

**CAMBRIDGESHIRE 2019/20 FUNDING FORMULA**

*To:* Cambridgeshire Schools Forum  
*Date:* 5 October 2018  
*From:* Jon Lee – Head of Integrated Finance Services

**1.0 INTRODUCTION**

- 1.1 On July 24 2018 the DfE published details of the funding arrangements for 2019-20 for the Schools Block, Central Services Schools Block and the High Needs Block. Details in respect of the Early Years Block will be announced in the autumn. The main documents that have been published include:
- **Schools revenue funding 2019 to 2020: Operational Guide** – this document provides guidance to support local authorities and schools forums in planning for the 2019-20 financial year;
  - **Schools Block and High Needs NFF Technical Note** – providing the details on the DfE calculations; and
  - **Indicative allocations** at both local authority and school level – it is emphasised that these are only indicative as they will be updated to reflect the October 2018 census data and refreshed data sets as well as local decisions that may be required.
- 1.2 As in previous years there is the requirement to submit the Authority Pro-forma Tool (APT) with final budget figures to the Education and Skills Funding Agency (ESFA) in mid January.
- 1.3 The purpose of this report is to provide Schools Forum with an overview of the school funding arrangements for 2019-20 and to discuss the consultation requirements. Appendix 1 contains a briefing note that will be circulated to all schools on the Schools NFF announcements for 2019-20 providing a summary of the NFF arrangements for schools and high needs.

**2.0 THE NFF FOR HIGH NEEDS**

- 2.1 The High Needs NFF remains unchanged and is used to generate 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 continue to operate its own local offer i.e. the local High Needs arrangements within the local authority area.
- 2.2 The NFF used to calculate the High Needs funding allocations for 2019-20 is set out 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 1% in 2019-20 compared to the 2017-18 baseline. In addition the gains cap for authorities will increase to 6% compared to the 2017-18 baselines i.e. a further 3% gain being factored into 2019-20 allocations.

	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.

Cambridgeshire High Needs Allocations				
2017-18 Baseline	2018-19 Final		2019-20 Indicative	
<b>£64,768k</b>	<b>£65,730k</b>	<b>£962k</b> <b>(1.5%)</b> <b>increase to</b> <b>baseline</b>	<b>£66,674k</b>	<b>£1,906k</b> <b>(2.9%)</b> <b>increase to</b> <b>baseline</b>  <b>(1.4%)</b> <b>increase to</b> <b>2018-19</b>

- 2.4 The separate report on the 'DSG Position 2018-19' refers to an in year pressure of £3.9k for 2018-19. A number of factors related to High Needs are driving these pressures as set out in that report and include:

- A forecast pressure against the High Needs top-up budget of £1.5m as a result of increasing numbers of young people with Education Health and Care Plans (EHCP) in Secondary and Post-16 Further Education.
- It is estimated that the SEN Placements budget will have a pressure of £0.5m.
- It is estimated that the Out of School Tuition Budgets will have a pressure of £0.3m.
- There is a forecast pressure of £0.75m against the budget allocations to Special Schools. This is primarily as a result of an overall increase in commissioned places and actual pupils.
- Based on current commitments the High Needs Unit budget is showing a forecast pressure of £0.25m.

Work is ongoing to manage these pressures down in 2018-19 but it is likely that they will represent base budget pressures in the High Needs Block from 2019-20 onwards. In addition there is the risk that additional High Needs pressures arise during 2018-19 which are not yet included in the

forecast.

### 3.0 THE NFF FOR SCHOOLS AND THE CAMBRIDGESHIRE FORMULA 2019-20

- 3.1 The key points to note in respect of the NFF for schools and the arrangements for 2019-20 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 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 2018 census.
- 3.3 The NFF continues to be implemented as a soft formula in 2019-20 and this will continue into 2020-21. This means that there continues to be local discretion as to how a local authority structures its local funding formula during this period.
- 3.4 The diagram below shows the overall DSG indicative allocations for Cambridgeshire as currently announced. It should be noted that further details are also awaited on Early Years and as such this figure has been maintained at the 2018-19 level for the purposes of this report.

