

**CAMBRIDGESHIRE 2018/19 FUNDING FORMULA**

*To:* Cambridgeshire Schools Forum  
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**1.0 INTRODUCTION**

1.1 Since the Schools Forum last met the Department for Education (DfE) have published a number of documents relating to schools funding for both 2018-19 and also in respect of the National Funding Formula (NFF) for both schools and high needs. The main documents that have been published include:

- **Schools revenue funding 2018 to 2019: Operational Guide** – this document provides guidance to support local authorities and schools forums in planning for the 2018-19 financial year;
- **Schools Block and High Needs NFF Technical Note** – providing the details on the DfE calculations; and
- The **response to the NFF** which includes numerous sources of information such as:
  - Analysis of and response to the schools NFF consultation;
  - The NFF for schools and high needs: Policy Document;
  - Indicative allocations at local authority level;
  - The indicative impact on schools of the NFF;
  - Provisional High Needs allocations at local authority level; and
  - The impact of the new Central Services Schools Block.

1.2 In addition the DfE have only recently released the Authority Pro-forma Tool (APT) which:

- a) Is the tool for the authority to model the impact of the formula locally; and
- b) Has to be submitted with final budget figures to the Education and Skills Funding Agency (ESFA) by 19 January 2018.

1.3 This purpose of this report is to provide Schools Forum with an overview of the school funding arrangements for 2018-19 and to discuss the consultation requirements. In addition the f40 group have issued a survey to its member authorities about the ongoing role of f40 following the NFF. This report invites the Schools Forum for their views in respect of the f40 survey.

**2.0 THE NFF FOR HIGH NEEDS**

2.1 As previously reported in July 2017 the intention of the High Needs NFF and the Schools NFF do differ. The High Needs NFF has set a formula which generates the High Needs funding allocations to local authorities on a standard formula. The High Needs funding allocation is made to local authorities based on this formula and the authority will still continue to operate its own local offer; that is, the local High Needs arrangements within the local authority area.

2.2 The NFF used to calculate the High Needs funding allocations for 2018-19 is provided below. The inclusion of the funding floor factor in the formula means that no authority will see a reduction in their High Needs allocation and the increased funding announced by the DfE will provide an uplift of 0.5% in 2018-19 compared to the 2017-18 baseline and an increase of 1% in 2019-20. Appendix 1 provides additional information on the 2018-19 High Needs funding arrangements.

	Basic Entitlement (ACA weighted)
+	Historic Spend
+	Proxy Factors (ACA weighted) covering: <ul style="list-style-type: none"> <li>• Population</li> <li>• Disability Living Allowance</li> <li>• Children in bad health</li> <li>• KS2 low attainment</li> <li>• KS4 low attainment</li> <li>• Free school meals</li> <li>• IDACI</li> </ul>
+	Funding Floor Factor
+	Hospital Education Factor
+	Import / Export Adjustment (for pupils moving across LA boundaries)
=	<b>High Needs NFF Allocation at LA level</b>

- 2.3 The indicative High Needs allocations for Cambridgeshire are set out below. These will be updated in the final High Needs announcement to take account of movements in pupil numbers from the census and ILR data collection. The allocations also include an adjustment that has been made by the DfE to reflect a change in the funding of special units and resourced provision in mainstream schools for 2018-19. This adjustment is cost neutral and moves £90m nationally from the High Needs Block to the Schools Block in order to fund the first £4,000 for pupils in these settings through the schools funding formula with place funding being adjusted to £6,000 for special units and resourced provision.

Cambridgeshire High Needs Allocations				
2017-18 Baseline	2018-19		2019-20	
£64,768k	£65,610k	£842k (1.3%) increase	£65,915k	£1,147k (1.8%) increase

- 2.4 The separate report at Item 3 on the 'Dedicated Schools Grant (DSG) Financial Position 2017-18' refers to an in year pressure of £661k for 2017-18. A number of factors related to High Needs are driving these pressures and include:

- A forecast pressure of £350k against the budget allocations to Special Schools. This is primarily as a result of an overall increase in commissioned places and actual pupils.
- There is a forecast pressure against the High Needs top-up budget of £200k mainly due to the increase in Post-16 pupils.
- It is estimated that the Special Educational Needs (SEN) Placements budget will have a pressure of £500k.

