

Date of meeting:	Thursday 19 October 2017
Title of report:	DSG Update and the National Funding Formula
Type of report: Delete as required	For information
Executive summary: Including reason for submission	<p>This paper sets out some information regarding the proposed National Funding Formula and its implications on schools in North Yorkshire.</p> <p>The Partnership is asked to agree recommendations regarding the funding for next year including consultation with all schools.</p>
Budget / Risk implications:	Implications for individual schools, depending on approach taken and potential risk of cessation of de-delegation on certain services.
Recommendations:	As set out in Section 8
Voting requirements:	Schools only
Appendices: To be attached	<ol style="list-style-type: none"> 1: NFF and NYCC formula elements 2: De-delegated Budgets 3: School-level comparisons (separate spreadsheet) 4: School-level impact of High Needs Top-slice (separate spreadsheet)
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DSG Update and the National Funding Formula**1.0 Purpose of the Report**

- 1.1 This paper sets out some information regarding the proposed National Funding Formula and its implications on schools in North Yorkshire.
- 1.2 The Partnership is asked to agree recommendations regarding the funding for next year including consultation with all schools.

2.0 Background

- 2.1 At the meeting in September, the Partnership noted a paper which set out the following:
- Following the December 2016 consultation on a National Funding Formula (NFF) for Schools and High Needs, a response from the government, and other important information, had been published.
 - This confirmed that:
 - o Implementation of a NFF will begin in April 2018. In due course, the DfE will set every school's budget (LA maintained and academies), but for an initial period before then, the NFF will be used to calculate notional school budgets. These notional budgets will then give an overall total for each Local Authority area. LAs and their Schools Forums will have some discretion in allocating funds at individual school level for a limited period.
 - o The period of local discretion (known as the "soft NFF") will be in place for 2018-19 and 2019-20, with the "hard NFF" (where all school budgets will be set by the Department) taking effect sometime after April 2020.
 - o While last year's proposals suggested that that an extra £7m would be allocated to schools in the county, some schools would lose out – in fact the majority of secondary schools (55%) and 10% of primaries would receive less money under those proposals. However, we are pleased to see that the revised figures now show no school losing and only three schools standing still. Those three schools will receive small gains after the first year of implementation.
 - o The DfE has also stated that no primary school will be funded at an amount lower than £3,300 per pupil in 2018-19 (rising to £3,500 the year after) and secondary schools will have similar protection (£4,600 and £4,800 for the two years). An amount of £1.3bn will be moved from other DfE budgets into school funding to pay for the additional cost.
- 2.2 Over the past few weeks, the DfE has released some further information relating to the calculations. Schools are able to see how their individual NFF notional allocation compares with their current total formula, but not the reasons for this change. Section 4 sets out additional analysis which will help the Partnership and the Council to take a view on how to proceed with funding arrangements for 2018-19. This paper also looks at budgets which are now part of the Central Schools Services Block of the DSG and potential de-delegation (Section 5). Before that however, Section 3 looks at the overall funding pot which might be allocated to North Yorkshire in future years.

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3.0 DSG 2018-19: Initial Allocations

3.1 In preparation for the expected introduction of funding changes from April 2018, the DfE has produced new baseline figures for the 2017-18 DSG as adjusted for the expected impact of the NFF. It should be noted that the figures used by the DfE, and throughout this paper, are based on the October 2016 census and therefore will be updated as a result of pupil number and other data changes

3.2 The DSG is now made up of four main blocks (Schools, Central School Services, High Needs and Early Years). This paper only looks at three of these – excluding Early Years which is dealt with elsewhere on the agenda.

3.3 The revised DSG Baseline for these three blocks, taking into account the impact of the NFF is as below. All figures are £000s.

	2017-18	2018-19	2019-20	full NFF
Schools Block	324,429	331,505	336,159	338,838
Central Schools Services Block	4,360	4,295	4,233	4,054
High Needs	47,902	48,044	48,270	48,270
Total	376,690	383,844	388,662	391,162

3.4 The base year of 2017-18 includes only partial effect for two newly-opened establishments so while the total change in the Schools Block is just over £7m, in reality it is a little less (around £6.8m, comparing “like with like”).

3.5 The overall increase in the Schools Block (compared with the 2017-18 baseline) is:

2018-19:	2.2%
2019-20:	3.6%
Full NFF:	4.4%

3.6 The overall increase in the High Needs Block (compared with the 2017-18 baseline) is:

2018-19:	0.3%
2019-20:	0.8%
Full NFF:	0.8%

3.7 The overall decrease in the Central Schools Services Block (compared with the 2017-18 baseline) is:

2018-19:	-1.5%
2019-20:	3.6%
Full NFF:	4.4%

4.0 Impact of the National Funding Formula (NFF)

- 4.1 As noted above, the proposed NFF shows that no school would lose out compared with their 2017-18 allocation. Although the changes in the formula affect every school differently, the additional funding is set to be allocated in a way which differs from the current formula.
- 4.2 Were the additional funding to be allocated to schools via the current local formula, once again no school would lose out. Appendix 3 shows a comparison for each school of (a) current, (b) current plus additional funding and (c) NFF. These figures assume a 0% MFG in the NYCC formula. The overall total also differs slightly from that shown above due to the issue with new schools and part-year impact. Further details regarding Appendix 3 are set out below (4.5ff).
- 4.3 The NFF Formula for 2018-19 compares with the current 2017-18 funding as shown below:

Primary Schools

	Current	NFF	Change	% change
AWPU	125,785	117,505	-8,280	-6.6%
Deprivation	8,784	7,470	-1,315	-15.0%
LAC	335	0	-335	-100.0%
EAL	1,236	669	-568	-45.9%
Mobility	549	549	0	0.0%
Prior Attainment	3,734	14,395	10,661	285.5%
Lump Sum	27,783	34,320	6,537	23.5%
Sparsity	1,653	1,781	127	7.7%
Split Site	50	50	0	0.0%
Rates	2,498	2,399	-99	-4.0%
PFI	244	253	9	3.8%
Rents	197	173	-24	-12.2%
Protection	-93	-3,615	-3,522	3784.8%
TOTAL	172,755	175,949	3,193	1.8%

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Secondary Schools

	Current	NFF	Change	% change
AWPU	128,796	126,100	-2,696	-2.1%
Deprivation	5,526	7,295	1,769	32.0%
LAC	325	0	-325	-100.0%
EAL	207	314	107	51.8%
Mobility	248	248	0	0.0%
Prior Attainment	4,230	10,353	6,123	144.8%
Lump Sum	7,525	4,730	-2,795	-37.1%
Sparsity	1,300	399	-901	-69.3%
Split Site	450	450	0	0.0%
Rates	2,973	2,650	-323	-10.9%
PFI	0	0	0	
Rents	202	202	0	0.0%
Protection	93	2,772	2,679	2878.7%
TOTAL	151,875	155,513	3,638	2.4%

All schools

	Current	NFF	Change	% change
AWPU	254,581	243,605	-10,976	-4.3%
Deprivation	14,311	14,765	454	3.2%
LAC	660	0	-660	-100.0%
EAL	1,443	982	-461	-31.9%
Mobility	797	797	0	0.0%
Prior Attainment	7,964	24,749	16,784	210.7%
Lump Sum	35,308	39,050	3,742	10.6%
Sparsity	2,953	2,180	-773	-26.2%
Split Site	500	500	0	0.0%
Rates	5,471	5,049	-422	-7.7%
PFI	244	253	9	3.8%
Rents	399	375	-24	-6.0%
Protection	0	-843	-843	
TOTAL	324,631	331,461	6,831	2.1%

- 4.4 Secondary schools therefore receive a larger increase on the original funding than primary schools (2.4% increase compared with 1.8%). Overall AWPU shows a reduction of nearly £11m, with significant reductions in sparsity, secondary school Lump Sum and English as an additional Language (EAL). The factor for looked After

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Children (LAC) has completely disappeared. These reductions are balanced by increases in Deprivation, Prior Attainment and primary school Lump Sum. The most significant of these is a 285% primary, and 145% secondary, increase in Prior Attainment funding.

- 4.5 In Appendix 3,
- Column A shows the current formula allocation for schools.
 - Column B shows the notional NFF figures
 - Column C shows the difference between these two
- 4.6 As the current formula does not include the extra £6.8m, Column D has been added to show the impact of continuing to use the local formula with the new funding envelope. The additional funding has, for this purpose, been added to the AWPU element. Column E then shows the difference between this “Enhanced NYCC” formula and the current allocation.
- 4.7 Column F therefore shows the illustrative impact of continuing to use the NYCC formula rather than the NFF. So, for example, the first school on the list, Ainderby Steeple would be £693 worse off if we continued to use the NYCC formula. The second school, Airy Hill, would be £895 better off.
- 4.8 It should be noted that the Columns B and D do not tally exactly. This is to do with adjustments made by ESFA for academies – we think around changing pupil numbers and different financial years, but the data produced recently still has some missing information. However we feel these figures provide a good indication of the difference in the two possible formulae.
- 4.9 Appendix 1 shows the formula factors used in the current NYCC formula (i.e. before the additional £6.8m) and the NFF.
- 4.10 Ultimately the biggest question we have to consider is whether to continue to use our own local formula in 2018-19 or move straight to the NFF, or a version of it.
- 4.11 Until the recent DfE announcements, our concern regarding a NFF was the number of schools that would lose out, and of course the details regarding specific elements. We are disappointed about the downgrading of sparsity and feel that smaller secondary schools in rural areas will continue to struggle with the funding. Nevertheless, all schools do at least gain under the NFF. Generally – but not universally – smaller secondary schools would do better (by approx 1%) using the enhanced NYCC formula, but larger secondary schools would be better off under the NFF. There is less of a pattern for primary, although the very small primary schools would do better under NFF, while the largest would do better under NYCC.
- 4.12 Should we continue with the NYCC model we would need to decide whether to continue to use a Minimum Funding Guarantee (MFG).
- 4.13 The NFF figures do not take into account de-delegation, or any potential move of funding from the Schools Block to the High Needs Block – issues which are dealt with below. However it will still be possible to use the NFF and incorporate amendments for these if schools wish that to be the case.

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- 4.14 We are therefore proposing to consult with schools – as is required for any major change in the formula – and seek views on this question, as well as others below. The results of this exercise can be reported back to an extra meeting of the Forum/NYEP in December. At that stage we should have updated figures from the October census which will enable us to illustrate the impact of any changes. The DfE’s timetable states that final Schools Forum consultation and political approval is required for 2018-19 budgets in time to submit our data to ESFA by 19 January 2018.
- 4.15 Members of the Partnership/Forum are therefore requested to express views and consider making endorsing the council’s recommendations regarding this consultation as set out in section 8 below. This recommendation essentially suggests using the NFF as a basis with some adjustments for de-delegation and, potentially, for High Needs.

