

<b>Date of meeting:</b>	Thursday 14 September 2017
<b>Title of report:</b>	<b>School Funding Update</b>
<b>Type of report:</b> Delete as required	For information
<b>Executive summary:</b> Including reason for submission	<p>This report provides an update on national announcements regarding school funding made in recent months. It also notes that important information which will have an impact on budgets for 2018-19 is expected from the DfE in the next few weeks. A further discussion will be held at the October meeting to take forward proposals relating to school budgets in 2018-19.</p> <p>A presentation and discussion will accompany this paper at the meeting.</p>
<b>Budget / Risk implications:</b>	Potential risk to services and resources for schools funded by the DSG from April 2018
<b>Recommendations:</b>	That the North Yorkshire Education Partnership notes the contents of this report
<b>Voting requirements:</b>	N/A
<b>Appendices:</b>	<p>Appendix 1 - BRIEFING NOTE FOR SCHOOLS IN NORTH YORKSHIRE (January 2017)</p> <p>Appendix 2 – LETTER FROM TEACHERS' PROFESSIONAL ASSOCIATIONS</p>
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<b>Presenting officer:</b> If not the originator	Anton Hodge

**1.0 PURPOSE OF THE REPORT**

- 1.1 This report provides an update on national announcements regarding school funding made in recent months. It also notes that important information which will have an impact on budgets for 2018-19 is expected from the DfE in the next few weeks. A further discussion will be held at the October meeting to take forward proposals relating to school budgets in 2018-19.
- 1.2 A presentation and discussion will accompany this paper at the meeting.

**2.0 NATIONAL FUNDING CONSULTATION****Stage Two Consultations**

- 2.1 In December 2016, the Government launched Stage 2 of its consultation on a National Funding Formula for schools with a response deadline of 22 March. A summary of the proposals was compiled and sent to all schools in the county at that stage and a copy is included here for information (as Appendix 1).
- 2.2 NYCC's response was shared with the Partnership before submission. Whilst we welcomed the Government's stated commitment to reduce the funding inequality in English schools, we were dismayed to note:
- That the funding gap would narrow only marginally if these proposals were implemented
  - That the DfE had reversed some of its former actions with regard to funding of sparsity
  - That the proposals regarding the formula had no basis in need nor indeed any rationale and were based simplistically on averaging out the current variances at Local Authority level
  - There was no recognition of the role of School Forums and local decision-making
- 2.3 Whilst the formula changes would deliver an additional allocation to North Yorkshire of £7m, more than half of our secondary schools would lose out, as would 10% of primaries
- 2.4 Alongside these proposals a consultation on High Needs Funding was published. This also caused us some concern as it placed us as one of the LAs who would see no gain or reduction in our allocation.

**July 2017 Announcements**

- 2.5 In July 2017, the Secretary of State announced that the Government would publish its reply to the consultation, which received 25,000 responses, in September 2017. In the meantime she announced that:
- An additional £1.3bn would be made available nationally for school funding in 2018-19 and 2019-20
  - This formula in 2019-20 will provide at least £4,800 per pupil for every secondary school
  - It remained the DfE's intention that a school's budget should be set on the basis of a single, national formula, but a longer transition "made sense".

**School Funding Update**

- Therefore in 2018-19 and 2019-20, the national funding formula will set indicative budgets for each school, and the total schools funding received by each local authority will be allocated according to a national fair funding formula.
- Local authorities will continue to set a local formula to distribute that funding, and to determine individual schools' budgets in 2018-19 and 2019-20, in consultation with schools in the area.
- All local authorities will receive some increase to funding on schools and high needs. These figures will be confirmed in September alongside the DfE's response to the consultation

Further Guidance

- 2.6 In recent weeks, the Department has published some "Operational Guidance" which gives some indications of what is required for 2018-19 and 2019-20, although we await the imminent publication of the figures which we require to undertake the financial modelling. In expectation of these arriving by the end of the month, the next meeting of the Partnership (Oct 19) will need to consider on decide on such issues as local formula changes, de-delegation and central budgets.
- 2.7 A summary of the issues follows in readiness for the October meeting.

