

**SCHOOL & EARLY YEARS FUNDING 2018-19:
AGREEMENT OF THE LOCAL FUNDING FORMULA FOR 2018-19****Purpose of the Report**

1. To seek agreement of the 2018-19 local funding formula for schools and early years providers and to recommend that formula for approval by the County Council Policy Committee.

Background

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. 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.
4. The early years national funding formula was introduced in 2017-18 and funding was distributed to local authorities in accordance with this.
5. A report was considered by the Forum in September 2017 which outlined the position with the national funding formula (NFF) announcements and possible consultation options. The consensus of the Forum was that the consultation should be with a view to transitioning to the national funding formula in 2018-19.
6. The draft consultation document was considered by the Forum on 19 October 2017. This was considered further on Monday 30 October 2017 at which a working party of Forum members and NCC officers met to finalise the content of the consultation document and the accompanying models. The formal consultation on the proposals was held from 7 November 2017 to 24 November 2017.
7. The consultation documents (report and Appendix A – D) have been provided with this report for information and are available on the Schools Forum website at:

www.nottinghamshire.gov.uk/education/information-for-schools/schools-Forum

8. The agreed local funding formula must be submitted to the Education and Skills Funding Agency (ESFA) using the Authority Proforma Tool (APT) by 19 January 2018.

Information and Advice

9. In order to agree the local funding formula, Schools Forum members will need to vote on a number of proposals. The decisions that need to be made are based on the proposed models and responses to the consultation. Each of the proposals that require a vote to be taken are detailed in the main body of the report.
10. Forum members are reminded that, in accordance with the Schools Forum (England) Regulations 2014, only the following members are allowed to participate in a vote regarding the local funding formula:
 - Schools (Primary, Secondary and Special)
 - Academies
 - Governors
 - Private, Voluntary and Independent providers

Other non- schools members (Diocesan and Trade Union) can engage and participate in any discussions held, but are not eligible to participate in a vote. The Chair of the Forum has a casting vote in the event of a tied result.

Consultation responses

11. A total of 44 eligible responses (38 schools and 6 external Early Years PVI settings) were received to the consultation which was a response rate of only 11.7% for schools.
12. An analysis of the responses received, along with the comments for each question are attached as **Appendix E**. Note that questions 1 to 4 asked about the person completing the response, so the appendix begins with question 5.

Consultation Proposals

13. The proposals in the consultation were to transition the local funding formula to mirror the national funding formula as far as possible. The financial model provided gave the illustrative funding allocations under the NFF and the LFF (at 2018-19 LA indicative funding level).
14. The final unit values will be based on affordability once the October 2017 census data and pupil characteristics are received during December. It is envisaged that any adjustment needed to make the formula affordable will be made to the minimum per pupil amount, MFG or gains cap and not the AWPU. Any adjustment to this latter factor is offset by the protections built into the formula for the minimum per pupil amount and the MFG, and thus would not produce the required result.
15. Question 2 covered the need to make manual adjustments to the EFSA funding tool, APT, to ensure the LA could mirror the NFF as far as possible. This would require a disapplication request to be made to the Secretary of State. The adjustments stated were the sparsity formula calculation and the exclusion of the premises factors from the minimum per pupil amount. The ESFA have confirmed that a disapplication request will not be needed for the exclusion of the premises factors.
16. Since the consultation document was published, however, it has come to light that another disapplication request will need to be made to ensure that schools do not receive higher gains

than the 3% cap in the NFF illustrative allocations. The current funding tool allows schools to gain more than 3% if this is as a result of the minimum per pupil adjustment. This is unaffordable and does not mirror the basis on which the Schools Block funding allocation is calculated.

17. A further proposal was to transfer 0.5% from the schools funding block to the High Needs Block to fund significant budget pressures in EHCP specialist provision. The financial modelling provided (Appendix B) was on the basis of a per pupil reduction of £19.85 for primary pupils and £25.41 for secondary pupils. This method of reducing schools funding is outside of the funding formula and will also require a disapplication request to be submitted.

18. Changes were also proposed to each factor in the early years local funding formula.

19. All factors requiring a decision for 2018-19 are outlined in paragraphs 22 -27 below, along with the percentage of positive, negative or not sure/no responses from the consultation.

Schools Funding Formula

20. A vote is required on the following proposals by **School, Academy, Governor, & PVI members.**

Schools Local Funding Formula		Consultation Response for Information		
		Yes	No	Not Sure/ No Response
Consultation Question				
5	Do you agree that Nottinghamshire should transition the local funding formula to mirror the national funding formula as far as possible for 2018-19? Financial model at Appendix A.	77%	9%	14%
6	In order to transition to the NFF the local authority may need to make a number of technical adjustments to Education Skills and Funding Agency (ESFA) funding tool (APT). Do you agree that a disapplication request can be made to the Secretary of State to allow the local authority to make the necessary adjustments to the ESFA funding tool to enable the transition to the NFF?	75%	9%	16%
7	Do you agree with the proposal to transfer 0.5% from the total schools block funding to the high needs block? Financial modelling at Appendix B and C.	39%	39%	22%
8	In order to transition the LFF to the NFF as far as possible, the local authority will need to set an MFG between 0% and 0.5%. Are you in agreement with this proposal?	68%	14%	18%

9	In order to transition the LFF to the NFF as far as possible, the local authority will need to adopt a gains cap of between 2.5% and 3%. Are you in agreement with this proposal?	68%	18%	14%
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De-delegation of funding for maintained primary and secondary schools

21. As outlined in the consultation document, there will be a limited list of services that the local authority can continue to operate centrally for maintained schools only. The consultation responses showed that the majority of respondents felt that the services listed should be centrally operated. However, the final decision is made by the members of the Forum who represent the maintained primary and secondary sector. As de-delegation decisions can differ between the sectors, separate votes will need to take place.

22. A vote is required by **maintained primary school and governor members** on the following:

Consultation Question		Consultation Response for Information		
		Yes	No	Not Sure/ No Response
10	As a representative of a maintained primary school, do you agree to the de-delegation of the following in 2018-19:			
a	Free school meals eligibility assessment?	41%	9%	50%
b	Support to underperforming ethnic minority groups and bilingual learners?	41%	11%	48%
c	Contingency for crisis communications?	39%	11%	50%

23. A vote is required by **maintained secondary school and governor members** on the following:

Consultation Question		Consultation response for info		
		Yes	No	Not Sure/ No Response
10	As a representative of a maintained secondary school, do you agree to the de-delegation of the following in 2018-19:			
a	Free school meals eligibility assessment?	One out of the two maintained secondary schools answered yes to both services.		
b	Support to underperforming ethnic minority groups and bilingual learners?			

Early Years Single Funding Formula

23. To inform any discussion relating to these proposals the modelling is included at Appendix D.

24. A vote is required on the following factors by **School, Academy, Governor & PVI members**.

Early Years Single Funding Formula Consultation Question		Consultation Response for Information		
		Yes	No	Not Sure/ No Response
11	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?	30%	25%	45%
12	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?	50%	20%	30%

RECOMMENDATION/S

That the Schools Forum

- 1) Notes the content of the report; and
- 2) Undertakes the votes required to agree the school and early years local funding formula for 2018-19 for approval by the County Council Policy Committee on 20 December 2017 and for submission to the ESFA on 19 January 2018.

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