



**Nottinghamshire  
County Council**

***SCHOOL & EARLY YEARS  
FUNDING 2016-17:***

**CONSULTATION ON THE  
LOCAL FUNDING FORMULA  
FOR SCHOOLS & EARLY YEARS  
PROVIDERS**

**SEPTEMBER 2015**

**Consultation period:  
21 September to 9 October 2015**

<b>Section</b>	<b>Contents</b>	<b>Page</b>
1	Introduction	2
2	Approach to the Consultation	2
3	Early Years Block Consultation 2016-17	4
	Overview of Proposals for 2016-17	4
	Early Years Block Per Pupil Amounts	5
	Base Hourly Rate for 2 Year Olds	5
	Base Hourly Rate for 3 to 4 Year Olds	5
	Deprivation	6
	Meal Allowance	6
	Sustainability Supplement	6
4	Schools Block Consultation 2016-17	7
	Overview of Proposals for 2016-17	10
	Primary to Secondary Funding Ratio	10
	Basic Entitlement – Age Weighted Pupil Unit	11
	Deprivation and the treatment of the Pupil Premium	11
	Low Cost, High Incidence SEN (Prior Attainment)	12
	Looked after Children	13
	English as an Additional Language	13
	Pupil Mobility	13
	Sparsity	14
	Lump Sum	14
	Split Sites	15
	Rates	15
	Exceptional Factors	15
	Growth Fund	15
	De-delegation	16
	Gains Cap & Minimum Funding Guarantee	16
	High Needs Funding	17

**Appendix A – EYSFF Background Information**

**Appendix B – Increase in 3-4 Year olds per pupil funding - Financial Modelling**

**Appendix C – List of Schools Receiving the Early Years Sustainability Supplement**

**Appendix D – Removal of Gains Cap and Increase in Primary Lump Sum – Financial Modelling Consultation Response Form**

## **1. Introduction**

- 1.1 In determining the local funding formula a local authority must engage in open and transparent consultation with all maintained schools and academies in the area as well as its schools forum including the method, principles and rules adopted. Where any proposed changes affect early years providers they too must be consulted. The local authority must submit a pro-forma detailing the new formula to the Education Funding Agency (EFA) by 30 October 2015.
- 1.2 This consultation concerns the Dedicated Schools Grant (DSG) – Schools and Early Years Block funding for 2016-17 and the distribution of this through the local funding formula. It is relevant to all primary and secondary maintained schools, academies and early years providers in Nottinghamshire.
- 1.3 There is widespread recognition that the current schools funding system is unfair and out of date. Whilst the DfE remain committed to addressing this, 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 2016-17 financial year. The changes required to local funding arrangements from 2016-17 can, therefore, be viewed as a further period of transition to support the move to a new national formula in the future.
- 1.4 In 2015-16 Nottinghamshire received an additional £0.9m from the DfE as part of the Fairer Funding for Schools allocation. This additional amount has been received again for 2016-17 and consolidated into the base rate per pupil funding which for 2016/17 will be £4,354.60. In 2015-16 the additional amount was passed onto schools via the formula and the recommendation for 2016-17 is to treat it in the same way.
- 1.5 The early years block is also funded on a per pupil basis with a varying amount for each local authority across the country. The government has acknowledged that the child care funding rates need to be increased and are in the process of reviewing the current system. Whilst they are committed to increase the average rates it is not yet known when this will be.
- 1.6 The early years block per pupil amount for 2016/17 has not been announced as it will form part of the November spending review. The consultation therefore, assumes the same level of funding as that for 2015/16. If there is a subsequent increase to the per pupil unit of funding, over and above that assumed by the consultation, it is proposed that this will be passed on to child care providers.

## **2. Approach to the Consultation**

- 2.1 In previous years the consultation has only referred to the schools block funding formula but for the 2016/17 funding period it will also include the early years block funding formula. Appendix A provides some background information to Early Years Single Funding Formula (EYSFF).
- 2.2 The early years child care providers have asked the local authority to consult on a number of changes to the EYSFF which may have a potential impact on schools budgets. It is important, therefore, that all parties affected consider carefully the implications of this consultation together with the financial modelling.
- 2.3 There is a proposal to increase the annual per pupil amount paid to providers to £2,280. If the government do not increase the per pupil amount paid to the authority, any increase over and above the grant funding will have to be met from the Non ISB reserve. In order to keep the affordability of this arrangement under review the EYSFF will form part of the annual consultation process from now on.

