,000 for secondary schools and to consult on the Lump Sum value for primary schools (page 12, questions 11 to 12)
- To keep the criteria and rates for the funding factors for split sites, joint use and rental the same as in 2013-14 (pages 12 to13, questions 13 to 15)
- To consult on increasing the amount of funding centrally retained and widening the criteria of the existing growth fund to meet pre-16 basic need (page 13, questions 16 to 17)
- To consult on de-delegating funding in 2014-15 for maintained primary and secondary schools (page 14, question 18)
- To consult on applying a further gains cap of 2.5% per pupil in 2014-15 in order to achieve the cumulative gains cap of 7.5% per pupil proposed in the 2013-14 consultation (page 14, question 19)
- To continue with the current allocation of notional SEN as it is now mandatory that schools fund the first £6,000 of any high needs pupils (page 15)

Primary to Secondary Funding Ratio

22. This ratio shows the comparative level of funding per pupil across primary and secondary schools in the local authority. When the County Council's Policy committee approved the local funding formula for 2013-14, they requested that the local funding formula kept this under review, especially in regard of the options concerning the lump sum and primary to secondary ratio in light of the announcements on the 2014-15 arrangements.
23. Based on the DfE analysis of all local funding formulae, and the comparison against both our statistical and local neighbours, the primary to secondary ratio in Nottinghamshire for 2013-14 of 1:1.265 is broadly in line with the national average of 1:1.27.
24. The DfE will not be determining a fixed national primary to secondary funding ratio for 2014-15; however they are advising that this may be a consideration in the future as we move closer to a national funding formula.
25. In light of this direction of travel, the benchmarking data available and the desire to maintain as much stability in school budgets as the DfE requirements allow, it is the recommendation of both the Schools Forum and the local authority that the current primary to secondary ratio should be maintained for the 2014-15 financial year. It is assumed that in the modelling of all other proposals in this consultation and associated financial modelling that this ratio is maintained.

Question 1

Do you agree that the primary to secondary ratio should be maintained at 1:1.265 for the 2014-15 financial year?

Basic Entitlement – Age Weighted Pupil Unit (AWPU)

26. The DfE require that for AWPU funding in 2014-15, a single value must be applied for the primary AWPU and this must be at least £2,000. Separate values are permitted for KS3 and KS4, however the value of these must be at least £3,000. The current Nottinghamshire formula already complies with this requirement as the primary AWPU in 2013-14 is £2,930, KS3 is £4,071 and KS4 is £4,998.85.
27. As the most significant proportion of funding is distributed through the AWPU factor, the value of the rates is key to maintaining the overall primary to secondary ratio of 1:1.265. It is therefore proposed that the AWPU rates for 2014-15 will be proportionally altered across all 3 values to maintain the existing primary to secondary funding ratio of 1: 1.265. This will be necessary if the following circumstances apply:
- The overall affordability (i.e. cost of the MFG) in 2014-15 requires the AWPU to be altered across any of the 3 given values
 - The decision to fund proposals included in this consultation, require the AWPU to be altered across any of the 3 given values

Question 2

Do you agree that the 2013-14 AWPU rates should be proportionally adjusted in order to maintain the overall primary to secondary funding ratio of 1: 1.265 for 2014-15?

Deprivation and the treatment of the Pupil Premium

28. The DfE is clear that deprived pupils should attract additional funding, and as such local authorities are required to have a mandatory deprivation factor within their formula to do this. **There will continue to be an investment in support for deprived pupils over and above the amounts distributed through local formulae in the form of the Pupil Premium.** For 2013-14, the funding allocated nationally to the pupil premium totals £1.875 billion, equating to £900 per eligible pupil. A pledge that this will increase to £2.5 billion by 2014/15. The per pupil rate for 2014-15 was confirmed by the Deputy Prime Minister in July 2013 at £1,300 per eligible pupil. The impact of this increase at individual school level is shown in **Appendix 1**. In order to ensure that the Pupil Premium remains an additional allocation to school budget shares to support deprived pupils, the Deprivation factor remains mandatory in the local funding formula.
29. Local authorities can continue to use free school meals (FSM) data, Income Deprivation Affecting Children Index (IDACI) data or a combination of the two. Where FSM data is used it can either be through eligible pupils or the Ever 6 model (which counts pupils who have been entitled to a free school meal at the January census point in the last 6 years). For 2014-15, local authorities are required to determine the amount of funding they are going to allocate through the deprivation factor. In 2013-14, 3.2% of the total funding distributed through the local funding formula was allocated through the deprivation factor.
30. It is proposed to continue to use a combined factor with funding at the same level (3.2% of total funding) and in the same proportion as in 2013-14, being 50% of the total funding distributed through Ever-6 FSM data and 50% through IDACI data.
31. The banding for IDACI data are set by the DfE and remain the same as 2013-14, it is proposed to retain the same weightings as shown in the table below:

Band	IDACI score Lower limit	IDACI score Upper limit	Weighting
1	0.2	0.25	1.0
2	0.25	0.3	1.0
3	0.3	0.4	1.0
4	0.4	0.5	1.0
5	0.5	0.6	2.0
6	0.6	1.0	2.0

Question 3

Do you agree that the same percentage of total funding, deprivation indicators and weightings should be used to allocate deprivation funding in 2014-15?

Low Cost, High Incidence SEN (Prior Attainment)

32. Local authorities have the option to target funding to schools for pupils with low cost, high incidence SEN through the prior attainment factor. The measurement differs for primary and secondary funding allocations and these have been changed for 2014-15. In 2013-14, Nottinghamshire targeted 4.31% of funding through this factor and applied a single unit value of £1,075.10 per eligible pupil in both the primary and secondary phase.
33. Funding for primary schools will continue to be based on the Early Years Foundation Stage Profile (EYFSP) for 2014-15. However, a new EYFSP was introduced in September 2012, with the first assessments taking place in Summer 2013. Therefore, year 1 pupils will be assessed on the new profile and pupils in years 2-5 will have been assessed on the old profile.

34. Local authorities will be able to target funding in the primary phase by either:
- The number of pupils in years 2-5 who achieved fewer than 78 points and pupils in year 1 who did not achieve a good level of development; or
 - The number of pupils in years 2-5 who achieved fewer than 73 points and pupils in year 1 who did not achieve a good level of development.
35. It is proposed to continue with pupils who do not achieve 78 points or fewer for years 2-5 and for year 1 pupils who did not achieve a good level of development. As the new profile assessment has not yet been measured, financial modelling assumes all year groups not achieving 78 points.
36. Funding for secondary schools in 2013-14 through this factor was based on pupils who did not achieve level 4 in English **and** Maths at Key Stage 2. However, the DfE want to ensure that this factor more accurately allows funding to be targeted to support pupils who are at risk of not attaining well at KS4. The DfE review of attainment data shows that currently only 20% of pupils who achieved level 4 in English **or** Maths went on to achieve the 5 (A*-C) GCSEs including English and Maths. In light of this, the DfE have changed the criteria for 2014-15 and secondary schools will now receive funding through this factor for pupils who did not achieve level 4 in English **or** Maths at Key Stage 2. Based on the 2013-14 data, this would increase the number of secondary pupils who would attract funding through this factor from 3,948 (9.7%) to 9,538 (23.3%).
37. In order to keep the overall funding at the same level as in 2013-14, this change in criteria will require a reduction to the unit rate for this factor in both the primary and secondary phase if a single rate is to be maintained, or just the secondary phase if a differential rate is to be applied. There is also the option to increase the overall level of funding in this factor to maintain a single rate of funding in both phases at same unit value for 2013-14. The overall impact the three options are summarised below and are modelled an individual school level in **Appendix 1 (models 1a to 1c)**.

Option	Funding requirement	Effect on AWPU	Effect on MFG
1a Maintain a single prior attainment unit rate and reduce to £811.32 to keep the same level of funding as 2013-14	Nil	Primary +£15.10 KS3 -£134.95 KS4 -£163.37	Overall increase +£23,048
1b Maintain a single prior attainment unit rate at £1,075.10 and increase the level of funding to 5.8%	£6,009,859	Primary -£41.54 KS3 -£134.95 KS4 -£163.37	Overall decrease -£292,342
1c Maintain the unit rate at £1,075.10 in the primary phase and reduce the unit rate in the secondary phase to £444.98, to keep the same overall level of funding as 2013-14	Nil	Primary -£43.44 KS3 -£57.44 KS4 -£57.44	Overall decrease -£164,715

Question 4

Which of the options (1a, 1b or 1c) do you think is the most appropriate for distributing funding through the Prior Attainment factor?