5.0 Non-delegated Budgets

5.1 There are two types of non-delegated budgets considered in this section.

- De-delegation from the Schools Block
- Funding in the non-delegated new Central Schools Services Block

De-delegation

- 5.2 De-delegation applies only to LA-maintained schools. Where services are able to be de-delegated, the budget is technically initially delegated to all schools and academies. Services for de-delegation then have to be approved by Schools Forum and, if approved, the funding will be delegated (removed) from maintained schools budgets before final school budgets are issued.
- 5.3 The amount that can be de-delegated will depend on the number of academy conversions; if there are more conversions of schools to academies (as expected), it will reduce the total sum de-delegated for a service, if the per pupil deduction remains unchanged.
- 5.4 The services and amounts de-delegated in 2017-18 total £1.9m and include:

	£k	Section
Schools in Financial Difficulty	615	3
Unreasonable School Expenditure	80	3
Behaviour Support Services	195	4
Ethnic Minority	932	5 & 6
Free School Meals Eligibility	16	7
Trade Union Costs	75	8
	<u>1,913</u>	

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- 5.5 Under the revised National Funding Formula (NFF) proposals, the current finance regulations allow for the continuation of de-delegated services for schools into 2018-19. However, it is expected that the direction of travel will require all the funding to be delegated at a future point – probably when the ‘hard’ NFF is implemented at some point after 2020.
- 5.6 Appendix 2 sets out further detail regarding each of these budgets.
- 5.7 As stated above, the DfE has produced indicative budgets for every school under the NFF. These figures do not show the impact of de-delegation from LA-maintained schools. Any consultation with schools will therefore have to address this issue and illustrate how we intend to calculate each de-delegated budget, i.e. whether to use the NFF funding for each factor – which might change the overall budget level for each – or to continue to use or own, or a version of our own, local formula.
- 5.8 Our proposal to schools would be to continue to with the current levels of de-delegation, except for Ethnic Minority, as our current de-delegation is higher than the new (lower) amount allocated using EAL in the NFF¹. Therefore it is likely that this element will reduce by £300k.

Central Schools Services Block (CSSB)

- 5.9 This is a new block and covers the following services which are not delegated school responsibilities. These services support LA-maintained schools and academies alike and have previously been funded from council (non-DSG) budgets, which have now been top-sliced and allocated back to each authority in this new DSG block. The Council will need to look at how to deal with the reduced amount of funding being handed back, but we will not be proposing to top-slice school budgets to fund any central services for LA-maintained schools – although this is now allowed under regulations. We will also continue to look at ways in which these services can be undertaken more effectively to see if there is any scope of using this block to, for example, support the pressures in the High Needs Block.
- 5.10 The following services are funded from the CSSB:
- Strategic Management Costs, including planning for the education service as a whole
 - Revenue budget preparation, monitoring, internal and external audit, funding to schools
 - Consultation costs
 - Plans involving other LA services
 - SACRE
 - School attendance and exclusion issues
 - Employment of children
 - Capital programme
 - Landlord responsibilities
 - School Admissions

¹ For primary schools, the current EAL amount is £952 per eligible pupil. We then de-delegate £744 or 78% of this. However the NFF amount for EAL is £515

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- Places in independent schools (non-SEN)
- Servicing of Schools Forum
- Back-pay for equal pay claims
- Contribution to combined budgets

5.11 Once we have considered the impact of the reduced funding available, we will report to the Forum how these budgets are being allocated, as required by regulations. Should we seek to move funding from the CSSB to another Block (such as High Needs), this will require consultation with the Forum.

6.0 High Needs Topslice

6.1 A separate paper deals with some of the issues in the High Needs Block. However the following section will look at the potential impact of top-slicing the Schools Block by 0.5%, as allowed under the new regulations, to support pressures in High Needs Budgets.

6.2 As set out in section 2 above, the NFF for High Needs will not go far in helping to meet the additional needs and costs set out elsewhere in the agenda. To assist with those, LAs will – with the support of School Forums, and after consultation with schools – be able to use a limited amount of funding for a limited period of time.

6.3 For North Yorkshire this equates to £1.6m and we are looking to consult on doing this in 2018-19. Assuming we used pupil numbers in the calculation, Appendix 4 shows the impact at school level. This would be one-off funding, although there may be scope to continue in 2019-20. After that, this funding would revert back to the Schools Block.

6.4 Further details around this issue are referred to in item 2.2 on this agenda, and it may be useful to consider this proposal in the context of that paper.

7.0 Exceptions to the Formula

7.1 Local authorities are able to submit a request to the Secretary of State for exceptional circumstances where the 'normal' operation of the formula would not be appropriate or does not recognise a particular scenario. Requests for exceptions to the formula for 2018-19 need to be submitted to the DfE by 30th November 2017. The use of exceptions is dependent in each case on whether we use the NFF or the enhanced NYCC formula. Members of the Partnership are asked to agree to request DfE approval to continue with our current exceptions.

Exceptions requested if using either NFF or NYCC formula

7.2 A number of exceptions are already in place for schools where their rent costs are in excess of 1% of their delegated budget. Analysis has been undertaken as to whether exceptions need to be requested for any additional schools for 2018-19. No further schools have been identified.

7.3 An exception has previously been approved with regard to Staynor Hall Community Primary Academy, which opened in September 2016. The school will not be operating a full number of year groups until September 2018. The pupil numbers for will be varied for the purposes of calculating the funding for 2018/19 in order to reflect the impact

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(5/12ths / 7/12ths) of the additional year group from September 2018. The estimated funding will be adjusted in the following year to represent the actual pupils on roll as at October 2018. There is now no requirement to submit a further request to the DfE for this variation, however the Partnership are requested to note this adjustment.