- 2.4 Pupil Premium and funding from the High Needs block will continue to be distributed by the methods prescribed or agreed outside of the local funding formula.
- 2.5 Paragraph 3.3 outlines the requirement set by the DfE for each of the factors used in determining the early years funding formula.
- 2.6 Paragraph 4.3 outlines the requirements set by the DfE for each of the factors that may be used in determining the local schools funding formula in 2016-17. There are no changes to those requirements so the proposals set out are largely in-line with last year's formula though, of course, this is the opportunity for schools to voice any concerns they have about existing arrangements and to suggest further modification to the formula, within the DfE requirements.
- 2.7 **At this stage, the local authority is unable to show exactly how making any changes would affect budgets for 2016-17 as data on changes in pupil numbers, demographics and the DSG settlement are not yet available. However, to help inform responses to the consultation questions, proposed changes to individual factors have been modelled to demonstrate the potential impact in adopting the proposals based on current year data.**
- 2.8 **A summary of the potential impact on the formula for each proposed change is included in the relevant section in this document. Further appendices are included to show the potential impact on individual schools. The models are based on October 2014 pupil numbers and datasets provided by the DfE and 2015-16 funding levels. They therefore do not reflect the funding that will be received by a school in 2016-17 and have been provided for the purposes of modelling only.**
- 2.9 **Models do include the indicative increase in per pupil funding as a result of the Fairer Funding allocation and the removal of the gains cap.**
- 2.10 The consultation on these proposals will be open from 21 September to 9 October 2015.
- 2.11 Responses to the proposals in this consultation should be submitted by no later than Friday 9 October 2015 to: [toni.gardner@nottsc.gov.uk](mailto:toni.gardner@nottsc.gov.uk). They will be considered at an extraordinary meeting of the Schools Forum on 22nd October 2015, and used to finalise the local funding formula for 2016-17 for submission to the EFA by 30 October 2015. The formula will then subsequently be recommended to the County Council's Policy Committee for approval in November 2015.
- 2.12 The local funding formula for 2016-17 will be finalised based on affordability of the 2016-17 DSG settlement and issued pupil data sets in late December 2015, for final submission to the EFA by 21 January 2016. Individual school budget allocations will be confirmed to local authority maintained schools by 29 February 2016. The EFA will confirm academy budgets during February 2016.

### 3. Early Years Funding Formula Consultation for 2016-17

3.1 This is the first year that the EYSFF has been included in the consultation and Appendix A provides the background information to this.

3.2 With the exception of the base hourly rate and the deprivation factor local authorities are free to determine their own factors for use in the EYSFF.

3.3 The Nottinghamshire EYSFF currently has five factors which are listed in the table below together with the criteria for each. Any proposed changes from 2015-16 are indicated in the third column.

Factor		2015-16 Nottinghamshire Criteria	2016-17 Proposed Change
<b>Pupil led factors</b>			
1	Base hourly rate for 2 year olds  (Compulsory factor)	£5.09 per hour (includes a temporary increase of 21p agreed by the Schools Forum)	Reduce to £4.88 to match the government funding received
2	Base hourly rate for 3 - 4 year olds  (Compulsory factor)	£2,149 per annum  £3.77 for PVI (38 weeks per annum)  £3.67 Maintained schools (39 weeks per annum)	Increase proposed to £2,280 per annum:  £4.00 for PVIs (38 weeks per annum)  £3.90 for maintained schools (39 weeks per annum)
3	Deprivation  (Compulsory factor)	FSM indicator  £0.55 per hour	Reduce to £0.05p per hour
4	Meal Allowance  Discretionary local factor	£1.53 per meal for children attracting the deprivation supplement  PVI providers only	Remove factor
<b>Non Pupil Led Factors</b>			
5	Sustainability supplement  Discretionary local factor	£10,360 for schools whose nursery unit/foundation unit was historically less than 20 places.  19 specific maintained schools	Remove factor