Looked after Children

38. A single indicator will apply in 2014-15 for targeting funding for Looked after Children through the local funding formula. This will identify those children who have been looked after for one day or more as at the 31 March 2013 and recorded on the SSAD903 return. This return will then be mapped back to the children recorded on the school census as at January 2013 and applies as a percentage of the total school roll.

39. In 2013-14, a fixed unit value of £3,000 was allocated through the local funding formula at a cost of £1.430m. It is proposed to continue to have a fixed unit value of £3,000 for the Looked after Children factor in 2014-15.

Question 5

Do you agree that a fixed unit value of £3,000 should be used to allocate funding through the Looked after Children factor in 2014-15?

English as an Additional Language (EAL)

40. The total funding distributed for EAL in 2013-14 represented 0.25% of the total funding, with a single unit value in both the primary and secondary phase and restricted for 3 years from when a pupil enters the compulsory school system.

41. It is proposed that funding for EAL will continue at the same level and using the same criteria for 2014-15.

Question 6

Do you agree that the same percentage of total funding should be allocated through the EAL factor with a single unit value in 2014-15?

Pupil Mobility

42. The Pupil Mobility factor is intended to provide funding to schools that have higher levels of pupil mobility, and targets funding where there are pupils starting school at non-standard start dates in the last three academic years. A total of £169,814 (0.04%) of funding was distributed through this factor in 2013-14, using single unit rate of £24.86 per pupil. In order to target this funding more effectively, a 10% threshold has been applied by the DfE.

43. It is proposed that funding for Pupil Mobility will continue at the same total funding level, but the single unit value will be increased to reflect the reduction of eligible pupils.

Question 7

Do you agree that the same percentage of total funding should be allocated through the Pupil Mobility factor in 2014-15, with an increased single unit value to reflect the reduced eligibility?

Sparsity

44. Sparsity is a new optional factor for 2014-15 to enable local authorities to target funding at small rural schools. It is intended to be set at a level to provide additional funding required by unavoidably small schools that could not operate on the basis of per pupil funding alone. Funding may only be targeted at schools that qualify under the DfE's sparsity criteria which measures the distance that pupils live from their second nearest school.

45. The distance has been calculated using pupil and school postcodes. For each school the DfE has identified the pupils that live nearest to it and then has calculated the distance they live from their second nearest school as the crow flies. The mean distance is then calculated and this is the school's sparsity distance.

46. The criteria for Sparsity funding are as follows:

- Primary – fewer than 150 pupils and an average distance greater than or equal to 2 miles;
- Secondary – fewer than 600 pupils and an average distance greater than or equal to 3 miles.

In Nottinghamshire, only 15 primary schools qualify and no secondary schools.

47. If the factor is adopted, the maximum funding permitted per school is £100,000 which can be funded either as an absolute lump sum or a tapered lump sum so the very rural smallest schools receive more funding.
48. If the Sparsity factor was included in the local funding formula, in order to maintain the overall primary to secondary funding ratio, the cost of the factor would either have to be funded from a reduction in the primary AWPU or the primary Lump Sum funding. Assuming a notional Sparsity allocation of £10,000, the effects of both approaches are illustrated in the table below.

Sparsity Unit value	Funding Requirement	Funded From	Reduction to unit value	Effect on MFG
£10,000	£150,000	Primary AWPU	- £1.20	- £58,995
£10,000	£150,000	Primary Lump Sum	- £289.55	- £48,298

49. Details of the effect on each primary school on funding Sparsity at this level are included in **Appendix 1 – financial models 2a and 2b**. Schools which qualify for the Sparsity factor are annotated on the models. Please note that when reviewing these models all other factors remain the same as in model 1a. The financial effect of increasing the Sparsity allocation in increments of £10,000 has been modelled, and the relationship between increasing the unit value incrementally and the effect on the AWPU and Lump Sum unit values are not linear due to the effect of the MFG.
50. It is proposed not to have a Sparsity factor as very few schools qualify, it would impact on all primary schools and due to the MFG cannot be assumed to generate the additional funding to the eligible schools. The factor could also divert funding from other small but not sparse schools. In addition, the Lump Sum was set at £100,000 in 2013-14 in order to protect small schools.

