



**Nottinghamshire  
County Council**

# ***SCHOOLS FUNDING 2020-21***

## **CONSULTATION ON THE LOCAL FUNDING FORMULA FOR SCHOOLS**

**NOVEMBER 2019**

**Consultation period:  
?? November to ?? November 2019**

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# 1 Introduction

- 1.1.1 The purpose of this consultation exercise is to seek the views of maintained schools and academies on the formula changes the County Council and Schools Forum should consider for 2020-21. It is still the responsibility of the local authority to set the local funding formula for 2020-21.
- 1.2 The current formula for 2019-20 mirrors the national funding formula (NFF) formula factors and unit values. The minimum per pupil level and gains cap had to be set below the recommended level of the NFF to fund the agreed transfer to the High Needs Block (HNB). Table 1 at the end of this document details the 2019-20 local funding formula.
- 1.3 In October 2019 the DfE published the LA Schools Block indicative funding allocations for 2020-21 together with other NFF policy changes some of which will impact on the consultation for that year.
- 1.4 Proposed changes to the 2020-21 Early Years funding formula is the subject of a separate consultation.
- 1.5 Other grants e.g. 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 (LFF).
- 1.6 The consultation on the proposals will be launched on ?? November 2019 and be open until ?? November 2019 and provides an opportunity for schools to express their views on the proposals. It is available through Citizen Space via the link: <https://consult.nottinghamshire.gov.uk/schools/496bcf18>. The responses will be considered by the Schools Forum on 12 December 2019.
- 1.7 **The financial models provided with the consultation are for illustrative purposes only and do not reflect the funding that will actually be received by a school in 2020-21. They are based on the data used to determine schools' 2019-20 budgets. The multipliers implied by the modelling cannot be guaranteed for 2020-21 at this stage.**
- 1.8 The local funding formula for 2020-21 will be finalised based on the 2020-21 Dedicated Schools Grant settlement and issued pupil data sets in late December 2019. Individual school budget allocations will be confirmed to local authority maintained schools by 28 February 2020. The ESFA will confirm academy budgets during March 2020.
- 1.9 The final formula will be submitted to the Education & Skills Funding Agency (ESFA) by 21st January 2020 and recommended to the County Council's Policy Committee for approval on 15 January 2020.

## 2 National Funding Formula Update

2.1 In October 2019 the DfE published its update to the NFF, including notional allocations for schools, the primary and secondary units of funding that LAs allocations will be based on for 2020-21. It also included a number of policy changes as follows:

- The MPP funding levels have increased to £3,750 for all primary schools and £5,000 for all secondary schools. The primary level will rise to £4,000 in 2021-22. These levels are to be mandatory for all local authorities to use in their LFF.
- The funding floor will be set at 1.84% and based on the individual schools NFF allocation in 2019-20. This increase is based on pupil led funding only.
- Schools that are attracting their core NFF allocations will benefit from an increase of 4% to the formula's core (i.e. pupil led) factors. The exception to this is FSM which will be in line with inflation at 1.84%.
- Removal of the gains cap.
- Mobility is now on a formula basis and not historic spend as in previous years. All mobile pupils above the threshold will be allocated a per pupil amount of £875 for each primary pupil and £1,250 for each secondary pupil.
- Pupil growth will be allocated on a formulaic basis again although it is still up to local authorities how to distribute the funding.
- The teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately in 2020-21

2.2 The government has also confirmed that local authorities will continue to determine local formula in 2020-21.

### 3 Nottinghamshire Schools Block Funding Allocation for 2020-21

3.1 The NFF funding allocation for Nottinghamshire is set out below. This is indicative because the quantum will be determined by the pupil numbers obtained from the October 19 census.

**Table 1 Schools Block funding Allocation**

Schools Block Funding Breakdown								
	Actual 2019-20			Provisional 2020-21			Increase/Decrease(-)	
	October 2018 Pupil No.'s	Unit of Funding	2019-20	October 2018 Pupil No.'s	Unit of Funding	2020-21		
		£	£000		£	£000	£000	%
Primary	66,711	3,946	263,270	66,711	4,125	275,150	11,880	4.51
Secondary	41,808	5,013	209,588	41,808	5,218	218,138	8,550	4.08
Premises & Mobility			6,121			6,002	-119	-1.94
Growth Funding			3,085			3,085	0	0.00
<b>TOTAL SCHOOLS BLOCK</b>	<b>108,519</b>		<b>482,064</b>	<b>108,519</b>		<b>502,375</b>	<b>20,311</b>	

3.2 The 2020-21 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 still have different per pupil amounts.

3.3 The indicative allocation shows that there is £20.3m additional funding for Nottinghamshire.

3.4 The school tables provided by the DfE give notional allocations for individual school budgets for 2020-21 but these were illustrative only and do not represent the funding that a school will actually receive in that financial year.

