



**Nottinghamshire
County Council**

***SCHOOL & EARLY YEARS
FUNDING 2018-19:***

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

OCTOBER 2017

**Consultation period:
30 October to 17 November 2017**

Section	Contents	Page
1	Introduction	2
2	National Funding Formula (NFF) Announcement	3
3	Nottinghamshire NFF Funding Allocations 2018-19 and 2019-20	4
4	Approach to the Schools Block Funding Formula Consultation 2018-19	4
5	Schools Block Funding Formula Consultation Proposals 2018-19	5
	Transition to the NFF	5
	Minimum Funding Guarantee	5
	Transfer of 0.5% of Schools Block Funding to the High Needs Block	6
	De-delegation	8
6	Approach to Early years Funding Formula Consultation 2018-19	8
7	Early years Consultation Proposals	9
	Deprivation Factor	9
	Creation of Early Years SEN Inclusion Fund	10
	Table 1 National Funding Formula	11
	Table 2 Comparison of NFF with Local Funding Formula	12

Appendix A - Indicative allocations under the national funding formula and current local funding formula

Appendix B - Impact of transferring 0.5% of Schools Block Funding to the High Needs Block

Appendix C- Reduction in 2, 3, and 4 year old hourly rate to create the EY SEN Inclusion Fund

1 Introduction

- 1.1 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 about any proposed changes to the local funding formula 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 & Skills Funding Agency (ESFA) by 19th January 2018.
- 1.2 This consultation concerns the Dedicated Schools Grant (DSG) – Schools and Early Years Block funding for 2018-19 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 2018-19 is a significant year because of the introduction of the national funding formula for schools, high needs and central school services. The national funding formula will be used to calculate the funding blocks within the dedicated schools grant (DSG) and determine the allocations that LAs will receive in the 2018-19 financial year.
- 1.4 The early years national funding formula was introduced in 2017-18 and funding was distributed to local authorities in accordance with this. It is anticipated that the per pupil unit of funding through the national funding formula will remain at the same rate as 2017-18. Final allocations will be issued in mid December 2017.
- 1.5 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.
- 1.6 The consultation on the proposals will be launched after half term on 30 October 2017 and be open until 17 November 2017.
- 1.7 Responses to the proposals in this consultation should be submitted by no later than Friday 17 November 2017 through Citizen Hub on the following link: [to be provided on publication](#). They will be considered at the Schools Forum on 7 December 2017. The formula will be recommended to the County Council's Policy Committee for approval on 20 December 2017.
- 1.8 The local funding formula for 2018-19 will be finalised based on affordability of the 2018-19 DSG settlement and issued pupil data sets in late December 2017, for final submission to the ESFA by 19 January 2018. Individual school budget allocations will be confirmed to local authority maintained schools by 20 February 2018. The ESFA will confirm academy budgets during February 2018.

2 National Funding Formula Announcement

2.1 On 14 September 2017 the Secretary of State for Education announced schools funding arrangements for 2018-19 in an oral statement to parliament.

The key points from the statement were:

- An additional £1.3 billion into core funding for schools and high needs so that the overall budget will now rise by around £2.6 billion in total, from almost £41 billion in 2017-18 to around £42.4 billion in 2018-19 and £43.5 billion in 2019-20;
- The additional £1.3 billion will mean that all local authorities will receive an increase in 2018-19, over the amount they plan to spend in 2017-18;
- The National Funding Formula (NFF) will provide a 0.5% cash increase per pupil in 2018-19 and a 1% increase in 2019-20 compared with the 2017-18 baseline;
- Schools which have been underfunded and are due to gain significantly from the NFF will be allocated up to 3% per pupil in 2018-19 and a further 3% per pupil in 2019-20. The minimum per pupil funding level will not be subject to this gains cap – delivering particularly fast gains in respect of the very lowest funded schools;
- The NFF will provide per pupil funding of at least £3,300 for primary schools and £4,600 for secondary schools in 2018-19. In 2019-20 these amounts will increase to £3,500 per primary pupil and £4,800 per secondary pupil;
- An increase in High Needs Funding, with a minimum increase of 0.5% per head in 2018-19 and 1% per head in 2019-20 for every local authority. Underfunded local authorities will receive up to 3% per head gains a year for the next two years to help them catch up. It means that local authorities will see a 4.6% increase on average in their high needs budgets.
- The 2018-19 NFF will set indicative budgets for each school and these will be aggregated to calculate a funding allocation for each authority.
- local authorities will continue to determine the final funding allocations for schools through their local funding formula for 2018-19 and 2019-20.