Question 8

Do you agree with the proposal not to adopt a Sparsity factor for the 15 primary schools identified as eligible under the DfE criteria?

If you have answered no to question 8, please answer questions 9 and 10

Question 9

What unit value do you think is appropriate to support these schools?

Question 10

Should this be funded from a reduction in the primary AWPU rate or primary lump sum?

Lump Sum

51. In 2013-14, local authorities had to set a single lump sum for all schools and the upper limit was £200,000. The lump sum for Nottinghamshire was set at £100,000 which was estimated to be reasonable to cover fixed costs (Head teacher, Admin & Clerical support and Caretaking) in a small primary school in Nottinghamshire.

52. In 2014-15, a separate lump sum can be set for primary and secondary schools and the upper limit is £175,000. It is not proposed to alter the secondary lump sum of £100,000.
53. In order to maintain stability, the Schools Forum and local authority are minded also to retain the £100,000 primary lump sum. However as outlined in paragraph 22, when the County Council's Policy Committee approved the local funding formula for 2013-14, they requested that the options concerning the lump sum were kept under review.
54. As it is now possible to set a separate lump sum for each phase, the effect of altering the primary lump sum by both an incremental increases of £10,000 has been modelled. The effect of this is that for every £10,000 the lump sum is increased, it results in a reduction of approximately £50 to the primary AWPU unit value. The effect of increasing the primary lump sum to £110,000 on individual primary schools is shown in **Appendix 1 – model 3**. Please note that when reviewing this model all other factors remain the same as in model 1a.

Question 11

Do you agree with the proposal to keep the lump sum value at £100,000 in 2014-15 for the

a) Primary phase?

b) Secondary phase?

Question 12

If you answered no to question 11, at what value do you think the primary lump sum should be set

a) Less than £100,000?

b) £110,000?

c) Other?

Split Sites

55. It is not proposed to change the existing arrangements and to retain the current criteria for split site allowances. The cost of the Split Site factor is estimated to be £828,646 (0.2%) in 2014-15.

Question 13

Do you agree to continue with the current methodology and funding for split site schools?

Rates

56. Funding for rates is currently delegated to schools and shown in the schools annual budget statement. By mutual agreement, these changes are paid centrally and are therefore deducted prior to schools' budgets being distributed. In the case of academies, the EFA pays the academy when the actual rates sum paid are known. It is proposed that this arrangement will continue for 2014-15.

Question 14

Do you agree to continue with the current arrangement to pay rates centrally?

Exceptional Factors

57. In 2013-14, Nottinghamshire received DfE approval to apply exceptional premises factors for schools which have official joint use arrangements for shared leisure facilities and schools where costs are incurred through the rental of school accommodation. These factors can continue to be applied in 2014-15, providing that these factors continue to meet the qualifying criteria of applying

to less than 5% of the schools in the authority and account for more than 1% of the budget of the school(s) affected.

58. It is proposed to continue to fund both of these exceptional factors in 2014-15. The estimated cost of these factors in 2014-15 is £526,901 (0.12%) for joint use and £54,569 (0.01%) for rental.

Question 15

Do you agree to continue with the exceptional factors for joint use and rental?

Growth Fund

59. The growth fund must be agreed by the Schools Forum and is deducted from the Schools Block before calculating budget shares. In 2013-14, the growth fund was set at £500,000 to provide a contingency to support the maintenance of infant class sizes, subject to schools meeting the agreed criteria. Based on the latest data from the Children’s Place Planning and Admissions team, it is proposed to increase the growth fund held to support the maintenance of infant class sizes to £600,000. Based on October 2012 census data, the estimated cost of increasing the growth fund by £100,000 is approximately £1.69 per primary pupil.