#### 3.4 Overview of Proposals for 2016-17

- Reduction of 2 year old base hourly rate (page 5, question 2)
- Increase in the 3-4 year olds annual amount/base hourly rate (page 5, question 3)
- Reduction in Deprivation factor (page 5, question 5)

- Cessation of the Meal allowance (page 6, question 6).
- Cessation of the Sustainability supplement (page 6, questions 7)

### 3.5 Early Years Block Per Pupil Amounts

3.5.1 The early years block per pupil amount for 2016/17 has not been announced as it will form part of the November spending review. The consultation therefore, assumes the same level of funding as that for 2015/16. If there is a subsequent increase to the per pupil unit of funding, over and above that assumed by the consultation, it is proposed that this will be passed on to child care providers.

#### **Question 1**

***Do you agree that if the government increases the per pupil funding, over and above the increase already proposed by this consultation that this is passed on to child care providers?***

### 3.6 Base Hourly Rate for 2 Year Olds

3.6.1 Two year olds are funded at £4.88 per hour, £2,782 per pupil but, with the agreement of Schools Forum, have been paid at £5.09 per hour up to and including this financial year. The proposal is to reduce the hourly rate to £4.88 to match the funding received by government to maintain affordability.

#### **Question 2**

***Do you agree that the base hourly rate for 2 year olds child care should be equivalent to the amount of grant funding that is received by the authority currently £4.88 per hour?***

### 3.7 Base Hourly Rate for 3-4 Year Olds

3.7.1 The per pupil funding received by the authority is £2,205 per year of this amount 2.5% is retained to cover central early years expenditure and the balance of £2,149 is paid to child care providers.

3.7.2 Any increase in the hourly rate has to be affordable and sustainable in the long term. The proposal therefore, is to increase the per pupil amount to £2,280 per annum which equates to an hourly rate of £4.00 for PVI's and £3.90 for maintained primary schools and for this to be funded on a temporary basis i.e. 2016/17 only from the Schools (Non ISB) reserve. This will protect school budgets in the short term.

**3.7.3 The Non ISB reserve cannot be viewed as a long term source of funding. If the government do not increase the per pupil amount paid to the authority, any increase over and above the grant funding will have to be met from the Schools Block at some point in the future. In order to keep the affordability of this arrangement under review the EYSFF will form part of the annual consultation process from now on.**

3.7.4 There is also further uncertainty due to the governments manifesto pledge to increase the free entitlement to 30 hours with early implementation from September 2016 and the unit of funding attached to it.

3.7.5 The proposal to increase the annual amount/hourly rate has been modelled at Appendix B to show the total cost of this and the impact on maintained primary schools.

### **Question 3**

***Do you agree that the per pupil unit of funding for 3-4 year olds should be increased to £2,280 per annum. This equates to an hourly rate of £4.00 for PVI's and £3.90 for maintained primary schools? (Financial Modelling at Appendix B)***

### **Question 4**

***If you answered yes to question 3 do you agree that the increase should be funded on a temporary basis from the Schools (Non ISB) Reserve?***

## **3.8 Deprivation**

3.8.1 The deprivation factor is currently £0.55 per hour for those children eligible for FSM. For 2015/16 the government have introduced the new pupil premium and providers will receive £0.53 per hour for eligible children. In view of this additional payment which is also to tackle deprivation it is proposed to reduce this compulsory factor to a minimum to avoid double funding of eligible children via this factor and the pupil premium. An hourly rate of £0.05p is proposed.

### **Question 5**

***Do you agree that the deprivation supplement is reduced from £0.55p per hour to £0.05p per hour for eligible children?***

## **3.9 Meal Allowance**

3.9.1 For children whose families met the free school meals criteria an additional £1.53 is paid if the child attended a session that spanned a lunch period to provide a meal. This is linked to the deprivation factor. The proposal is to cease making this payment which has been received by PVI's only.

### **Question 6**

***Do you agree with ceasing the meal allowance?***

## **3.10 Sustainability Supplement**

3.10.1 This supplement is a lump sum payment for schools whose nursery/foundation unit was historically less than 20 places. A payment of £10,360 has been paid to the same 19 schools for the last 7 years with no review of their continued eligibility for this payment. In view of the historic nature of the payment and the difficulty in justifying it's continuation it is proposed to cease the payment. The 19 schools affected are listed at Appendix C

### **Question 7**

***Do you agree with ceasing the sustainability supplement?***

## 4. Schools Block Consultation 2016-17

4.1 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 2016-17.