2.2 The government also announced a number of changes to the application and factors that LAs could use in their funding formula, to transition to the NFF including the ability of LAs to transfer 0.5% of the schools block funding to another funding block (see Section 5 below)

3 Nottinghamshire NFF Funding Allocations 2018-19 and 2019-20

- 3.1 The NFF funding allocations for Nottinghamshire are set out below. These are indicative at this stage because the quantum will be determined by the pupil numbers obtained from the appropriate year's October census.

Total Funding

Funding Block	October 2016 Census Pupil No.'s	2017-18 Baseline £m	2018-19 NFF Allocation £m	Annual Increase %	2019-20 NFF Allocation £m	Annual Increase %	Total Increase %
Schools Block	104,824	452.780	460.673	1.74%	464.188	0.76%	2.52%
High Needs Block		60.460	62.397	3.20%	64.190	2.87%	6.17%
Central Services Block		6.530	6.601	1.09%	6.663	0.94%	2.04%
		519.770	529.671	1.90%	535.041	1.01%	2.94%

- 3.2 The 2018-19 funding allocation is calculated as a per pupil amount for primary and secondary schools. These amounts are derived after the NFF has been applied i.e. the total NFF funding allocations are calculated for primary and secondary phases and these are then divided by the number of pupils in each phase. This means that individual LAs will still have different per pupil amounts.

	Unit of Funding £	Pupil No.'s	2018-19 £
Primary	3,927	65,238	256,209,905
Secondary	4,985	39,586	197,334,401
Growth Fund, Premises and Mobility	2017-18 Allocation		7,129,182
			460,673,488

- 3.3 Indicative NFF funding allocations illustrated that Nottinghamshire schools would gain between 0.3% - 3% in 2018-19 above their 2017-18 baseline and a further 0.2% - 2.9% in 2019-20.

- 3.4 The school tables provided by the DfE gave indicative allocations for individual school budgets for 2018-19 and 2019-20 but these were illustrative only and do not represent the funding that a school will actually receive in those financial years.

4 Approach to the Schools Block Funding Formula Consultation for 2018-19

- 4.1 The indicative funding allocation for Nottinghamshire predicted that no school in the county would lose against their 17-18 baseline and that an additional 1.74% (£7.893m) of funding would be received overall.

- 4.2 At the schools forum meeting in September 2017 the consensus was to consult on moving to the NFF in 2018-19 on the basis that each school would receive an increase against their 2017-18 baseline funding.

- 4.3 The main proposal in the consultation therefore is to transition the LFF to mirror the NFF.

- 4.4 There are considerable budget pressures within the High Needs block which funds the most appropriate support package for individuals with SEND in a range of settings. In order to address these pressures a 0.5% funding transfer is proposed from the schools funding block to the High Needs block (see paragraphs 5.12 to 5.24).
- 4.5 The financial modelling provided is based on October 2016 pupil numbers and datasets provided by the DfE and 2017-18 funding levels. They do not reflect the funding that will be received by a school in 2018-19 and have been provided for indicative purposes only.
- 4.6 This is the opportunity for schools to voice any concerns they have about the proposed new arrangements and to suggest further modification to the formula, within the DfE requirements.