- 7.4 Eskdale School extended its age range with effect from September 2016 to become an 11-16 school; however the admission of Year 10 pupils did not commence until September 2017. This impacted on the pupil numbers of both Eskdale School and Caedmon College from September 2017. In this regard a request was submitted to the DfE to vary the pupil numbers for calculating funding in order to reflect the impact (5/12ths / 7/12ths) on the Year 10 pupil numbers at both schools from September 2017 for the 2017/18 financial year funding. A further variation to pupil numbers will be required to reflect the impact on the Year 11 pupil numbers in both schools from September 2018. There is no requirement to submit a further request to the DfE for the variation related to Eskdale School as the impact is an increase to funded pupil numbers. However, a request to the DfE to vary the pupil numbers for Caedmon College is required as this will result in a reduction in the funded pupil numbers. The Partnership is requested to note the pupil number variation for Eskdale Schools and to approve the submission of the request to the DfE to vary the pupil numbers for Caedmon College.

Exceptions requested if using either NYCC formula

- 7.5 Within North Yorkshire local sparsity criteria have been agreed and a number of schools have exceptions in place in relation to the local threshold. At this stage no further schools have been identified as meeting the criteria, however it has not yet been possible to analyse the October 2017 pupil census data. Further schools may be identified once this analysis has been completed.

8.0 Recommendations

- 8.1 Members of the Partnership are asked to consider the many detailed issues set out in this paper and in particular:
- To agree to consult all schools on using the NFF as a basis for delegated budgets in 2018-19 and to consider endorsing this as a proposal
 - To agree to consult all schools top-slicing the Schools Block NFF as a basis for delegated budgets in 2018-19 and to consider endorsing this as a proposal, as set out in section 6, and covered in more detail in Item 2.2 on the agenda.
 - To agree to the continuation of de-delegated budgets from LA-maintained schools in 2018-19 as set out in section, as set out in section 5
 - To note the work ongoing to identify efficiencies in budgets funded by the CSS Block and that further details will be brought to a later meeting

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APPENDIX 1 – NFF and NYCC Formula Elements

		Current	Stage 2	
		NYCC	Proposal	FINAL
AWPU - Primary	Primary	2,941	2,712	2,747
AWPU - KS3	Secondary	3,813	3,797	3,863
AWPU - KS4	Secondary	4,728	4,312	4,386
Deprivation - FSM	Primary	505	980	440
	Secondary	678	1,225	440
Deprivation - Ever 6 FSM	Primary		540	540
	Secondary		785	785
Deprivation (IDACI - Primary)	Band 1 (f)	650	200	200
	Band 2 (e)	780	240	240
	Band 3 (d)	936	360	360
	Band 4 (c)	1,123	360	390
	Band 5 (b)	1,348	420	420
	Band 6 (a)	1,617	575	575
Deprivation (IDACI - Secondary)	Band 1 (f)	623	290	290
	Band 2 (e)	773	390	390
	Band 3 (d)	935	515	515
	Band 4 (c)	1,056	515	560
	Band 5 (b)	1,151	600	600
	Band 6 (a)	1,220	810	810
LAC	All	2,403	0	0
EAL	Primary	953	515	515
	Secondary	921	1,385	1,385
Low attainment	Primary	509	1,050	1,050
	Secondary	637	1,550	1,550
Mobility	Primary		Subject to historic spend	
	Secondary			
Lump Sum	Primary	89,047	110,000	110,000
	Secondary	175,000	110,000	110,000
Sparsity	Primary		£0 - £25,000	£0 - £25,000
	Secondary		£0 - £65,000	£0 - £65,000
Other – Growth, Rates, Split Sites, Rents			Subject to historic spend	

APPENDIX 2 - De-delegated Budgets

1.0 SCHOOLS IN FINANCIAL DIFFICULTY & UNREASONABLE SCHOOL EXPENDITURE

- 1.1 The Schools in Financial Difficulty and Unreasonable School Expenditure budgets are contingencies which are available to support vulnerable schools with exceptional costs which would not ordinarily be expected to be met from the school budget.
- 1.2 In 2017-18, the de-delegated funding for contingencies is £12.10 per pupil. This is unlikely to provide a material level of funding for an individual school, particularly a small school, to cover the type of costs which are currently funded from the de-delegated contingencies. However, only a relatively small number of schools access the funds in a particular financial year so the majority of schools may not currently feel that they have benefitted from the provision. The increasing financial challenges being faced by schools, demonstrated by the increasing number of actual and forecast school budget deficits, may result in an increasing demand from maintained schools for support from these budgets.

Schools in Financial Difficulty

- 1.3 The Schools in Financial Difficulty Fund is available to support schools that have failed an Ofsted Inspection, are at risk of failing an Ofsted Inspection or have other serious issues that would impact on the education of the children and young people attending the school, and will cause pressures on school budgets and financial difficulties. Support is not available to schools facing budget and structural difficulties that would not ordinarily impact on standards.
- 1.4 There are two distinct elements to the Schools in Financial Difficulty budget:
- Schools In Financial Difficulty
 - Schools Causing Concern

Schools in Financial Difficulty

- 1.5 This element of the budget provides actual cash allocations to support schools who meet the criteria of the Fund. In order to be considered for financial support the school needs to have prepared a budget recovery plan which demonstrates a move back into a balanced budget position and how an allocation from the Fund would contribute to the achievement of this.
- 1.6 Allocations from the Fund are reported to the North Yorkshire Education Partnership at the end of the financial year and any allocations to schools in excess of £25k are subject to the approval of the Partnership.
- 1.7 Funding to compensate for a reduction in pupil roll will only be provided in exceptional circumstances where the speed and magnitude of the reduction is causing significant turbulence and is impacting on the delivery of the educational provision at the school. Ordinarily a school with a falling roll would be expected to plan for the reduction through the restructure of school staffing.