4.2 The schools local funding formula for 2016-17 will operate with a maximum of thirteen allowable factors, as it did in 2015-16. Of the thirteen factors, three remain not applicable in Nottinghamshire – Private Finance Initiative (PFI) contracts, London Fringe and Post-16 funded through the DSG.

4.3 The remaining ten factors are listed with a brief reminder of how each factor operated for 2015-16 in the table below. There are no changes proposed for 2016/17.

<b>Factor</b>		<b>2015-16 Arrangement</b>
<b>Pupil led factors</b>		
1	Basic per pupil entitlement - age weighted pupil unit (AWPU)  (Compulsory factor)	Single unit value for primary – the value of the primary AWPU must be greater than £2,000  Single unit value for each of KS3 and KS4 – the value of the KS3 and KS4 AWPU must be greater than £3,000
2	Deprivation  (Compulsory factor)	Continues to be measured by free school meals (either single year or Ever6 indicators) and/or Income Deprivation Affecting Children Index (IDACI).  Separate unit values for primary and secondary phase are still permitted.  Local authorities and Schools Forums are requested to determine an appropriate proportion of schools block funding to allocate through this factor.
3	Prior attainment (Low Cost, High Incidence SEN)  (An optional factor that Nottinghamshire chose to adopt)	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.  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.  Separate unit values for primary and secondary phase are still permitted.

	<b>Factor</b>	<b>2015-16 Arrangement</b>
	<b>Pupil led factors</b>	
4	Looked after children  (An optional factor that Nottinghamshire chose to adopt)	A single unit value for both phases will remain.  A single indicator will now be provided, covering all pupils who have been looked after for one day or more on 31 March 2015.
5	English as an additional language (EAL)  (An optional factor that Nottinghamshire chose to adopt)	Pupils will continue to attract funding for a maximum of three years after the pupil enters the statutory age school system.  Separate unit values for primary and secondary phase are still permitted.
6	Pupil mobility  (An optional factor that Nottinghamshire chose to adopt)	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.  Separate unit values for primary and secondary phase are still permitted.
	<b>Non pupil led factors</b>	
7	Sparsity  (an optional factor that Nottinghamshire chose <b>not</b> to adopt)	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:  Primary equal to or greater than 2 miles Secondary equal to or greater than 3 miles  AND  Has on average fewer than the pupil threshold, per year group, below: <ul style="list-style-type: none"> <li>• Primary: 21.4</li> <li>• Secondary: 120</li> <li>• Middle: 69.2</li> <li>• All-through: 62.5</li> </ul> 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.

	Factor	2015-16 Arrangement
	<b>Non pupil led factors</b>	
8	Lump sum  (an optional factor that Nottinghamshire chose to adopt)	Lump sum value may be different for primary and secondary phase, with an upper limit of £175,000.  The value used for <u>each phase</u> must be applied to all schools in that phase.  Merging schools will be permitted to keep 85% of the two lump sums for the next financial year in which they merge.  Local Authorities may apply for an exceptional factor to pay a further allowance in the second year after amalgamation.
9	Split sites  (an optional factor that Nottinghamshire chose to adopt)	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  (an optional factor that Nottinghamshire chose to adopt)	Rates will continue to be funded at the latest estimate of cost.

4.4 In addition to the factors shown in the table above, 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 2016-17 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).

4.5 For 2016-17, 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 90.99% was allocated through the pupil led factors in 2015-16.

4.6 The DfE have not prescribed any constraints on the primary to secondary funding ratio for 2016-17, although they have again 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 2015-16 was 1:1.28; in Nottinghamshire the ratio was 1: 1.265.

4.7 The minimum funding guarantee (MFG) will continue to operate in 2016-17 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.

4.8 The opportunity to seek approval to disapply the MFG for individual schools remains for 2016-17, but requests will only be considered if there is a significant change in a school's circumstances or

pupil numbers and where inclusion of the MFG would lead to significant & inappropriate levels of protection.