5 Schools Block Funding Formula Consultation Proposals

- 5.1 Nottinghamshire has had a very stable local funding formula for the last 5 years with no change being made to it since 2013-14. This has provided a level of certainty for schools as to future funding levels within that available total.
- 5.2 The schools forum is keen that the basis of the consultation is around the transition towards the NFF. The NFF factors are detailed in Table 1 and the comparison to the current LFF at Table 2.
- 5.3 There are several differences in the NFF compared to the LFF which are listed below:
- The looked after children factor is not part of the NFF instead the Pupil premium plus has been increased to reflect this.
 - The NFF includes the sparsity factor which is an allowable optional factor that Nottinghamshire has chosen not to use.
 - The deprivation factor uses FSM, FSM6 and IDACI. Nottinghamshire has only used FSM6 and IDACI.
 - The Reception uplift factor is not part of the NFF but this is used in the current LFF.
 - Rates, Mobility, Joint Use, Rental, Split Site and the Growth Fund allocations are all based on 2017-18 spend levels.
 - An additional factor to provide a minimum per-pupil funding level over the next two years.
- 5.4 The national average primary to secondary ratio has been used in setting the unit values in the NFF, this is 1:1.29. The actual ratio observed in the funding of each individual local authority will depend on the pupil characteristics of the pupils in that area. As a result it is not the case that a uniform 1:1.29 will be seen in all LAs. The ratio for Nottinghamshire has increased slightly from 1:1.265 to 1:1.266.
- 5.5 The financial modelling at Appendix A gives the indicative funding allocations under the NFF and the LFF.

Question 1

Do you agree that Nottinghamshire should transition the local funding formula to mirror the national funding formula to allocate funding in 2018-19?

Please note if you answer no to this question it will be assumed that you want to continue with the local funding formula.

Reception Uplift

- 5.6 The reception uplift factor is used by Nottinghamshire but it is not part of the NFF. This allows local authorities to increase the pupil number count for schools with higher reception pupil numbers in the January census compared to the October census. The number of schools in receipt of this in 2017/18 is 70 with total AWPU funding of £211,000.
- 5.7 The guidance states that schools with reception uplift will not be financially disadvantaged by the NFF calculations, as the funding will remain in their protected baselines. It is therefore proposed that this factor is removed from the Nottinghamshire formula.

Question 2

Do you agree that the reception uplift factor should be removed from the LFF?

Minimum Funding Guarantee – FURTHER CLARIFICATION NEEDED

- 5.7 The minimum funding guarantee (MFG) will continue to operate in 2018-19. 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 school led factors e.g. the lump sum.
- 5.8 The opportunity to seek approval to disapply the MFG for individual schools remains for 2018-19, 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.
- 5.9 The current Minimum Funding Guarantee (MFG) is set at -1.5% in order to limit the per pupil loss that a school can incur in a year. The ESFA are to introduce greater flexibility for local authorities to set an MFG of between 0% and minus 1.5%. This is to allow LAs to make local decisions about the distribution of funding, and enable them to manage any losses for reasons such as where a transfer is made out of the schools block or from changes in pupil characteristics when the datasets are updated in December.
- 5.10 The national funding formula includes a funding floor which ensures all schools see a minimum gain of 1% above their baseline pupil led funding by 2019-20 (0.5% in each year 2018-19 and 2019-20). In order to allow for this in the LFF the current MFG percentage will need to change.
- 5.11 There is a gains cap in the NFF to make the MFG affordable. This is 3% in 2018-19 and another 3% in 2019-20.

Question 2

In order to transition the LFF to the NFF the local authority will need to adopt a flexible MFG. This will need to be set between -1.5% and 0.5%. If a positive MFG is adopted this will need to be approved by the Secretary of State.

Are you in agreement with this proposal?

Transfer of 0.5% Funding from the Schools Block to the High Needs Block

- 5.12 In September 2017 a report was considered by the Schools Forum which highlighted a significant emerging budget pressure in the High Needs block in the current financial year which is projected to continue into 2018-19 and will be challenging to address.