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- 1.8 Applications from small schools where there are particular pressures from increasing diseconomies of scale in the curriculum and other areas of the budget will only be considered where the school has fully explored opportunities for collaboration prior to making the application for support.
- 1.9 The 2017-18 budget allocation for Schools in Financial Difficulty is £162k. Spending on the budget for the current year and the previous 2 years is as follows:

Financial Year	£'000
2017/2018 (to date)	25.0
2016/2017	0.0
2015/2016	0.0

- 1.10 Any underspend on the budget at the end of the financial year is allocated to an earmarked reserve with any proposed spending from the reserve requiring the agreement of the AD – Strategic Resources.

Schools Causing Concern

- 1.11 The Schools Causing Concern element is used primarily by the School Improvement Service, to support schools that are in danger of falling into an Ofsted category of concern at the next inspection. The majority of the funding goes to schools that are risk assessed as Priority 1. It is increasingly the case that many of these schools have budgetary issues, and have actual or forecast deficits which hamper the schools' capacity for rapid improvement. If an intervention is needed to support the school in the short term in order to increase the capacity for rapid improvement, and the school's budget is one of its issues, the Schools Causing Concern fund may be used to fund part or all of the intervention/s.
- 1.12 All support for schools from the LA is detailed in a support plan, drawn up by School Improvement in collaboration with the school, and reviewed at regular intervals. Costings for support, and where the funding will come from is detailed and agreed as part of the support plan.
- 1.13 Interventions include:
- Consultant headteacher support
 - Adviser support
 - TSA support (leadership and subject specific)
 - Increasing senior and/ or middle leadership capacity in a school (short term secondments)
 - School reviews
 - Increased HR/ Finance support/ capacity
- 1.14 If the Schools Causing Concern fund is no longer available, it is likely that schools (governors and leadership) with financial challenges will be unable to access the required interventions and the numbers of schools falling into Ofsted categories will increase.
- 1.15 Although there are no specific posts funded from this budget, additional adviser support identified on a support plan will sometimes be funded through this budget so there will be an impact on the income levels to the School Improvement Service should this budget cease to exist.

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- 1.16 The 2017/18 budget allocation for Schools Causing Concern is £453k
Spending on the budget for the current year and the previous 2 years is as follows:

Financial Year £'000	
2017/2018 (to date)	248.7
2016/2017	556.3
2015/2016	557.6

- 1.17 It should also be noted that since September 2015 the Improvement Partnerships have also contributed significant funding for support plan activity in addition to the Schools Causing Concern budget.

Unreasonable School Expenditure

- 1.18 The Unreasonable School Expenditure budget is available to support schools with exceptional items where it would not be reasonable to expect funding to be provided from the school budget.

- 1.19 Recent funding allocations from this budget have related to:

- Council tax charges and adjustments for redundant school houses / bungalows
- Support for exceptional premises costs e.g. introduction of split site premises part way through a financial year.
- Support for additional expenditure resulting from premises limitations e.g. a school has to introduce an additional class due the physical size of the classroom accommodation
- Exceptional one-off legal costs
- Exceptional one-off staffing costs
- Support for pupil number increases which do not meet the pupil growth criteria

- 1.20 The 2017/18 budget allocation for Unreasonable School Expenditure is £80k.

- 1.21 Spending on the budget for the current year to date and the previous 2 years is as follows:

Item:	2015/2016 £'000	2016/2017 £'000	2017/18 £'000
Council Tax Charges & Adjustments	10.1	14.3	10.1
Exceptional premises support	21.9	0.9	41.1
Exceptional staff costs	9.5	0.3	0.0
Exceptional legal costs	33.4	0.0	0.0
Support for pupil number increase	6.8	27.5	0.0
Support of premises limitations	0.0	20.0	34.0
Miscellaneous	0.4	0.3	-0.5
Total	82.1	63.3	84.7

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- 2.1 Currently, there is a contribution of £195k de-delegated funding to the School Improvement Partnerships. This complements £444k High Needs Block funding contribution and £150k Early Years Block contribution.
- 2.2 Both the High Needs Block and Early Years Block contributions are subject to review as part of the review of High Needs financial pressures and strategic review of Early Years.
- 2.3 Through the School Improvement Partnership, the available funding buys in support for schools requiring assistance and may impact on staffing levels and service offer provided from the School Improvement Service. This service is also subject to a strategic and wide-ranging review.
- 2.4 Although cessation of the de-delegated funding may represent a risk to vulnerable schools, the local authority would still be able to carry out its statutory functions.

3.0 ETHNIC MINORITY

- 3.1 The Ethnic Minority de-delegated funding currently provides services for English as an additional language (EAL) and the Gypsy Roma Traveller (GRT) service.
- 3.2 The English as an additional language (EAL) and Gypsy Roma Traveller (GRT) Service (formerly MEA) are currently funded from EAL3 funding that has been de-delegated to the Local Authority. This is funding for pupils whose home language is not English, for their first 3 years in school. The service also supports Gypsy Roma and Traveller pupils. There is no specific funding to support these pupils. They are, however, one of the most vulnerable groups of children and young people, with poor attendance, academic outcomes and well-being.

What the service provides

- 3.3 The focus of the English as an additional language (EAL) and Gypsy Roma and Traveller (GRT) Service is to develop the capacity, competence and confidence of support and teaching staff with regard to EAL and GRT pupil induction, engagement and achievement in mainstream education, as well as raise awareness of Minority Ethnic issues across a wide range of local professional networks and agencies.
- 3.4 Depending on the specific local issues identified for support, the hubs work with mainstream school staff to develop strategies for effective mid-term welcome and induction, assessment of prior learning, early spoken language and literacy, curriculum language differentiation and transition support. Pupils are also directly supported through 1:1, small group or in class support.
- 3.5 Besides this, the teams support schools in developing their wider cultural awareness, celebrating diversity in the whole school ethos and curriculum, as well as providing more flexible curriculum options for older minority ethnic new arrivals.