### 4 Approach to the Schools Block Funding Formula Consultation for 2020-2021

4.1 A report was presented to the Schools Forum on 7<sup>th</sup> November which outlined the 2020-21 funding announcements and the proposed approach to the consultation.

4.1.1 In the last 2 years a transfer of 0.5% of Schools Block funding to the High Needs Block has been agreed to fund the continuing budget pressures for supporting children and young people with SEN. For 2020-21, however, the local authority will receive an increase of £11.5m in High Needs Block funding and for that reason it will **not** be seeking another transfer.

4.2 The aim of the consultation is therefore to continue to mirror the National Funding Formula as far as possible based on the indicative 2020-21 funding allocation for Nottinghamshire.

4.2.1 There are a number of factors which will influence the final 2020-21 allocation to schools and the ability to mirror the NFF i.e. the amount of growth funding received under the new formula, the increased cost of rates, Basic Need pupil number variations and the new Sharp Hill free school due to open in September 2020. The local authority is required to ensure the school is appropriately funded at the same level as all publicly funded schools.

- 4.3 The financial modelling assumes that the growth funding will cover the additional cost of the Basic Need pupil number variations and the new Free School. Although it isn't known what the actual 2020-21 growth fund allocation will be it is assumed that it, together with the £1.269m balance of the 2019-20 allocation, will be sufficient to cover these costs
- 4.3 As the increase in NNDR is relatively small and to ensure the local authority can adopt the NFF in full it is the intention to fund this from the Dedicated Schools Grant Non-Individual School Budgets reserve. If any shortfall in funding is significantly higher than anticipated this approach will need to be reviewed.
- 4.3.1 The 2020-21 local funding formula will be finalised based on affordability once the actual funding settlement is received in December 2019 which will include the October 2019 census, changes to pupil characteristics and the growth funding formula. However in the main schools will not receive less than their 2019-20 funding allocation unless their pupil numbers have reduced.

## 5 Schools Block Funding Formula Consultation Proposals

The local authority is required to consult on any changes to the LFF and the questions below are designed to align the current LFF with the NFF. The changes to the Minimum Per Pupil amount have not been included because the funding levels are to be mandatory for LA's to use in their LFF. They also assume that any shortfall in funding would be managed through the Non-ISB reserve.

### 1. Changes to the Unit Values Attributed to each Factor

The unit values for all the NFF factors have been increased by 4% with the exception of FSM which is 1.84%. In order to continue with the principle to mirror the NFF as far as possible these increases will need to be reflected in the LFF. The unit values for 2019-20 and those proposed for 2020-21 are shown in the Appendix.

#### **Question 1**

***In order to continue with the principle to mirror the NFF as far as possible the local authority would need to increase the unit values for each factor as detailed in Appendix ??***

***Are you in agreement with this proposal? Yes/No***

### 2. Minimum Funding Guarantee (MFG)

The purpose of the MFG is to protect schools from excessive year on year changes in funding as a result of, for example a change in pupil characteristics. As the protection provided is based on per pupil funding, the MFG calculation will not include school led or premises factors. The MFG will be used to action the inflationary increase referred to as the funding floor.

For 2020-21 the MFG/funding floor must be between +0.5% and +1.84% and the current MFG in the LFF is 0.00%, by setting a positive MFG this protects schools from any reduction in per pupil funding as a result of a change in pupil characteristics or unit values. In order to mirror the real terms protection in the NFF the local authority would need to set the MFG at +1.84%.

#### **Question 2**

***In order to continue with the principle to mirror the NFF as far as possible the local authority would need to set the MFG at 1.84%.***

### **Are you in agreement with this proposal? Yes/No**

#### 3. Level of Gains Cap

The local authority is required to consult on the level of the gains cap which is currently 0.815%. In order to mirror the NFF the cap would need to be removed.