Whilst these pressures are being offset in 2017-18 by favourable variances in other aspects of the

DSG they will represent base budget pressures in the High Needs Block from 2018-19 onwards. In addition it is likely that there will continue to be additional pressures that arise in 2018-19 through the ongoing increase in the number of pupils with high needs.

- 2.5 The authority is planning to implement a revision to its funding formula for the Behaviour, Attendance and Improvement Partnerships (BAIPs). The refreshed formula will create a redistribution in the funded allocated to the BAIPs and the secondary schools in each area. In order to support schools with the transition to the new formula the authority is looking to protect those schools losing funding in 2018-19. This would require additional funding of £350k that can only be funded from a transfer from the Schools Block to the High Needs Block and would be funded only by secondary schools as they would be in receipt of the BAIP funding.

### 3.0 THE NFF FOR SCHOOLS AND THE CAMBRIDGESHIRE FORMULA 2018-19

- 3.1 Appendix 2 contains a briefing note that has been circulated to all schools on the Schools NFF announcements providing a summary of the NFF arrangements as published. The key points to note in respect of the NFF for schools and the arrangements for 2018-19 are discussed in this section.
- 3.2 The NFF is a standard formula that the DfE have now concluded on and which is being used to calculate funding at an individual school level. The individual school allocations are then used to generate the local authority allocation in aggregate for 2018-19 and 2019-20. It is important for the Schools Forum and schools to note that the funding impact published by the DfE is only indicative because the allocations will be updated in December to take account of the latest pupil numbers and data sets from the October 2017 census.
- 3.3 The NFF is being implemented as a soft formula in 2018-19 and 2019-20. This means that there continues to be local discretion as to how a local authority structures its local funding formula during this period. From 2020-21 the DfE have indicated that the NFF will be a hard formula from then onwards with the calculated allocations at a school level being applied directly to all schools, meaning there would be no local discretion with the formula.
- 3.4 The NFF has created a fourth DSG Block – the Central Services Schools Block. Contained within this block are historic commitments (based on 2017-18 spend) relating to services provided by the authority and funding for ongoing responsibilities of the authority to meet statutory requirements (calculated on a per pupil basis and an element for deprivation). The diagram below shows the DSG revised model and the indicative allocations for Cambridgeshire under each block.

Cambridgeshire 2018-19 Indicative DSG Allocation			
Schools Block	Central Services Schools Block	High Needs Block	Early Years Block
£337.1m	£8.0m	£65.6m	£34.4m

#### Transfers from the Schools Block

- 3.5 Under the NFF the Schools Block is ring-fenced although in 2018-19 the authority is allowed to transfer up to 0.5% from the Schools Block to other blocks. For Cambridgeshire this equates to £1.7m. Schools Forum should note that this would be a one off transfer only in 2018-19, all schools will need to be consulted on the transfer as per the Operational Guidance and the decision remains with the Schools Forum to agree a transfer of 0.5%.
- 3.6 Given the High Needs pressures outlined above and in reports on other agenda items of this Schools Forum meeting it is proposed that the authority consults with schools on a transfer of up to £1.7m from the Schools Block to the High Needs Block. The outcome of this consultation with schools would be brought to the December Schools Forum meeting to inform the decision as to whether the Schools Forum agree to the transfer between blocks.

### **Growth Funding**

- 3.7 Growth funding is included in the Schools Block funding of the DSG. There are two elements to the growth funding which the DfE refer to as implicit and explicit growth. Implicit growth is essentially the growth funding that is factored into individual school's formula allocations through mechanisms such as weighted pupil numbers to reflect growing schools. Explicit growth refers to the Growth Fund which is being funded at historical levels using 2017-18 as the baseline - for Cambridgeshire this equates to a figure of £2.5m. As growth funding is contained within the Schools Block there is no transfer between blocks but any increase required to the Growth Fund to meet commitments would require Schools Forum approval.

- 3.8 As reported in the 'Growth Fund and Falling Rolls Criteria 2018/19' report on this agenda the Growth Fund is planned to be maintained at the 2017-18 value of £2.5m.