4.9 The ability to apply a local gains cap will remain for 2016-17 to make the implications of the MFG affordable. There is no gains cap to be applied for 2016/17 and beyond as the cumulative gains cap of 10% over the three year period 2013-14 to 2015-16 has been achieved.

#### **4.10 Overview of Proposals for 2016-17**

- To maintain the overall primary to secondary funding ratio at 1: 1.265 (page 11, question 1)
- To fund AWPU rates in 2016-17 at the level required to maintain the overall primary to secondary funding ratio of 1:1.265, taking into consideration the decision to fund proposals included in this consultation and the overall affordability of the formula (page 11, question 2)
- To continue to fund the deprivation factor using a combination of Free School Meals (FSM) Ever 6 and IDACI data using the same funding proportions and weightings as in 2015-16 (page 12, question 3)
- To continue to use the Prior Attainment (Low Cost High Incidence SEN) factor, using the same proportion & method of funding as in 2015-16 (page 12, questions 4 & 5).
- To continue to have a factor for Looked after Children using the same fixed rate of funding (£3,000) as in 2015-16 (page 13, questions 6 & 7)
- 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 2015-16 (page 13, questions 8 & 9)
- To continue to use the Pupil Mobility factor using the same proportion of funding as in 2015-16 (page 13, questions 10 & 11)
- To continue to exclude the Sparsity factor from the Nottinghamshire formula, as per the 2015-16 arrangements (page 14, question 12)
- To potentially increase the lump sum for primary schools and maintain it at £100,000 for secondary schools (page 14, questions 13 to 17) & to continue with the current arrangements with regards to amalgamating schools.
- To keep the criteria and rates for the funding factors for split sites, rates, joint use and rental the same as in 2015-16 (page 15, questions 18 to 21)
- To continue the Growth Fund at its 2015/16 level of £1.0m (page 16, question 22 and 23)
- To consult on de-delegating funding in 2016-17 for maintained primary and secondary schools (page 16, question 24)

#### **4.11 Primary to Secondary Funding Ratio**

4.11.1 This ratio shows the comparative level of funding per pupil across primary and secondary schools in the local authority.

4.11.2 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 2015-16 of 1:1.265 is broadly in line with the national average of 1:1.28.

4.11.3 The DfE will not be prescribing constraints on the primary to secondary funding ratio for 2016-17; however they have not ruled it out for future years as they move towards a national formula.

4.11.4 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 the Schools Forum that the current primary to secondary ratio should be maintained for the 2016-17 financial year. It is assumed that in the modelling of all other proposals in this consultation and associated financial modelling this ratio is maintained.

### **Question 1**

***Do you agree that the primary to secondary ratio should be maintained at 1:1.265 for the 2016-17 financial year?***

## **4.12 Basic Entitlement – Age Weighted Pupil Unit (AWPU)**

4.12.1 The DfE require that for AWPU funding in 2016-17, 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 these requirements.

4.12.2 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 2016-17 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 2016-17 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 2016-17 AWPU rates should be proportionally adjusted in order to maintain the overall primary to secondary funding ratio of 1: 1.265 for 2016-17?***

## **4.13 Deprivation and the treatment of the Pupil Premium**

4.13.1 **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, which was expanded for 2015-16. **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.**

4.13.2 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).

4.13.3 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 2015-16, being 50% of the total funding distributed through Ever-6 FSM data and 50% through IDACI data.

4.13.4 The bandings for IDACI data are set by the DfE and remain the same as 2015-16. It is proposed to retain the same weightings as shown in the table below:

<b>Band</b>	<b>IDACI score Lower limit</b>	<b>IDACI score Upper limit</b>	<b>Weighting</b>
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 2016-17 as were used in 2015-16?***

#### **4.14 Low Cost, High Incidence SEN (Prior Attainment)**

4.14.1 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. In 2015-16, Nottinghamshire targeted 4.36% of funding through this factor which gave a single unit value of £710.25 per eligible pupil in both the primary and secondary phase.

4.14.2 Funding for primary schools will continue to be based on the Early Years Foundation Stage Profile (EYFSP) for 2016-17. However, a new EYFSP was introduced in September 2012, with the first assessments taking place in Summer 2013. Therefore, year 1 & 2 pupils will be assessed on the new profile and pupils in years 3-6 will have been assessed on the old profile.