Funding to schools

- 2.8 The Operational Guidance states that "within the Schools Block, the Government will provide for at least a 0.5% per pupil increase for each school in 2018-19 through the national funding formula." However, it is not clear if this means a 0.5% increase on a notional NFF (which no school is funded by) and therefore may actually be lower than current school budget allocations.
- 2.9 As announced in July, every secondary school will have per pupil funding of at least £4,800 by 2019-20. This also needs clarification (does it mean total budget – and what if schools are already funded above this level?)
- 2.10 The Minimum Funding Guarantee (MFG) will continue. For a number of years this has been effectively a Maximum Funding Reduction of -1.5%. In 2018-19, Local Authorities will be able to set the MFG between 0% and -1.5%.
- 2.11 There will be tighter restrictions on moving funding from one of the DSG blocks to another.
- 2.12 At the next meeting, the Partnership will be asked to consider:
- Whether to use current Free School Meals as well as the "Ever 6" measure – both will now be allowed. Previously only one could be used.
  - As the DfE will be increasing the Pupil Premium Plus rates for 2018-19 (rather than including a looked-after children factor in the national funding formula), to determine whether to include this factor in our local formula
  - Including a transitional factor for secondary schools in 2018-19, in preparation for the £4,800 minimum in 2019-20
  - Any other changes to the local formula
  - Whether to continue to apply a weighting to reflect the change in Early Years Foundation Stage Profile in 2013 with regard to the calculation of Prior Attainment

funding for primary schools as now only year 6 pupils have been assessed using the old profile.

- 2.13 Financial modelling of the impact of these potential changes will be available to inform any recommendations. A letter from the Teachers Professional Associations regarding the Traded Union budgets is attached as Appendix 2 to this report.

De-delegation and Centrally-managed Budgets

- 2.14 The Partnership will also be asked to consider the continuation or otherwise of de-delegated and centrally-managed budgets. For information, and ahead of the October discussions, the initial list of such budgets for 2017-18 is shown below (the figure for de-delegated budgets will reduce in line with academy conversions). Further information will be brought to that meeting to inform decisions.

All figures are £000s

ISB (delegated budgets)	322,016	97.9%
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De-delegated Budgets

Schools in Financial Difficulty	615	
Unreasonable School Expenditure	80	
Behaviour Support Services	195	
Ethnic Minority	932	
Free School Meals Eligibility	16	
Trade Union Costs	75	
	1,913	0.6%

Centrally-Managed Budgets

Prevention Service	1,788	
School Admissions	790	
Schools Forum	100	
Copyright Licences	466	
Falling rolls	301	
Pupil growth	201	
ESG – Retained Duties	1,215	
	4,861	1.5%
	328,790	

**6.0 RECOMMENDATIONS**

- 6.1 The Partnership is asked:

- To note the update on school funding, and that a further discussion will take place at the October meeting once further information has been received from the DfE.

STUART CARLTON  
Corporate Director – Children and Young People’s Service

## APPENDIX 1

### BRIEFING NOTE FOR SCHOOLS IN NORTH YORKSHIRE (January 2017)

The DfE has launched Stage 2 of a consultation on a National Funding Formula for schools. The consultation, which can be found at <https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/> lasts until 22 March 2017.

This consultation builds on (and confirms) much of Stage 1, which took place in March of this year. It includes a school level calculation showing indicative impact of the proposals. However schools should note that this calculation uses 2016-17 data (in order to give a like-for-like comparison) and will therefore change over time.