### **The NFF Factors**

- 3.9 Appendix 2 also contains the NFF factors and the unit rates the DfE has set for each factor. These are set against the existing Cambridgeshire formula factors as well as Northamptonshire and Milton Keynes for information. The final NFF factors are the same as the proposed factors that the DfE consulted on previously with one exception being the introduction of a Minimum per Pupil Funding factor the intention of which is to enable the authority to implement locally a transitional minimum per pupil funding amount.
- 3.10 The existing factors used in the Cambridgeshire formula are the same as the NFF with the following exceptions:
- a) The removal of the **Looked After Children (LAC) factor** in the NFF. The DfE have transferred the value of the LAC formula factor in 2017-18 into the Pupil Premium Plus grant with an increase in the value of the grant to £2,300 per pupil (an increase from £1,900 in 2017-18). Therefore the NFF does not include this as a formula factor although authorities are able to continue using this under the soft formula arrangements. The DfE have stated that local authorities using the LAC factor 'may want to consider whether they continue to do so in light of the new arrangements'. For Cambridgeshire the value of the LAC factor in 2017-18 was £221k. If this formula factor is continued then the £221k would have to be funded from reductions to other factors in the formula.
  - b) The **Minimum per Pupil Funding factor**, which is a new factor in the NFF is not currently used in Cambridgeshire as it has not existed previously. The use of this factor would be subject to the overall affordability of the schools funding formula after taking account of any transfers between blocks and minimum funding guarantee costs. It is therefore not proposed that this factor is used in 2018-19.
  - c) Cambridgeshire uses the **Deprivation factor** because this is a mandatory factor. However the NFF uses current Free School Meals (FSM), Ever6 FSM and IDACI (Income Deprivation Affecting Children Index) to allocate funding under this factor whereas the Cambridgeshire formula uses current FSM and IDACI. This will represent a change to the Cambridgeshire formula.
  - d) The **Sparsity factor** which has not been used in the Cambridgeshire formula previously as the criteria for eligibility of this factor has not been considered appropriate due to size of school and distance thresholds. The NFF includes this factor, which will be a change to the Cambridgeshire formula.
  - e) It is also well publicised that the DfE have stated minimum levels of funding per pupil in the final NFF arrangements. Schools Forum should note that the minimum levels of per pupil funding are based on a schools total budget and not just the basic entitlement or the pupil led factors.
- 3.11 Whilst there are limited differences in the actual formula factors between the NFF and the

Cambridgeshire funding formula, there are more differences when the unit rates of each factor are compared. Most notably:

- The change in the lump sum from the 2017-18 Cambridgeshire value of £150k to the NFF value of £110k;
- The change in the basic entitlement (AWPU) for Secondary Key Stage 4 pupils which are £4,971 per pupil and £4,386 per pupil for the 2017-18 Cambridgeshire and NFF rates respectively - £585 less per pupil in the NFF;
- Less funding is being targeted in the NFF through IDACI within the deprivation factor than compared to the 2017-18 Cambridgeshire values, although this is offset by the introduction of the Ever6 FSM measure not currently used in the Cambridgeshire formula; and
- Prior Attainment being more highly funded under the NFF for both primary and secondary pupil.

The following table provides the detailed breakdown of the 2017-18 Cambridgeshire formula factors used and the unit values compared to the NFF factors and values (note negative figures in brackets represent a reduction in the unit rate of the factor).

NFF Factor		Used by CCC in 2017-18	CCC Unit Rate 2017-18 (£)	NFF Unit Rates 2018-19 (£)	Difference CCC Rates to NFF Rates (£)
Basic per pupil entitlement (AWPU)	AWPU: Primary	Yes	2,711	2,747	36
	AWPU: Secondary KS3		3,823	3,863	40
	AWPU: Secondary KS4		4,971	4,386	(585)
	Minimum per pupil funding	New in NFF	n/a	n/a	-
Deprivation (based on ever 6 free school meal numbers)	FSM current - Primary	No	600	440	(160)
	FSM current – Secondary	No	600	440	(160)
	Ever6 FSM – Primary	Yes	-	540	540
	Ever6 FSM – Secondary	Yes	-	785	540
	IDACI Band F: Primary	No	220	200	(20)
	IDACI Band F: Secondary		220	290	70
	IDACI Band E: Primary		500	240	(260)
	IDACI Band E: Secondary		500	390	(110)
	IDACI Band D: Primary		500	360	(140)
	IDACI Band D: Secondary		500	515	15
	IDACI Band C: Primary		750	390	(360)