60. In 2014-15, it is proposed to continue with the growth fund for the maintenance of infant class sizes, but in addition it is proposed to provide additional funding to support basic need provision agreed with the authority primarily in primary schools. The allocation of funds from the basic need growth fund would be subject to meeting criteria agreed by the Schools Forum. It is proposed that an amount of £150,000 is set aside for a basic need growth fund in 2014-15. Based on October 2012 census data, the estimated cost of establishing a basic need growth fund of £150,000 is approximately £2.53 per primary pupil.

Question 16

Do you agree that the growth fund should be increased to support the maintenance of infant class sizes?

Question 17

Do you agree that a pupil growth fund should be established to support basic need growth agreed with the authority?

De-delegation

61. The DfE continues to require that the funding that was subject to de-delegation on 2013-14 should be delegated to schools in 2014-15. Maintained schools in each phase will need to agree collectively, through the Schools Forum, whether to de-delegate funding to the local authority to meet certain permitted categories of expenditure centrally. The rationale for de-delegation is to achieve economies of scale and to pool risk across schools for these costs.

62. De-delegation will be an option for maintained primary and secondary schools for the following allocations in line with 2013-14 delegation. The indicative rates for de-delegation in 2014-15 are shown in the table below:

	Primary per pupil de-delegation	Secondary per pupil de-delegation
Contingencies (pre-agreed amalgamation transitional support)	£1.68	nil
Free school meal eligibility assessment	£0.87	£0.91
Staff costs/supply cover (trade union facility time)	£3.23	£3.40
Support to underperforming ethnic minority groups and bilingual learners	£5.03	£5.03

Question 18

As a representative of either a maintained primary or secondary school, do you agree to the de-delegation of the following in 2014-15:

- ***Contingencies for pre-agreed amalgamation transitional support?***
- ***Free school meals eligibility assessment?***
- ***Staff costs / supply cover (trade union facility time)?***
- ***Support to underperforming ethnic minority groups and bilingual learners?***

Gains Cap and Minimum Funding Guarantee

63. To minimise the impact of changes to school budgets and to allow schools time to plan for any changes in the level of funding they receive, the national minimum funding guarantee (MFG) will continue to operate at minus 1.5% per pupil in 2014-15. This is to ensure that no school loses more than 1.5% per pupil in delegated funding in comparison to the previous financial year's budget.
64. Certain items will be automatically excluded from the calculation of the MFG, as including them could result in excessive or insufficient protection for schools. The automatic exclusions are:-
- Post 16 funding
 - High Needs funding for pupils with SEN
 - Lump sum (set at 2014-15 value)
 - Early years funding
 - Rates
65. The cost of the MFG protection has to be funded from the overall funding available within the Schools block. As there could be significant amounts of protection required in some areas as a result of formula simplification, local authorities will be able to apply a gains cap so that schools cannot gain more than a certain amount per pupil as a result of the new formula. A gains cap works on the same principles as the MFG, however instead of providing a 'top-up' to formula budget it makes a reduction on any per pupil gains over a certain level. The amount generated by a gains cap is then redistributed through the basic per pupil entitlement of the local funding formula.
66. The application of a gains cap was considered by the Schools Forum as part of the 2013-14 consultation, and it was agreed in principle that a scaled gains cap should be applied over a period of three years against the budgets schools received in 2012-13. The intention behind this transitional support was to allow schools that would lose funding under the new formula arrangements sufficient time to plan for this reduction, and also provide assurance to those schools that would gain funding that this would eventually be fully realised. A gains cap of 5% per pupil was applied in 2013-14, and the Schools Forum agreed in principle, that this should be increased to 7.5% in 2014-15 and 10% in 2015-16 (subject to a national funding formula).
67. As the gains cap works by comparing any change in per pupil funding between financial years, in order to achieve the cumulative gains cap of 7.5% per pupil, it is proposed to apply further cap of 2.5% in 2014-15. The effect of applying this has been modelled on individual schools and is shown in **Appendix 1 – model 4**. Please note that when reviewing this model all other factors remain the same as in model 1a.

Question 19

Do you agree with the proposal to apply a further gains cap of 2.5% per pupil in 2014-15 in order to achieve the cumulative gains cap of 7.5% per pupil proposed in the 2013-14 consultation?

High Needs Funding

68. Schools will continue to be required to fund the first £6,000 of high needs pupils. The £6,000 was a recommendation in 2013-14 but is mandatory in 2014-15.