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- 3.6 They support home-school links and community cohesion by acting as a link and advocate for minority ethnic families in schools and with many local services and agencies.

Who the service supports

- 3.7 Since 2004, when the European Union introduced and later expanded the free movement of labour across its national boundaries, North Yorkshire has seen a significant rise in numbers of new arrivals, in particular economic migrants from Poland and other Eastern European countries. Over the last year the service has supported the integration of 59 pupils from Early Years to KS5 under the Syrian Refugee Resettlement Programme and 20 pupils under the Vulnerable Children's Resettlement Programme. There are at least 98 additional home languages spoken by pupils in North Yorkshire.
- 3.8 The latest North Yorkshire Ethnic Minority Profile (Pupil Census, January 2017) identified 9% of pupils as 'Not White British' (an increase from 8.44 % in Jan 2016).

EAL (English as an additional language) and GRT (Gypsy Roma and Traveller) numbers:

	Total Pupils	% of All school pop
EAL	3517 (Jan 17)	4.25% (Jan 17)
	3230 (Jan 16)	3.91% (Jan 16)
	2921 (May 15)	3.53% (May 15)
	2916 (Jan 15)	3.54% (Jan 15)
	Total pupils	% of Main sole school pop
Gypsy/Roma Traveller **	224 (Jan 17)	0.27% (Jan 17)
	230 (Jan 16)	0.28% (Jan 16)
	200 (Jan 15)	0.24% (Jan 15)

***It is important to note that many GRT families don't ascribe in the school census and that many GRT children are Electively Home Educated and therefore not registered with a school. The numbers of GRT children in North Yorkshire is therefore likely to be significantly higher.*

Potential for the future of the service

- 3.9 Pupils who have English as an additional language are eligible for Ethnic Minority funding for the first 3 years in education in the England.
- 3.10 Pupils eligible for EAL3 funding in 2017-2018:

	Number of pupils	Funding per head
Primary	1298	£952.52
Secondary	224	£921.29
Total	1522	£1,442.92

EAL numbers have risen year on year, with a 10% increase from Jan 2016-Jan 17. From April 2016- March 2017, the service had referrals for 432 EAL pupils and 66 *GRT pupils. (*Note- there is no additional funding available specifically for GRT pupils)

- 3.11 The cost of providing the EAL and GRT Service in the financial year 2017-18 is expected to be £662k. Assuming pupil numbers and funding are broadly similar for

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2018-19, the EAL and GRT Service will need to recover approximately half of the EAL3 funding from schools to maintain its current service.

- 3.12 A traded offer is being developed through NYES, which all schools will be able to purchase using their delegated funding. The offer includes:

For staff:

- Central training and networks
- Bespoke on-site training
- Coaching/mentoring
- Support and advice
- EAL/GRT school review

For pupils:

- Intensive language programme
- 12 or 6 session support package
- Group engagement sessions

- 3.13 It is proposed to 'bundle' some of the products, to offer packages of support. For example: EAL Starter Package offers staff training and support as well as pupil assessment and support for a new EAL arrival for c. £950. This would enable headteachers to be quickly guided to the support they need.
- 3.14 Market research is being carried out with all headteachers through the termly network meetings in Sept/Oct to gauge the potential demand for the service. The estimated income for the service can then be calculated and this will inform any work regarding the restructuring of the service from September 2018. Targeted market research will also take place with schools who have EAL pupils but don't currently access the service.
- 3.15 Relationship Managers have been briefed about the service and are targeting schools with EAL pupils to promote the service.
- 3.16 There is a risk that as the de-delegated funding is not ring-fenced schools will not spend the money on pupils with EAL needs. This would, therefore, have an impact on the EAL/ GRT traded service as currently not enough is known about what support schools would be prepared to pay for. This risk could be mitigated by a strongly marketed traded offer including the potential for a Service Level Agreement, which could be for just the MEA and GRT Service, or could be linked to other service provision being affected by change to budget de-delegation.
- 3.17 Potential additional funding for the service includes:
- The Syrian Refugee Resettlement Grant. This is likely to be c. £51k pa for the next 2 years.
 - Possible grant through the Armed Forces Covenant Grant for Community Cohesion provision (approx. £20k)
- 3.18 There is some work that the service currently does which will not be possible to trade. This includes contributing to joint work with other stakeholders, such as Prevent Bronze Groups, Community Safety hubs, Early Years Closing the Gap

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strategy, etc. and supporting drop-ins for GRT pupils. These have been costed in terms of staff time at £45k per year.