- 5.13 There has been a significant increase in the number of children and young people (CYP) with an education, health, care plan (EHCP), accessing specialist education provision, in education other than at school (EOTAS) and independent non-maintained schools (INM). This links directly to increases in the number of:
- a. CYP with complex needs nationally and locally
 - b. EHCPs issued, as a result of the SEND reforms (2014), including those accessing education in post 16.
- 5.14 These national changes, coupled with the increasing pressure on schools to improve attainment in the context of a highly academic curriculum, have resulted in increased challenges for schools to include CYP with the most complex needs in mainstream schools.
- 5.15 As a result, Nottinghamshire special schools are now full and this has led to an increase in the number of externally commissioned places in specialist education provision (EOTAS and INM).
- 5.16 The SEND review 2015 to 2016 had already raised the issue of a 15% increase in the number of CYP accessing education in Nottinghamshire special schools between 2011 and 2016. The number of places in Nottinghamshire special schools has been increased by 40 since the time of the review. However, all these additional places have been filled for September 2017, but are still insufficient to meet demand.
- 5.17 The review predicted a further increase in demand for special school placements over the next 5 years, by at least 150. Nottinghamshire County Council therefore submitted Expressions of Interest (EOIs) to the Regional Schools Commissioner (RSC) for funding for 2 new special schools, which would have provided more places in Nottinghamshire special schools, thereby reducing the need for additional places in external specialist provision. Unfortunately both EOIs have been unsuccessful.
- 5.18 The forecast overspend on the EHCP specialist provision is £2.4m which includes known new placements for September and anticipated growth by the end of the 2017-2018 financial year.
- 5.19 As agreed at the June 2017 Schools Forum, there is a need for a shared understanding around current use of the High Needs Block to inform the strategic development of different types of provision in ways which are beneficial to children with complex needs, more cost effective and remaining fair across Partnership Development areas.
- 5.20 Places in external specialist provision are more expensive than those in Nottinghamshire special schools. However, an in-depth review will be needed to fully understand the effectiveness of the current use of the High Needs Block funding and to inform the most effective and efficient ways to allocate this funding in future, so that CYP access the least costly but most appropriate type of provision to meet their needs now and into the future, thus ensuring best value from the High Needs Block.
- 5.21 It is anticipated that this pressure will continue into 2018-19 and additional funding will need to be identified. The High Needs block funding announcement above (paragraph 2.1) has indicated that an additional £1.9m will be received for 2018-19 but this will not be sufficient to fund the £4m projected budget pressure.
- 5.22 Local authorities will be allowed to transfer 0.5% from their schools block with the agreement of their schools forum. Transfers above this limit would require Secretary of State approval. This would need to be included in the 2018-19 local funding formula

consultation and would include financial modelling of the impact on individual schools. The indicative amount for this, based on the 2018-19 schools block funding, would be £2.303m.

- 5.23 As the current situation isn't sustainable it has been recommended that the schools forum works in partnership with the Local Authority to carry out a comprehensive review of the distribution, use and impact of current funding in the High Needs Block. The aim of this review would be for pupils to access the most appropriate type of provision in order that best value is achieved from the High Needs Block.
- 5.24 The indicative financial impact of the funding transfer against individual schools is modelled at Appendix B.

Question 3

Do you agree with the proposal to transfer 0.5% from the total schools block funding to the high needs block?

Question 4

If you answered no to question 3 above which of the following High Needs Block funding streams should the LA reduce to fund the budget pressure in 2018-19?

AFN – Additional Family Needs

FNF – Family Network Funding

HLN – High Level needs

School Partnership Funding

De-delegation

- 5.25 The 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. 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.
- 5.26 De-delegation will be an option for maintained primary and secondary schools for the following allocations in line with 2013-14 to 2017-18 delegation. The indicative rates for de-delegation in 2018-19 are shown in the table below with the 2017-18 rates (shown in brackets) for comparison where changed.