4.14.3 Local authorities will be able to target funding in the primary phase by either:

- The number of pupils in years 3-6 who achieved fewer than 78 points and pupils in years 1 & 2 who did not achieve a good level of development; or
- The number of pupils in years 3-6 who achieved fewer than 73 points and pupils in years 1 & 2 who did not achieve a good level of development.

4.14.4 It is proposed to fund on the first of these options, as we did in 2015-16.

4.14.5 Secondary schools will continue to be funded for pupils not reaching level 4 at key stage 2 in either English or Maths, as prescribed by the DfE where this factor is applied.

### **Question 4**

***Do you agree with retaining the Prior Attainment factor in the Nottinghamshire formula for 2016-17?***

### **Question 5**

***If the factor continues to be included, do you agree to retaining the current proportion of funding, & method for distributing that funding?***

#### **4.15 Looked After Children**

- 4.15.1 Local Authorities have the option to target funding at those children who are looked after through this factor, but the criteria, a single indicator, is defined by the DfE. If applied, a single unit of funding for both phases must be given.
- 4.15.2 The indicator defined by the DfE identifies those children who have been looked after for one day or more as at the 31 March 2015 as recorded on the SSAD903 return. This return will then be mapped back to the children recorded on the school census as at January 2015 and applies as a percentage of the total school roll.
- 4.15.3 In 2015-16, Nottinghamshire applied this factor; a fixed unit value of £3,000 was allocated through the local funding formula at a cost of £1.538m. It is proposed to continue to fund this factor through a fixed unit value of £3,000 in 2016-17.

##### **Question 6**

***Do you agree with retaining the Looked After Children factor in the Nottinghamshire formula for 2016-17?***

##### **Question 7**

***If the factor continues to be included, do you agree that a fixed unit value of £3,000 should continue to be used to allocate this funding in 2016-17?***

#### **4.16 English as an Additional Language (EAL)**

- 4.16.1 The total funding distributed for EAL in 2015-16 represented 0.25% of the total funding, with a single unit value of £363.10 in both the primary and secondary phase and restricted for 3 years from when a pupil enters the compulsory school system.
- 4.16.2 It is proposed that funding for EAL will continue, at the same level and using the same criteria for 2016-17.

##### **Question 8**

***Do you agree with retaining the EAL factor in the Nottinghamshire formula for 2016-17?***

##### **Question 9**

***If the factor is retained, do you agree that the same percentage of total funding should be allocated through the EAL factor with a single unit value in 2016-17?***

#### **4.17 Pupil Mobility**

- 4.17.1 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 £174,195 (0.04%) of funding was distributed through this factor in 2015-16, using a single unit rate of £455 per pupil. In order to target this funding more effectively, a 10% threshold was applied by the DfE from 2015-16, which still applies.
- 4.17.2 It is proposed that funding for Pupil Mobility will continue at the same total funding level, but the single unit value will be adjusted to reflect the number of eligible pupils for the year.

##### **Question 10**

***Do you agree with retaining the Pupil Mobility factor in the Nottinghamshire formula for 2016-17?***

**Question 11**

***Do you agree that the same percentage of total funding should be allocated through the Pupil Mobility factor in 2016-17, with a single unit value?***

**4.18 Sparsity**

- 4.18.1 Sparsity was a new optional factor for 2014-15 to enable local authorities to target funding at small rural schools. It was 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.
- 4.18.2 It is proposed that we continue not to have a Sparsity factor as very few schools qualify, and application of this factor in Nottinghamshire would also divert funding from other small but not sparse schools.

