

DRAFT

School Funding Arrangements for 2020-21

**Cambridgeshire County Council
Consultation with Primary and
Secondary Schools**

November 2019

Consultation Closing Date

10 December 2019

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NOTE:

- 1. Please note that any reference to schools in this document applies similarly to academies unless stated otherwise.**
- 2. Please also note that the elements of the Schools funding formula are applied on the same basis to both maintained schools and academies. The difference is that maintained schools currently receive their funding from the Authority for the April to March period and academies have the same funding formula applied over the academic year September to August.**

PURPOSE

1. The purpose of this consultation document is to outline Cambridgeshire County Council's (the Authority) proposed changes to the school funding formula arrangements for 2020-21. The principle consulted on and adopted in previous years was to move as closely as possible to implementing the Department for Education's (DfE) national funding formula (NFF). Cambridgeshire has made good progress in achieving this although the Dedicated Schools Grant (DSG) funding for Cambridgeshire has not enabled the full NFF to be adopted.
2. The proposed areas of consultation have been discussed by Schools Forum at its meeting of 8 November 2019 prior to the release of this consultation document. The outcome of the consultation will be reported back to the Schools Forum at its meeting on 18 December 2019. The intention is to continue to support schools so that the move to the NFF is undertaken in a managed way through using the minimum funding guarantee (MFG) and funding caps as required.
3. The consultation provides an opportunity for primary and secondary schools to comment on the changes being proposed. This document:
 - a. Provides an overview of the proposed changes to the schools funding formula for 2020-21;
 - b. Provides a link to the financial implications of the NFF for individual schools as published by the DfE, which the Authority is considering for 2020-21. The indicative figures are based on current information and have not been updated for the October 2019 pupil numbers or other datasets that are required for the calculation of the 2020-21 school budgets. Neither do they reflect any local decisions that may be required, any transfers between funding blocks or the funding of growth. Any DfE school level analysis must therefore be taken in this context and **must only be considered indicative at this stage;** and
 - c. Asks specific questions for Schools to express their views on the proposals.
4. For the 2020-21 funding arrangements the timeframes are imposed on the authority in terms of its deadlines to make submissions to the Education and Skills Funding Agency (ESFA).
5. **Schools are asked to respond to this consultation by completing the Online Response Survey at the following link:**
Link to insert
Responses should be submitted by 5pm on 10 December 2019.
6. Responses received will be analysed and shared with members of the Schools Forum at its meeting on 18 December 2019 prior to the Authority deciding on the final funding formula for use in 2020-21 to be submitted to the DfE in mid January 2020.

CONTEXT

7. In July 2019 the DfE published its update to the NFF for schools and high needs. This consultation document focuses only on the schools NFF since the high needs generates funding at an Authority level rather than at an individual school level.
8. The DfE has confirmed that the arrangements in 2020-21 will continue to allow some local discretion through what is termed a 'soft' funding formula, which has been extended to 2020-21. The soft formula means that the Authority can still decide how it allocates its funding to schools using the available NFF factors but has flexibility to determine the use and / or value of these factors. By contrast, when the DfE moves to a 'hard' formula, each school will receive its funding through the NFF directly from the Education and Skills Funding Agency (ESFA).
9. The DSG continues to be ring-fenced. There are four well established blocks as set out below. The Schools Block continues to be ring-fenced with one exception that the Authority has the ability to move up to 0.5% of the Schools Block to other blocks after consultation with schools and after approval by the School's Forum.

Figure 1 – the make up of the Dedicated Schools Grant

DEDICATED SCHOOLS GRANT			
SCHOOLS BLOCK	CENTRAL SERVICES SCHOOLS BLOCK	EARLY YEARS BLOCK	HIGH NEEDS BLOCK
This Block funds: <ul style="list-style-type: none"> - Individual school budgets; - Services de-delegated from maintained school budgets and The Growth fund 	This Block funds: <ul style="list-style-type: none"> - Historical commitments previously agreed with Schools Forum such as the Public Sector Network (broadband) contract; and Ongoing responsibilities of the Authority such as Admissions, the servicing of the Schools Forum, copyright licenses and services to meet statutory responsibilities 	This Block funds: <ul style="list-style-type: none"> - The 2 year old Early Years single funding formula; - The 3 and 4 year old Early Years single funding formula (universal and extended entitlement); - The Disability Access Fund; - Maintained Nursery school supplementary funding; and Any central expenditure by the authority to support early years services 	This Block funds: <ul style="list-style-type: none"> - Special school budgets; - Special schools outreach; - Top up funding for pupils with High Needs; - Out of County SEN placements; - SEND specialist services; - Early Help District Delivery Services; - Alternative provision such as PRUs, High Needs Units; - EOTAS devolution; and Commissioning Services