Risks if the LA ceases to provide the function

- 3.19 EAL and GRT pupils are some of the most vulnerable pupils in our schools. Many of the most recent EAL pupils are refugees or asylum seekers and need specialist language support as well as emotional support. If the EAL and GRT Service was no longer available to schools, there is no other local provider to provide this expertise. Academic outcomes, particularly for GRT pupils can be poor and the hubs work intensively with GRT pupils, their families and schools to achieve the best outcome for these pupils.
- 3.20 The EAL and GRT Service staff are highly skilled and experienced in this area of work and engage in multi-agency work to help meet the complex needs of many of these pupils. Many of the Advanced Teaching Assistants (ATAs) working with pupils in school are bilingual and are able to liaise with families on behalf of the school. The majority of schools are unable to provide this specialised support 'in house', and the concern is that these vulnerable children may not be effectively supported in school, unable to access the curriculum, resulting in poor academic achievement, if the bespoke, specialised support from the service is not available.
- 3.21 The service also provides support and advice to schools and work with other agencies and partners around other areas such as:
- Prevent
 - Hate incidents
 - Equality and diversity
 - Cultural practices
 - FGM
 - Honour based violence
 - Modern day slavery and trafficking

Staffing Implications

- 3.22 The 6 hubs are currently based at:
- St Augustine's School, Scarborough
 - Selby – Sandpiper House
 - Thirsk Secondary School and Sixth Form College
 - Le Cateau Primary School, Catterick Garrison
 - Grove Road Primary School, Harrogate
 - Skipton Girls High School

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3.23 The service currently employs:

- 6 Specialist Teachers
- 12 FTE Advanced Teaching Assistants (2 funded from the Syrian Refugee Resettlement grant)
- 6 Administration Assistants (0.5 FTE each)

3.24 The service is managed by Rebecca Swift, Equalities Adviser in the School Improvement Service. If redundancies are required, NYCC will be liable for all redundancy costs.

4.0 PREVENTION SERVICE – MINORITY ETHNIC

4.1 The Prevention Service receives £295k per annum from de-delegated funding. This funding is not invested in specific targeted posts but is spread across the Band 9 Family Outreach Worker posts, who all have a responsibility to deliver a casework service to children, young people and families, in line with the Prevention Service Core Offer.

4.2 When the Prevention service was created, it was agreed that it would also include 6 x FTE Band 9 posts that had previously been located within the MEA teams, to work with Gypsy Roma and Traveller children and their families.

4.3 The Prevention Service Offer for Gypsy Roma and Traveller families is now well developed and the service has worked with colleagues in the Education & Skills Service since March 2016, in order to better connect our services around this work.

4.4 In September 2016, the service identified Gypsy Roma and Traveller Champions who provide an important specialist 'link' for this work in each of the area teams. The Champions have been used to build a more complete picture of the community by gaining better knowledge and a clearer understanding of the barriers restricting access and engagement with them. Champions have disseminated learning into local teams and are identified as the 'go to' person in relation to this work. They do not carry the specific cases but provide advice and guidance to the team on their work in this area.

4.5 This familiarisation work led to the development of an 'action plan' where identified priority areas for improvement were set out. The work with this community is mainly through referrals that result in an open case, but there is also notifications for Elective Home Education (EHE), where a home visit is undertaken and in some areas there has been joint 'on site' activity via drop-in facilities and play sessions – but this has been limited, mainly due to access difficulties.

4.6 One outcome from this work alongside the MEA service, has been the production of culturally 'tailored' Learning Packs suitable for a range of age and learning levels, which are handed out to families for home use. These were funded through the Prevention Service and available to be taken into homes by staff, particularly when undertaking EHE visits.

4.7 It has not been possible to quantify the amount of work the Prevention Service allocates that would fit with the wider MEA work as EHM does not use MEA as a

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specific category of need. Alongside this, we have identified an issue in recording of referrals within the Customer Resolution Service around referral needs and ethnicity which is often left blank and so not providing accurate data. Having looked at the available data we would estimate that approximately 5% of our allocated caseload (approx. 270 cases in 2016 /17) where we were working to support a range of assessed needs (school attendance, early years support, SEND support and community integration to name a few but needs are right across the full spectrum of the Core Offer) with families where English may be a second language.

- 4.8 If the funding is to stop then the structure would need to reduce by 9.5 FTE Band 9 posts. This would equate to an 8% reduction in overall Family Outreach Worker capacity. Given that we are working to meet needs with these families right across the Prevention Service Core Offer, it is difficult to see how this work could form part of a traded offer to schools or indeed for us to no longer deliver the casework element, as the children and families will continue to be referred to the service in order to access targeted support.

5.0 FREE SCHOOL MEAL (FSM) ELIGIBILITY

- 5.1 This budget contributes towards the cost of the staff who process all FSM applications for schools. Staffing involved in this area of work is 1.5 fte at Band 6 (which equates to around £30k). These staff assess some 5,000 applications each year but in addition these are checked fortnightly to ensure they are still entitled. The staff also follow up work to check entitlement. If a debt accrues schools chase this with the parents but if unsuccessful it is passed to the Harrogate Team to raise an invoice.
- 5.2 Individual schools do not have access to the DFE electronic checking system (linked to the DWP benefits system) which is used to do the fortnightly checks.
- 5.3 36 schools currently buy into the service, most of which are schools that have converted into Academy status.

6.0 TRADE UNION COSTS

- 6.1 The Schools in Financial Difficulty and Unreasonable School Expenditure budgets are contingencies which are available to support vulnerable schools with exceptional costs which would
- 6.2 The budget has been de-delegated for 2017-18 which amounted to £75k. The agreement for facilities for representatives of recognised teachers organisations is part of the conditions of service for school teachers in England and Wales and is defined in the 'Burgundy Book'.
- 6.3 The budget pays for activities for Teaching Unions, such as negotiation of T&Cs at a local authority level, accompanying staff to interviews, meetings and hearings; individual case work [for example: attendance, grievance, disciplinary, performance management and capability, and appeals]; support to individual school restructures; undertaking union duties; training and learning; Health and Safety training and reviews; collective consultations and negotiations locally and corporately including attendance at and associated work for JCC and similar meetings [of which there are a maximum of six per year]; joint consultation on policies. Union support for Job Evaluation processes is not included and is covered from the NYCC corporate facilities budget.