A short summary of the key points follows:

#### **Schools NFF**

- Changes will take effect from April 2018. For 2018-19, the new formula will be used to allocate a total pot of funding at Local Authority level, but a local formula will still be possible to allocate budgets to schools.
- From April 2019, individual school budgets will be calculated using the national formula
- The new formula will contain elements similar to those we currently use, although the amounts allocated through each will change. A summary of the current North Yorkshire formula and the NFF is attached to this note
- A sparsity factor continues to be part of the formula, alongside a lump sum for every school – although this latter will be the same for primary and secondary schools
- There will be a mobility factor. The March consultation proposed that this be deleted and we lobbied hard for this to continue.
- A new central services block will be created in the Dedicated Schools Grant (DSG) to fund some historic commitments and cost of statutory duties currently funded through the Education Services Grant
- Although the NFF will see around £7m of extra funding coming to North Yorkshire, the picture for schools is mixed as a result of the change to direct national funding.
- In North Yorkshire, indicative figures show that 282 (90%) of primary schools will **gain**, while 23 (55%) of secondary schools will **lose**.
- Transitional arrangements will apply – no school will see a loss of more than 3% per pupil. The Minimum Funding Guarantee (-1.5% per pupil) will also continue.

#### **High Needs NFF**

- The basis of the proposed allocation of high needs funding is, as in the schools proposals, the current pattern of distribution. There is a strong desire to maintain stability in funding with the inclusion of a historic spend factor.
- The DfE have also made funding available to ensure that no local authority will see a reduction in the level of funding received currently (assuming baseline funding agrees). North Yorkshire is one of those LAs with no change in funding.
- The proposed change of treatment to the funding of resource provision in mainstream schools outlined in the first stage consultation has been confirmed. Schools will receive funding for pupils as part of their mainstream funding with a further £6,000 provided by the local authority on the basis of agreed places. Earlier modelling undertaken showed this to have a negative effect on primary schools, where the per-pupil funding is often much less than £4,000.

**School Funding Update**

- The proposal to include independent schools within the framework for “place-plus” has not been included within the new proposals, following the responses from the first stage.
- The proposed high needs formula allocation uses the factors contained within the first stage consultation. This is shown in the table below:

<b>Formula factors</b>		<b>Other formula factors and adjustments</b>
<b>Basic entitlement: basic unit of funding for pupils and students in specialist SEN institutions</b>		
<b>Population factor</b>		<b>Area cost adjustments (ACA)</b>
<b>Health and disability factors:</b>	Disability living allowance	<b>Import/export adjustments</b>
	Children in bad health	
<b>Low attainment factors:</b>	Key stage 2 low attainment	<b>Funding floor factor</b>
	Key stage 4 low attainment	
<b>Deprivation factors:</b>	Free school meals	<b>Hospital education factor</b>
	IDACI	
<b>Historic spend factor</b>		

- The DfE proposes a further review of the high needs formula in four years' time.

**Comparison of DfE proposed and existing NYCC values**

Factor	Phase	NYCC		NFF		Current averages	
		Current 2016-17 value	% of Overall budget	Proposed values	% of Overall budget	Current values	% of Overall budget
AWPU	Primary	2,910	78.12%	£2,712	72.5%	£3,024	76.6%
	Secondary KS3	£3,763		£3,797		£4,169	
	Secondary KS4	£4,666		£4,312		£4,683	
Deprivation - FSM	Primary	£472	4.43%	£980	9.3%	£963	7.6%
	Secondary	£634		£1,225		£1,132	
Deprivation - Ever 6 FSM	Primary			£540		£1,132	
	Secondary			£785			
Deprivation (IDACI - Primary)	Band 1 (f)	£630		£200		£128	
	Band 2 (e)	£906		£240		£191	
	Band 3 (d)	£769		£360		£320	
	Band 4 (c)	£1,264		£360		£476	
	Band 5 (b)	£1,375		£420		£626	
	Band 6 (a)	£1,612		£575		£704	
Deprivation (IDACI - Secondary)	Band 1 (f)	£940		£290		£161	
	Band 2 (e)	£1,166	£390	£254			
	Band 3 (d)	£775	£515	£417			
	Band 4 (c)	£1,221	£515	£639			
	Band 5 (b)	£1,097	£600	£840			
	Band 6 (a)	£183	£810	£874			
LAC	All	£2,404	0.2%	£0	0%	£662	0%
Low attainment	Primary	£509	2.54%	£1,050	7.5%	£812	4.3%
	Secondary	£637		£1,550		£1,058	
EAL	Primary	£953	0.43%	£515	1.2%	£482	0.9%
	Secondary	£921		£1,385		£926	
Mobility	Primary	£999	0.27%	Subject to historic spend	0.1%	£346	0.1%
	Secondary	£19,068				£532	
Lump Sum	Primary	£89,047	11.02%	£110,000	7.1%	£128,213	8.2%
	Secondary	£175,000		£110,000		£139,473	
Sparsity	Primary	£0 - £52,000	0.97%	£0 - £25,000	0.08%	£6,206	0.05%
	Secondary	£100,000 - £150,000		£0 - £65,000		£10,515	
Other – Growth, Rates, Split Sites, Rents		Varies			2.22%		2.3%