	Primary per pupil de-delegation	Secondary per pupil de-delegation
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	£0.90	Nil

Question 9

As a representative of either a maintained primary or secondary school, do you agree to the de-delegation of the following in 2018-19:

- ***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?***

6 Approach to the Early Years Funding Formula Consultation for 2018-19

- 6.1 The early years national funding formula was introduced in 2017-18 and funding was distributed to local authorities in accordance with this. It is anticipated that the per pupil unit of funding through the national funding formula will remain at the same rate as 2017-18. Final allocations will be issued in mid December 2017.
- 6.2 If there is a subsequent increase to the per pupil unit of funding through the national funding formula this will be passed on to early years providers according to our previous agreed formula.
- 6.3 There is a proposal to change the criteria and factor value for the deprivation supplement and to create an Early Years SEN Inclusion Fund.

7 Early Years Consultation Proposals

- 7.1 The Nottinghamshire EYSFF currently has three factors which are listed in the table below together with the criteria for each. The proposed hourly rates for 2018-19 are indicated in the third column and the rationale explained below.

Factor	2017-18 Factor Values	2018-19 Proposed Factor Values
PVI 2 year olds	£5.23 per hour	1p reduction to £5.22 per hour subject to confirmation of funding allocation.
Schools 2 year olds	£5.10 per hour	1p reduction to £5.09 per hour subject to confirmation of funding allocation
PVI 3 - 4 year olds Universal and working parents	£4.17 (38 weeks per annum)	1p reduction to £4.16 subject to confirmation of funding allocation.
Schools 3 - 4 year olds Universal and working parents	£4.07 (39 weeks per annum)	1p reduction to £4.06 subject to confirmation of funding allocation.
Deprivation	FSM indicator £0.05 per hour	Attendance at monthly children in need and child protection plan meetings payable for 4 hours at an hourly rate equivalent to the national living wage.

Deprivation Factor

- 7.2 In June 2016 Ofsted published a report which recommended local authorities to review their criteria for determining 'disadvantaged' children and to look beyond economic disadvantage to ensure the most vulnerable children are supported to achieve.
- 7.3 The current criteria for the deprivation supplement funds the same cohort of children eligible for the Early Years Pupil Premium, i.e. free school meals, at a rate of 0.5p per hour.
- 7.4 It is proposed that eligibility criteria changes to support those children accessing their early years entitlement, known to children's social care, i.e. are defined as a Child in Need or on a Child Protection Plan. The funding would awarded to enable the provider to attend monthly multi-agency meetings, payable at an hourly rate equivalent to the appropriate National Living Wage for four hours per month, throughout the year.
- 7.5 Attendance at such meetings would be subject to monitoring as well as the progress of individual children through established tracking tools used by providers.

- 7.6 Early Years Pupil Premium would continue to be paid in addition to the deprivation factor at £0.53p per hour.
- 7.7 The total amount of funding to be allocated for deprivation in 2017/18 is projected to be £34,000.

Question 10

Do you agree with the proposal to change the deprivation funding criteria from FSM eligibility to an allowance which would enable providers to attend monthly multi-agency meetings for a maximum of 4 hours per month?

Early Years SEN Inclusion Fund

- 7.8 From April 2017 there has been a statutory requirement for local authorities to establish a SEN inclusion fund for eligible two, three and four year olds to support providers to address the needs of individual children regardless of where they access their early years entitlement. Local authorities may determine the size of the fund, pooled from either or both the early years and high needs blocks of the Dedicated School Grant.
- 7.9 Nottinghamshire has been supporting young children with SEND to access childcare for many years, through the LA DCATCH (disabled children access to childcare) budget (£250,000). This budget is used to support PVI providers (private, voluntary and independent) as schools have access to additional funding through the high needs block. Work has been undertaken to align processes used by schools to ensure children have access to a graduated approach of support.
- 7.10 In April 2017, the government also introduced new funding for children with disabilities, DAF, (disability access fund). This is a separate annual payment made directly to early years providers.
- 7.11 However, in order to respond to an increased number of applications and anticipated demand as children access their extended entitlement additional funding is required to meet the needs of children with SEN. It is proposed, therefore, that the current LA DCATCH budget is supplemented with additional funding from the Early Years block to create the Early Years SEN Inclusion Fund.
- 7.12 The proposal is to create this fund by reducing the hourly rate by 1p for 2,3 and 4 year olds.
- 7.13 The financial impact on schools and the PVI sector is illustrated in Appendix C.