	IDACI Band C: Secondary		750	560	(190)
	IDACI Band B: Primary		750	420	(330)
	IDACI Band B: Secondary		750	600	(150)
	IDACI Band A: Primary		750	575	(175)
	IDACI Band A: Secondary		750	810	60
Low Prior Attainment	Primary	Yes	750	1,050	300
	Secondary	Yes	420	1,550	1,130
English as an Additional Language	Primary	Yes	750	515	(235)
	Secondary	Yes	750	1,385	635
Pupil Mobility	n/a	No	-	n/a	-
Lump Sum	Primary	Yes	150,000	110,000	(40,000)
	Secondary	Yes	150,000	110,000	(40,000)
Sparsity	Primary	No	-	25,000	25,000
	Secondary	No	-	65,000	65,000

- 3.12 Although there are changes under the NFF which will create changes to individual school budgets based on a school's pupil characteristics, the minimum funding guarantee (MFG) is continuing under the arrangements for 2018-19 and 2019-20. Therefore any redistribution within the formula will be limited to a reduction of minus 1.5% per pupil as in previous years. However there is the ability to include a higher level of protection by setting an MFG value of between 0% and minus 1.5%. It is proposed that the MFG for 2018/19 continue to be set at minus 1.5% in the Cambridgeshire formula.
- 3.13 Schools Forum are also asked to note that the baseline funding for 2017-18 for each school, against which schools are being protected and the MFG calculation is made, does include the difference in the lump sum at the 2017-18 level compared to the 2018-19 lump sum value. In other words to calculate the MFG baseline, the 2018-19 lump sum is removed rather than the 2017-18 lump sum. This means that the difference for Cambridgeshire schools of £40k remains in the total school funding for the purposes of the MFG calculation. This provides further protection for smaller schools that may otherwise have been significantly affected by the reduction in the lump sum.

### Consultation Arrangements

- 3.14 As the DfE have stated in their Operational Guidance "a local authority must engage in open and transparent consultation with all maintained schools and academies in the area, as well as with its schools forum, about any proposed changes to the local funding formula including the method, principles and rules adopted". A draft consultation document is therefore being drafted (to follow as Appendix 3) which is planned to be released to all schools following the Schools Forum meeting.
- 3.15 Based on the information contained in this report the authority is planning to consult with schools on two proposals as follows:
- 1) To move to the NFF arrangements for the Cambridgeshire funding formula in 2018-19, as closely as possible; and
  - 2) To transfer up to 0.5% (£1.7m) from the Schools Block to the High Needs Block in 2018-19, subject to the final position being confirmed at the December meeting in respect of the

estimated High Needs pressure for 2018-19.

Additional questions will be asked under each of these proposals in the draft consultation document to be circulated separately as Appendix 3.

- 3.16 Schools Forum are asked to discuss the proposals set out in the draft Consultation document to be circulated as Appendix 3.

#### **4.0 SURVEY BY f40 GROUP**

- 4.1 The f40 Group have released a survey to local authority members to complete a questionnaire about the outcomes of the government's National Fair Funding (NFF) consultation and subsequent decisions, and to indicate whether f40 should continue to campaign for a fairer funding deal and, if so, how. The authority will be responding to this survey by the 8<sup>th</sup> November.

#### **5.0 ACTIONS AND RECOMMENDATIONS**

##### **5.1 Schools Forum are asked to:**

- 1) Note the High Needs funding arrangements for 2018-19;**
- 2) Note the Schools funding arrangements for 2018-19 resulting from the publication of the NFF for schools;**
- 3) Comment on the authority's proposals to consult with all schools on:**
  - a) Moving the Cambridgeshire schools funding formula as closely to the NFF as possible in 2018-19; and**
  - b) Transferring up to 0.5% (£1.7m) from the Schools Block to the High Needs Block in 2018-19 if required.**

Schools Forum are also asked for any comments and considerations on the Draft Consultation document to be issued to schools.