



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

**SCHOOL AND EARLY YEARS FUNDING: AGREEMENT OF THE LOCAL
FUNDING FORMULA FOR 2017-18**

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 2017-18.

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. This consultation is influenced by work carried out by the Schools Forum over the last year. Following the consultation for 2016-17 the Schools Forum created a working group to examine the Nottinghamshire formula and better understand all the elements of this. The impact of the changes to the Income Deprivation Affecting Children Index (IDACI) dataset was discussed in March by the full Forum and it was understood that as the allocation to IDACI had remained constant there are schools/ academies in the authority which have gained as well as those which have lost. The Minimum Funding Guarantee (MFG) gives schools protection to ensure that they cannot lose more than 1.5% on their per pupil baseline of the previous year. The 'funding' working group discussed possible models, and brought back their comments to the June Schools Forum meeting, and met again in July. As a result of the work done by this group to consider the consultation process and the 2017-18 budgets, their recommendation was that no changes are made to the formula for 2017-18. Over the summer it was announced that the IDACI dataset would be changing once again, and the impact of this was modelled and shared with the Schools Forum in September. However the Forum felt that if the formula was not

changed as a result of last year's data changes, it should not be changed for 2017-18. Members of the Forum are aware that there is a period of transition to a national funding formula and feel that stability is an important consideration as far as this is possible. The recommendation to leave the formula unchanged was consequently reflected in the consultation.

5. On 20 October 2016 the Schools Forum was presented with a paper showing the proposals for the local funding formula for consultation with all parties affected by the changes. The consultation document was agreed and a formal consultation on the proposals was held from 25 October 2016 to 18 November 2016. The Schools Forum met on 8 December 2016 to consider the consultation responses and decide on how the formula should be implemented for 2017-18. An analysis of the consultation responses was reported to members of the Forum and the majority response of all those who expressed an opinion was in favour of each proposal. Consequently the proposals are recommended by the Schools Forum.
6. Since the consultation and the Schools Forum meeting, some clarification of the rules governing the distribution of the Early Years Block has been received from the Education Funding Agency. This has clarified two factors which are not permitted from the 2017-18 funding for Early Years. Consequently PVI (private, voluntary and independent) providers will not receive payments for meal costs for children eligible for free school meals. This was stated as a possible outcome in the consultation following indications in the Early Years National Funding Formula national consultation, so has been anticipated. Also it is proposed that the final phased payment of the Sustainability supplement is funded from the Dedicated Schools Grant (DSG) (non ISB (Individual Schools Budget)) reserve instead, subject to the approval of the Schools Forum.
7. A summary of the factors as they were for 2016-17, and the recommendation of the Schools Forum on how these should be applied in 2017-18, is shown in **Appendix 1**.

De-delegated Funds

8. The Department for Education (DfE) continues to require that any funding that was subject to de-delegation in 2016-17 should be re-approved by Schools Forum if the de-delegation is to continue in 2017-18, along with any new items. Maintained schools in each phase agreed collectively, through the Schools Forum, to de-delegate funding to the Local Authority to meet the permitted categories of expenditure listed below, centrally. The rationale for de-delegation is to achieve economies of scale and to pool risk across schools for these costs. For 2017-18 the Forum recommends that the following items are covered by de-delegated funds:
 - 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
 - Moderation of teacher assessments for primary schools.

Primary Pupil Growth Fund

9. The growth fund must be agreed by the Schools Forum and is deducted from the Schools Block before calculating budget shares. In 2016-17, 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 2017-18, it should be maintained at the 2016-17 level.

Reserve Allocation

10. Any previous year DSG underspend may be allocated to schools via the funding formula. It is proposed that £1million of the non-ISB reserve is allocated to schools in 2017/18 but not via the funding formula as if allocated in this way it will not benefit those schools where the Minimum Funding Guarantee (MFG) is applicable. Therefore, in order for all schools to benefit from this allocation, with the agreement of the Schools Forum, a disapplication request has been made to the Secretary of State to allow the additional funding to be allocated on a per pupil basis outside of the funding formula. This application request has been agreed.

Other Options Considered

11. Options were considered by a working group of the Schools Forum before the proposed formula was considered as part of the consultation. Suggestions for alternatives were invited as part of the consultation process.

Reason for Recommendation

12. 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

13. 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

14. 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. The DSG (non ISB) reserve is sufficient to cover the proposed payments and retain a prudent balance. The level of this reserve will be kept under review.

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 2017-18.

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

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Constitutional Comments (LM 20/12/16)

15. The Policy Committee is the appropriate body to approve the recommendations in the report.

Financial Comments (TMR 16/12/16)

16. The financial implications are set out in paragraph 14 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:

20 October 2016 | Nottinghamshire County Council :

Item 4a Local Funding Formula 2017-18 Consultation
Item 4a IDACI Modelling Covering Note
Item 4a Appendix A Impact of IDACI Changes
Item 4a Appendix B Impact of IDACI Changes

8th December 2016 | Nottinghamshire County Council:

Item 4a Analysis of Consultation Responses Report
Item 4a Appendix A Analysis of Consultation Responses

Electoral Division(s) and Member(s) Affected

All.

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