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- 6.4 Funding covers direct salary and cover costs and payment for mileage expenses. The funding also covers the provision of local representation. Local representatives are focussed on North Yorkshire and are well aware of local policies, practices and context. They provide continuity and contribute to stability, through discussion and early involvement. Even in the most difficult of circumstances, the local representatives form close relationships with both the schools and the HR service allowing for quicker resolutions.
- 6.5 There would be the ability to seek representation from Regional officials rather than local representatives; however, there would be an inevitable loss of goodwill and a significant drop in service. There is anecdotal information from local representatives that they work beyond their paid hours and whilst it may be relatively easy to obtain Regional support for individual cases, it is questionable whether each Regional office would be able to pick up between 20 and 37 additional hours work each week. From a practical point of view, when calling meetings or interviews etc., the timescales are likely to be extended from a few days to get a local rep to between two or three weeks for a Regional rep and this has the potential to increase much beyond that if our demand on their time increases.
- 6.6 Further disadvantages of relying on Regional representation is a potential drop in the level of service; regional offices are not geographically local to North Yorkshire so meeting times would need convening at a time to allow travel to and from out-of-county [eg Newcastle] and meetings during holidays or out of core hours are not likely to be supported. Employee Relations matters have the potential to escalate due to the delay and NYCC is keen to facilitate good employee relations and early resolution to all matters.
- 6.7 This is comparable to neighbouring Authorities; although their Agreements explicitly exclude the payment of time-off for union activities unless they benefit the Council and have been previously approved. Legislatively, there is no automatic right for paid time-off for union activities. Nationally there is an emphasis on 'reasonable time-off' or 'reasonable unpaid time-off' in the case of union activities.
- 6.8 Some Authorities offer 'Check-off' arrangements, which is the collection of union subscriptions. This is something that NYCC does on behalf of unions and the unions are charged directly to cover this so does not form part of this Agreement.
- 6.9 In some areas where the schools forum has decided not to de-delegate schools have pooled funding or bought into LA services.
- 6.10 The benefits of de-delegating budgets are:
- time and energy savings through shared administration and collective bargaining. Consultation by individual employer is considered to be onerous which is particularly pertinent in North Yorkshire given the number of schools;
 - benefits relating to economies of scale which benefits all members of the pooled/de-delegated budgets. A prime example of this would be the time involved for each school to individually consult on changes to their Pay Policy in September versus the adoption of a template which has already been consulted and agreed jointly. The increase in case work has further increased the percentage of time spent supporting staff against attending joint meetings.

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- 6.11 Delegated budgets would potentially increase the overall cost of Facilities arrangements.
- 6.12 Similarly groups of Academies have pooled funding in some areas, although there is an added complication where Academy chains span more than one LA area.
- 6.13 Nationally, there are a variety of approaches to the support and inclusion of Academies, however some neighbouring Authorities only supported those who buy into LA Facilities arrangements in the way NYCC does, whilst others excluded academies altogether.

How are funds agreed?

- 6.14 There does not seem to be a common approach to determining how funds are agreed. The majority of neighbouring Authorities have a mixture of full and part-time representatives/ stewards and the number required or agreed is not included in their Facilities Agreements with the exception of specific roles, for example Leeds City Council stipulate one Convenor per 1,000 members with one day per additional 200 members [with a minimum of one full-time Convenor in the Council and 0.5fte in schools] and Redcar & Cleveland Borough Council stipulate an elected full-time Joint Trade Union Secretary.
- 6.15 All NYCC recognised teaching unions are covered by the Facilities Agreement, including the Headteacher and School Leaders unions. The budget is broken down by Salaries and on-costs; Guaranteed Time Off; Occasional Time Off; and Travel expenses. Some unions are paid a fixed cost up front and other claim for work carried out. Whilst the majority of union support is obtained through existing staff, there are some retired union representatives or salaried officials. This is in line with the national and regional situation.
- 6.16 Budget allocation is not determined on a staffing structure but seems to be determined by historical budget allocations. The budget itself is divided by the six recognised teaching unions on a membership basis.
- 6.17 As with NYCC, in neighbouring Authorities the School Forum de-delegate the facilities budget to the Local Authority and do not appear to differentiate between Primary and Secondary schools.

What time is allocated?

- 6.18 There is a mix of full and part-time representatives but there is not an allocated pool of time. The national survey advocates a teaching/ trade union time ratio of 50:50, although this can be prohibitive and does not allow for any fluctuations in demand or the flexibility to respond.
- 6.19 The geographical size of North Yorkshire is a further consideration needed when determining allocated time.
- 6.20 The current arrangements and de-delegation appear to be working well on the whole. The NYCC Facilities Agreement is comparable to neighbouring Authorities and in line with national and statutory expectations.

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- 6.21 The current situation is likely to change in the near future for a number of national and local reasons (e.g. the number of Academies is likely to continue to increase) and a review of the arrangements should be undertaken annually.
- 6.22 The funding allocated is not over generous, appears to provide good value and falls in line with the national ideal.
- 6.23 A letter, dated 29th August 2017, from Chris Head, Teacher's Representative is set out below and requests that funds continue to be de-delegated.

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

LETTER FROM TEACHERS' PROFESSIONAL ASSOCIATIONS

310 Scalby Road,
Scarborough,
North Yorkshire
YO12 6EA

29th 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.

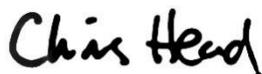
The DfE has also confirmed that the total amount of funding allocated to additional educational needs under the revised NFF will remain the same, but the weighting given to these factors will also be published in September 2017.

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 31st 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,



Teachers' Union Representative, North Yorkshire Education Partnership