#### **Question 3**

***In order to continue with the principle to mirror the NFF as far as possible the gains cap percentage would need to be removed.***

### **Are you in agreement with this proposal? Yes/No**

#### **De-delegation**

- 5.28 The DfE continues to require that any funding that was subject to de-delegation in 2019-20 should be re-approved by schools forum if the de-delegation is to continue in 2020-21. 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.
- 5.29 De-delegation will be an option for maintained primary and secondary schools for the following allocations in line with 2013-14 to 2020-20 delegation. The indicative rates for de-delegation in 2020-21 are shown in the table below with the 2019-20 rates (shown in brackets) for comparison where changed.
- 5.30 The Trade union facilities scheme supports the process of effective consultation and negotiation in our schools with the trade unions recognised by Nottinghamshire County Council. The contribution rates have remained static in recent years and this year a 3% increase is proposed to both rates in recognition of significant increases in Teacher and support staff pay and employer pension contributions. This increase will help to ensure that the fund available will continue to meet the future needs of the scheme in 2020/21. The proposed rates will therefore be Primary £1.56 (from 1.51) and £1.69 (from £1.64) Secondary per pupil. The rates will continue to apply to both maintained and academy schools.
- 5.31 The free school meal eligibility checking service is proposing a reduction in the per child rate to be charged in 2020/21. The proposed rate per child is £0.75 for all primary and secondary school children. This represents a reduction from the 2019/20 rates of £0.87 per Primary child and £0.91 per secondary child. The service has been able to reduce the per pupil rate due to expected high level of buy back from Nottinghamshire's academies and schools from other local authorities.

	<b>Primary per pupil de-delegation</b>	<b>Secondary per pupil de-delegation</b>
Free school meal eligibility assessment	£0.75 (£0.87)	£0.75 (£0.91)
Support to underperforming ethnic minority groups and bilingual learners	£5.03	£5.03
Contingency for crisis communications	£0.90	Nil
Trade Union Facilities	£1.56 (£1.51)	£1.69 (£1.64)

#### **Question 4 (to be answered by maintained schools only)**

***Do you agree to the de-delegation of the following in 2020-21?***

- ***Free school meals eligibility assessment?***

- ***Support to underperforming ethnic minority groups and bilingual learners?***
- ***Contingency for crisis communications?***
- ***Trade Union Facilities?***

**Thank you for taking the time to complete this consultation.**

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**TABLE 1**

	Nottinghamshire Local Funding Formula 2019-20		National Funding Formula 2020-21		
	Primary	Secondary	Primary	Secondary	Secondary KS3 Only
	Unit Value £	Unit Value £	Unit Value £	Unit Value £	Unit Value £
<b>Minimum Per Pupil</b>	3,400	4,700	3,750	5,000	4,800
<b>Basic Entitlement - per pupil</b>					
Primary	2,754.43		2,864.89		
KS3		3,873.12		4,029.09	
KS4		4,397.70		4,573.59	
<b>Deprivation - per eligible pupil</b>					
FSM Current	441.19	441.19	451.24	451.24	
FSM6	541.46	787.13	561.55	817.25	
IDACI Band A	576.56	812.20	601.66	842.32	
IDACI Band B	421.14	601.63	436.20	626.73	
IDACI Band C	391.06	561.52	406.12	581.60	
IDACI Band D	360.98	516.40	376.04	536.48	
IDACI Band E	240.65	391.06	250.69	406.12	
IDACI Band F	200.54	290.79	210.58	300.83	
<b>Low Prior Attainment - per eligible pupil</b>	1,024.77	1,554.20	1,067.94	1,614.44	
<b>English as an Additional Language - per eligible pupil</b>	516.40	1,388.75	536.48	1,443.97	
<b>Lump Sum - per school</b>	110,298.10	110,298.10	114,715.74	114,715.74	
<b>Sparsity - per eligible school</b>	25,067.75	65,176.15	26,071.76	67,786.58	
<b>Pupil Mobility - per eligible pupil</b>	345.23	345.23	877.42	1,253.45	
<b>Split Sites</b>		School specific unit values			
<b>Rental</b>		School specific unit values			
<b>Rates</b>		School specific unit values			
<b>Joint Use</b>		School specific unit values			
<b>Funding Floor</b>		Minimum funding guarantee - 1% increase above 2017-18 per pupil baseline.		N/A	
<b>Minimum Funding Guarantee</b>		0.00%		0.50% - 1.84%	
<b>Gains Cap</b>		0.82%		N/A	

**Note:** The National Funding Formula unit values have been increased to reflect the Area Cost Adjustment for Nottinghamshire. For 2019-20 this is 1.00271 and for 2020-21, 1.00276.