**Question 12**

***Do you agree with the proposal not to adopt a Sparsity factor for 2016-17?***

**4.19 Lump Sum**

- 4.19.1 In 2013-14, local authorities had the ability 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.
- 4.19.2 Since 2014-15, Local Authorities have been able to set a separate lump sum for primary and secondary schools for which the upper limit is £175,000. For 2015-16 this was maintained at £100,000 per school.
- 4.19.3 For 2016-17 a request has been made to include in the consultation an increase to the lump sum to benefit small primary schools. As LAs are only able to set a different amount per phase any increase must apply to all schools in a phase i.e. all primary schools. Two options have been modelled at Appendix D, to show the financial impact of an increase for primary only of £10,000 and £20,000.
- 4.19.4 It should be noted that any increase in the lump sum will reduce the Basic Entitlement (AWPU) within that phase.
- 4.19.5 Local Authorities are able to apply for an exceptional factor in order to pay a further allowance to amalgamating schools in the second year after amalgamation. It is not proposed that we apply for this and change the current arrangements.

**Question 13- (to be answered by Primary & Secondary)**

***Do you agree with retaining the Lump Sum factor in the Nottinghamshire formula for 2016-17?***

**Question 14- (to be answered by Primary Schools only)**

***Do you agree with the proposal to increase the lump sum for the primary phase?***

**Question 15 – (to be answered by Primary Schools only)**

***If you answered yes to question 14 what value do you think the primary lump sum should be set at?***

**Question 16- (to be answered by Secondary Schools only)**

***Do you agree with the proposal to keep the lump sum value at £100,000 in 2016/17 for the secondary phase?***

**Question 17**

***Do you agree that Nottinghamshire should not apply for an exceptional factor in order to pay a further allowance to amalgamating schools in the second year after amalgamation?***

**4.20 Split Sites**

4.20.1 It is proposed that we do not change the existing arrangements, and retain the current criteria for split site allowances. The cost of the Split Site factor is estimated to be £961,281 in 2016-17, taking into account known changes in qualifying schools.

**Question 18**

***Do you agree with retaining the Split Site factor in the Nottinghamshire formula for 2016-17?***

**Question 19**

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

**4.21 Rates**

4.21.1 Funding for rates is currently delegated to schools and shown in the schools annual budget statement. By mutual agreement, these charges 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 2016-17.

**Question 20**

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

**4.22 Exceptional Factors**

4.22.1 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 2016-17, 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.

4.22.2 It is proposed to continue to fund both of these exceptional factors in 2016-17. The estimated cost of these factors in 2016-17 is £526,901 (0.12%) for joint use and £55,016 (0.01%) for rental.

**Question 21**

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

**4.23 Growth Fund**

4.23.1 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 to

provide a contingency of £0.8m to support the maintenance of infant class sizes, & of £0.2m to support basic need provision, both subject to schools meeting the agreed criteria.

4.23.2 It is proposed that the growth fund is maintained at its 2015-16 level of £1.0m.

**Question 22**

***Do you agree that the growth fund should continue?***

**Question 23**

***Do you agree with the proposal to maintain the growth fund at £1.0m?***

**4.24 De-delegation**

4.24.1 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. 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.

4.24.2 De-delegation will be an option for maintained primary and secondary schools for the following allocations in line with 2013-14, 2014-15 and 2015-16 delegation. The indicative rates for de-delegation in 2016-17 are shown in the table below with the 2015-16 rates shown for comparison where changed.

	<b>Primary per pupil de-delegation</b>	<b>Secondary per pupil de-delegation</b>
Contingencies (pre-agreed amalgamation transitional support)	£1.11	nil
Free school meal eligibility assessment	£0.87	£0.91
Supply cover (for trade union facility time)	£1.51	£1.64
Support to underperforming ethnic minority groups and bilingual learners	£5.03	£5.03
Contingency for crisis communications	£0.75	nil

**Question 24**

***As a representative of either a maintained primary or secondary school, do you agree to the de-delegation of the following in 2016-17:***

- ***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?***
- ***Contingency for crisis communications?***

**4.25 Gains Cap and Minimum Funding Guarantee**

4.25.1 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 2016-17. 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.

4.25.2 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

- 2016-17 lump sum
- Early years funding
- Rates
- Sparsity factor if adopted by Nottinghamshire

4.25.3 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 changes, 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.

4.25.4 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.

4.25.5 As the cumulative gains cap of 10% was achieved in 2015-16 this is no longer part of the funding formula and does not feature in any of the financial modelling.

#### **4.26 High Needs Funding**

4.26.1 Schools will continue to be required to fund the first £6,000 of high needs pupils. The £6,000 has been mandatory since 2014-15.