Question 11

Do you agree with the proposal to reduce the hourly rate by 1p for 2,3 and 4 year olds to create an Early Years SEN Inclusion Fund?

TABLE 1

The Building Blocks and Factors in the National Funding Formula

A	Basic per-pupil funding	Age-weighted pupil unit						
B	Additional needs funding	Deprivation		Low prior attainment		English as an additional language		<i>Mobility</i>
C	School-led funding	Lump sum	Sparsity	<i>Premises</i>				Growth
				<i>Rates</i>	<i>PFI</i>	<i>Split sites</i>	<i>Exceptional circumstances</i>	
D	Geographic funding	Area cost adjustment						

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TABLE 2

National Funding Formula

	Nottinghamshire		Final NFF		Notes
	Funding Rates 2017-18 £	% of Funding	Funding Rates 2018-19 £	% of Funding	
Basic per pupil funding		83.12%		72.90%	NFF excludes rates LFF includes rates.
Primary	3,007		2,747	38.0%	
KS3	4,059		3,863	20.1%	
KS4	4,957		4,386	14.3%	
Minimum per Pupil Funding Level				0.6%	
Additional Needs				17.80%	
<u>Deprivation Total</u>					Current Formula does not allow funding for <u>both</u> FSM and FSM6
FSM Current Primary	0		440		
FSM Current Secondary	0		440		
FSM6 Primary	301		540		
FSM6 Secondary	301		785		
IDACI Primary Band 6/A	627		575		
IDACI Secondary Band 6/A	627		810		
IDACI Primary Band 5/B	627		420		
IDACI Secondary Band 5/B	627		600		
IDACI Primary Band 4/C	74		390		
IDACI Secondary Band 4/C	74		560		
IDACI Primary Band 3/D	74		360		
IDACI Secondary Band 3/D	74		515		
IDACI Primary Band 2/E	74		240		
IDACI Secondary Band 2/E	74		390		
IDACI Primary Band 1/F	74		200		
IDACI Secondary Band 1/F	74		290		
Deprivation Total		3.27%		9.10%	
LPA Primary	684		1,050		
LPA Secondary	684		1,550		
Low Prior Attainment Total		4.40%		7.40%	
EAL Primary	323		515		
EAL Secondary	323		1,385		
EAL Total		0.25%		1.20%	
Looked After Children	3,000		N/A		Not a factor in NFF, Pupil Premium plus to be increased in 2018-19 to £2,300 currently £1,900.
Looked After Children Total		0.37%		0%	
Lump Sum	100,000	7.30%	110,000	6.80%	
Sparsity Primary			25,000		Factor not used in Nottinghamshire local formula
Sparsity Secondary			65,000		
Sparsity Total		0%		0.10%	
Area Cost Adjustment					
Pupil Mobility	£ 180,626.00	0.04%	2017-18 spend	0.10%	
Split Sites	£ 507,542.00		2017-18 spend		
PFI	£ -	1.13%			
Rental Rates	£ 47,928.00				1.80%
Joint Use	£ 4,502,493.00				
Pupil Growth Fund	£ 526,901.00	0.12%			
Pupil Growth Fund	£ 1,000,000.00		2017-18 spend	0.50%	
		100.00%		99.90%	
Primary to Secondary Ratio		1:1.265		1:1.29	

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