



**REPORT OF THE CHAIRMAN OF THE CHILDREN AND YOUNG PEOPLE'S
COMMITTEE**

**SCHOOL AND EARLY YEARS FUNDING: AGREEMENT OF THE LOCAL
FUNDING FORMULA FOR 2016-17**

Purpose of the Report

1. This report seeks approval for the adoption of the Nottinghamshire Schools and Early Years local funding formula, as recommended by the Schools Forum, for the financial year 2016-17.

Information and Advice

2. Since April 2013, all local authorities have been required to use a new simplified local funding formula to distribute the notional Schools Block of funding to all mainstream primary and secondary maintained schools and academies.
3. In accordance with the School and Early Years Finance (England) Regulations 2014, the responsibility for determining the local funding formula for schools and early years providers lies with the local authority. Prior to agreeing the formula, the local authority must first consult with the Schools Forum and all maintained schools and academies in the area on the proposed changes. Where any proposed changes affect early years providers they too must be consulted. The Schools Forum is a representative body from the Nottinghamshire schools and early years community which is constituted to make decisions and give guidance to the Local Authority about the Schools Budget.
4. On 15 September 2015 the Schools Forum was presented with a paper and models showing the effects of the arrangements and proposals for the local funding formula for consultation with all parties affected by the changes. The Early Years single funding formula was included in the consultation for the first time due to a number of proposed changes to the factors in that formula. The financial models and consultation document were agreed and a formal consultation on the proposals was held from 21 September to 9 October 2015.
5. The Schools Forum met on the 22 October 2015 to consider the consultation responses and decide on how the formula should be implemented for 2016-17. An analysis of the consultation responses was reported to members of the Forum and, in the majority of cases, the responses showed a clear indication of, if and how individual formula factors should be applied in the local funding formula for 2016-17.

6. The deprivation factor was a particular cause of concern and further financial modelling was requested prior to a final decision being made. This request was declined on the basis that there was insufficient time for this work to be undertaken because the deadline for submitting the Local Authority's funding formula to the Education Funding Agency (EFA) was 30 October 2015. However, as a result of clarification from the EFA, it transpired that the deadline was 21 January 2015, and there was, therefore, sufficient time to complete a further round of consultation on this particular factor.
7. The Forum agreed to a further period of consultation which took place between the 16 and 27 November 2015. Additional proposals and financial modelling were provided to all maintained schools and academies for comment.
8. The Schools Forum met again on 10 December 2015 to consider the consultation responses and agreement was reached on how the deprivation factor should be applied for 2016-17.
9. The analysis of consultation responses and the recommendations made by the Schools Forum for 2016-17 will be made available to schools via the Schools Portal in the coming weeks.
10. A summary of the factors as they were for 2015-16, changes to them, and the recommendation of the Schools Forum on how these should be applied in 2016-17, is shown in **Appendix 1**.

Gains Cap Transitional Arrangements

11. To minimise the impact of changes to school budgets caused by the changes to the local funding formula required by Government, and to allow schools time to plan for any changes in the level of funding they receive, a national minimum funding guarantee (MFG) continues to operate at a value of minus 1.5% per pupil in 2016-17. This is to ensure that no school loses more than 1.5% per pupil in delegated pupil led funding in comparison to the previous financial year's budget.
12. The cost of the MFG protection has to be funded from the overall funding available for distribution through the local funding formula. As there could be significant amounts of protection required in some areas as a result of formula simplification, local authorities are 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.
13. 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. 2015-16 was the final year of this transitional agreement and the 2016-17 budgets will be set without any gains cap.

De-delegated Funds

14. The DfE continues to require that any funding that was subject to de-delegation in 2015-16 should be re-approved by Schools Forum if the de-delegation is to continue in 2016-17, along with any new items. Maintained schools in each phase agreed collectively, through the Schools Forum, to continue to de-delegate funding to the Local Authority to meet the below 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. For 2016-17 the Forum recommends that the following items are covered by de-delegated funds:

- Contingency for pre-agreed amalgamation transitional support
- Free School Meals eligibility assessment
- Staff costs/supply cover for trade union facility time
- Support to underperforming ethnic minority groups & bilingual learners
- Contingency for crisis communications.

Pupil Growth Fund

15. The growth fund must be agreed by the Schools Forum and is deducted from the Schools Block before calculating budget shares. In 2015-16, the growth fund was set at £1.0m with £0.8m to support the maintenance of infant class sizes and £0.2m to support basic need provision. The Schools Forum agreed, that for 2016-17, it should be maintained at the 2015-16 level.

Spending Review and Autumn Statement 2015

16. As part of the Autumn Statement 2015 the Government announced the introduction of a new national funding formula for schools, high needs and early years. A detailed consultation will be launched in 2016 with the intention to implement the new formulae in 2017-18. It is not yet known what the impact of this will be for the 2017-18 local funding formula.

Other Options Considered

17. Financial models for all proposed changes were considered as part of the consultation.

Reason for Recommendation

18. The Local Authority is required to decide upon the redistribution of the Schools Budget through a funding formula which complies with current regulations and must have regard to the consultation with schools, early years providers and the recommendations of the Schools Forum.

Statutory and Policy Implications

19. This report has been compiled after consideration of implications in respect of finance, public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service

and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

20. The quantum of funding distributed to schools overall is unaffected by changes in the formula. However, there are financial implications for individual schools and the effect of these has been minimised as outlined in the report.

RECOMMENDATION

- 1) That the Committee approves the recommendations of the Schools Forum, as outlined in **Appendix 1**, to distribute available funding between Nottinghamshire schools, academies and early years providers in 2016-17.

Councillor John Peck
Chairman of the Children and Young People's Committee

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Constitutional Comments (SMG 18/12/15)

21. The proposals set out in this report fall within the remit of the Policy Committee.

Financial Comments (SAS 17/12/15)

22. The financial implications are set out in paragraph 20 of the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

The School Forum papers are available via the links below:

[15 September 2015 | Nottinghamshire County Council](#) :

Item 6b Local Funding Formula 2016-17 Consultation Overview
Item 6b Local Funding Formula 2016-17 Consultation
Item 6b Appendix A Early Years Single Funding Formula Background
Item 6c Appendix B Early Years Financial Modelling
Item 6d Appendix C Schools Receiving Sustainability
Item 6e Appendix D Increase in Primary Lump Sum Financial Modelling
Item 6f Appendix E Consultation Response Form

[22 October 2015 | Nottinghamshire County Council:](#)

Item 3a Analysis of Consultation Responses Report
Appendix A Analysis of Consultation Responses
Appendix B Additional Comments regarding the Consultation

[10 December 2015 | Nottinghamshire County Council :](#)

Item 3a Schools Forum minutes 15.09.2015
Item 3b Schools Forum minutes 22.10.2015

Item 4c November 2015 Consultation Response Analysis Report
Item 4c Appendix A Consultation Response Analysis

Electoral Division(s) and Member(s) Affected

All.

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