Cambridgeshire 2018-19 Indicative DSG Allocation			
Schools Block	Central Services Schools Block	High Needs Block	Early Years Block (at 2018-19 level)
£346.5m	£8.1m	£66.7m	£35.9m
DSG Total £457.2m			

#### Transfers from the Schools Block

- 3.5 The Schools Block continues to be ring-fenced although some local flexibility continues allowing local authorities 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 2019-20, 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 any transfer up to 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 30 November Schools Forum meeting to inform the decision as to whether the Schools Forum agree to the transfer between blocks.
- 3.7 ***A draft consultation document is provided at Appendix 2 for the Forum to discuss and comment on.***

#### Growth Funding

- 3.8 In 2018-19 Cambridgeshire maintained a Growth Fund of £2.5m, any increase required to the Growth Fund to meet commitments would require Schools Forum approval.
- 3.9 The basis of allocation for the Growth Fund to local authorities is being moved to a formulaic basis as set out in Appendix 1. This will mean that all local authorities will receive growth funding allocations based on lagged growth at middle layer super output areas (MSOA) with primary and secondary unit rates attached to each 'growth' pupil. In addition new schools that have opened in the previous year will also attract £65,000. It should be noted that again this is the basis on which

the DfE will allocate funding to local authorities. It is not expected that local authorities will fund growth in the same way to individual schools, therefore growth funding will continue to be allocated to schools based on the local growth fund criteria for Cambridgeshire.

### **The NFF Factors**

- 3.10 There are minimal changes to the NFF factors with the addition of one optional factor to enable authorities to apply a factor to ensure that there is a minimum 1% increase per pupil funding compared to the 2017-18 baseline. It is not proposed to introduce this funding factor into the Cambridgeshire formula on the basis that all other mandatory NFF factors are being applied including the minimum per pupil levels of funding.

### ***Schools Forum is asked to consider this approach and the use of the new optional factor.***

- 3.11 There is one change to the unit rates in the NFF, which is to reduce the Primary Low Prior Attainment unit rate from £1,050 per pupil to £1,022 per pupil in order to maintain the amount allocated through the NFF the same in the context of the increasing cohort resulting in the change in measurement to the Early Years Foundation Stage Profile.
- 3.12 The actual unit rates used in the Cambridgeshire formula compared to the published 2019-20 NFF are provided in Appendix 1 (note negative figures in brackets represent a reduction in the unit rate of the factor). This demonstrates that the Cambridgeshire formula is already aligned to the NFF following the work undertaken in the 2018-19 budget setting.
- 3.13 The minimum funding guarantee (MFG) is continuing under the arrangements for 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 plus 0.5% and minus 1.5%. It is proposed that the MFG for 2019/20 continues to be set at minus 1.5% in the Cambridgeshire formula. It is likely that a funding cap will also be required again in 2019-20 in order to reflect the cap of 3% in 2019-20 included in the DfE's arrangements (note the cap by the DfE has been included at 3% per annum for 2018-19 and 2019-20, so 6% cumulatively).
- 3.14 Detailed modelling using the APT will be undertaken to determine whether there is the potential for any headroom in the formula for Cambridgeshire in 2019-20. If this does happen to be the case the MFG and cap will be increased equally to offer more protection to those on the MFG and to lift the cap as high as possible.

### **Consultation Arrangements**

- 3.15 As the DfE has 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". There are no proposed changes being made to the Cambridgeshire funding formula for 2019-20 and therefore the requirement to consult is not triggered rather the unit rates may need to be varied in some instances, for example to move the Primary Low Prior Attainment rate from £1,050 per pupil to £1,022.
- 3.16 Based on the information contained in this report in the authority is planning to consult with schools on the proposal to transfer up to 0.5% (£1.7m) from the Schools Block to the High Needs Block in 2019-20, subject to the final position being confirmed at the December meeting in respect of the estimated High Needs pressure for 2019-20. A draft consultation document has therefore been produced which is included at Appendix 2 which is planned to be released to all schools following the Forum meeting.
- 3.17 Schools Forum are asked to discuss these proposals and approach to the 2019-20 formula as set out in this report and the draft Consultation document at Appendix 2.

## **4.0 ACTIONS AND RECOMMENDATIONS**

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

- 1) Note the High Needs funding arrangements for 2019-20;**
- 2) Note the Schools funding arrangements for 2019-20; and**
- 3) Comment on the authority's proposals to consult with all schools on transferring up to 0.5% (£1.7m) from the Schools Block to the High Needs Block in 2019-20 if required.**

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

## **Appendices**

Appendix 1 – Briefing Note on the NFF for Schools and High Needs 2019-20

Appendix 2 – Draft consultation document for the School Funding Arrangements 2019-20 for Cambridgeshire