**APPENDIX 2 – LETTER FROM TEACHERS’ PROFESSIONAL ASSOCIATIONS**

310 Scalby Road,  
Scarborough,  
North Yorkshire  
YO12 6EA

29<sup>th</sup> August 2017

Ian Yapp, Chairman NYEP

Dear Ian,

On 17 July 2017, following months of uncertainty about the future of the National Funding Formula (NFF) for schools, the Secretary of State for Education, Justine Greening, announced the Government’s school funding policy through to 2020.

The Secretary of State’s announcement on 17 July 2017 includes:

- the provision of an additional £2.6 billion in schools’ core funding for 2018/19 and 2019/20;
- a commitment that the NFF will go ahead, but that the transitional period will be extended by one year, so that the ‘hard’ formula, whereby all schools receive their funding direct from the DfE, will not begin until 31 March 2020;
- the application for 2018/19 and 2019/20, of the ‘soft’ NFF, which means that schools will continue to receive their funding allocations from their local authority in accordance with the local formula. All NFF allocations for individual schools in each local authority will be aggregated and provided to local authorities in a global sum for distribution to schools;
- raising the floor protections in the NFF, so that no school loses funding in 2018/19 or 2019/20 through the introduction of the NFF. For schools which previously lost funding under the NFF proposals, there will be an increase in funding from 2018 to 2020 of up to 3%;
- in terms of future funding levels, a delay in the hard NFF until the next Comprehensive Spending Review (CSR) period from 2020 to 2025 and this will be the subject of future legislation.

**Key implications for schools**

The DfE’s illustrative allocations of the impact of the NFF on schools and local authorities, which were published in December 2016, will be replaced by new illustrative allocations under the revised NFF. The DfE has confirmed that it intends to

publish these in September 2017. Schools should not rely on the December 2016 DfE funding data as forecasts of their funding from 2018/19 onwards.

The DfE has also confirmed that the total amount of funding allocated to additional educational needs under the revised NFF will remain the same, but the weighting given to these factors will also be published in September 2017.

While we await details regarding the new NFF proposals, it appears that the regulations will allow for the continuation of de-delegated trade union facility time until 31 March 2019, twelve months later than the previous NFF proposals.

You will be aware that the NYEP had expected that the LA would have had to delegate the Trade Union Budget back to maintained schools (along with several other budgets) in April 2018. This is no longer the case.

Given this changing situation, we would like to request that consideration be given to reviewing the previously expected decision (suggested and based on the 'old' information) regarding de-delegation. We would like you to bring this issue back to the NYEP with the aim to continue the de-delegation. In so doing, we believe we would be in a better position to maintain an excellent service, possibly until 31<sup>st</sup> March 2020. This will have a significant impact on the working of the Facilities arrangements in North Yorkshire and thereby positively affect the work of HR and Schools more generally.

Kind Regards,

*Chris Head*

Teachers' Union Representative, North Yorkshire Education Partnership