SCHOOLS NATIONAL FUNDING FORMULA 2020-21 OVERVIEW

10. The factors used in the 2019-20 Cambridgeshire school funding formula (excluding the area cost adjustment) are set out in Table 1 alongside the factors in the 2020-21 NFF and the difference between them. As can be seen from the 'Increase in factor Unit Rate' column the rates for each of the factors have increased by 4% as a result of the government's additional investment in schools funding. Cambridgeshire has implemented the NFF in terms of the factors and rates in 2019-20 (with the exception of Mobility) and the intention is to mirror the factors and rates for 2020-21.
11. The one area of change for Cambridgeshire's funding formula is the Mobility factor. In previous years this has not been used due to the quality of the data set it was based on. For this reason the rates for primary and secondary mobility for 2019-20 were set to nil. The DfE have for 2020-21 revised the underlying data set using a more reliable measure for mobile pupils. Based on the indicative data set for Cambridgeshire this factor will allocate approximately £0.56m to eligible schools within the formula. Now that the DfE have resolved the issues with the data set, the Authority is proposing to introduce the mobility factor based on the principle of mirroring the NFF.
12. There are some other changes to the funding arrangements for 2020-21 as follows:
 - a) The NFF will introduce a mandatory minimum per pupil guarantee (MPPG) for primary and secondary pupils. For 2020-21 these are set at £3,750 for Primary and £5,000 for Secondary pupils (note from 2021-22 the Primary MPPG will increase to £4,000 per pupil);
 - b) The minimum funding guarantee (MFG) must be set between +0.5% and +1.84%. In previous years schools will recognise the MFG has typically been a negative figure meaning that individual per pupil funding at school level could decrease. This change is a way of ensuring that there is a minimum funding for each school;
 - c) The NFF has removed the funding cap that was being applied. However the Authority is still able to apply a funding cap locally if needed in order to ensure Cambridgeshire's funding formula is affordable within the funding allocated.
13. The impact of the 2020-21 NFF for schools can be seen at an individual school level on the DfE website. **However schools are reminded that these are indicative allocations, which will move with the October 2019 census data as well as any decisions taken locally such as transfers between the blocks.**

[Link to DfE School Level Impact \(refer to 'Impact of the schools NFF, 2020-21' file\)](#)

Table 1 – 2020-21 NFF factors and rates compared to current Cambridgeshire factors and rates

NFF Factor		CCC Unit Rate 2019- 20 (£)	NFF Unit Rates 2020- 21 (£)	Increase in Factor Unit Rate (£)
Basic per pupil entitlement (AWPU)	AWPU: Primary	2,729	2,857	128
	AWPU: Secondary KS3	3,838	4,018	180
	AWPU: Secondary KS4	4,357	4,561	204
	Minimum per pupil funding Primary	3,300	3,750	450
	Minimum per pupil funding Secondary (KS3 and KS4 combined)	4,000	5,000	1,000
Deprivation (based on ever 6 free school meal numbers)	FSM current - Primary	440	450	10
	FSM current – Secondary	440	450	10
	Ever6 FSM – Primary	540	560	20
	Ever6 FSM – Secondary	785	815	30
	IDACI Band F: Primary	200	210	10
	IDACI Band F: Secondary	290	300	10
	IDACI Band E: Primary	240	250	10
	IDACI Band E: Secondary	390	405	15
	IDACI Band D: Primary	360	375	15
	IDACI Band D: Secondary	515	535	20
	IDACI Band C: Primary	390	405	15
	IDACI Band C: Secondary	560	580	20
	IDACI Band B: Primary	420	435	15
	IDACI Band B: Secondary	600	625	25
	IDACI Band A: Primary	575	600	25
	IDACI Band A: Secondary	810	840	30
Low Prior Attainment	Primary	1,022	1,065	43
	Secondary	1,550	1,610	60
English as an Additional Language	Primary	515	535	20
	Secondary	1,385	1,440	55
Pupil Mobility	Primary	0	875	875
	Secondary	0	1,250	1,250
Lump Sum	Primary	110,000	114,400	4,400
	Secondary	110,000	114,400	4,400
Sparsity	Primary	25,000	26,000	1,000
	Secondary	65,000	67,600	2,600

Notes to the Table

- Figures in brackets are negative / minus figures i.e. reductions in the unit rates in the context of this table
- The DfE recognises that some factors cannot easily be allocated on a formulaic basis and under the national funding formula are continuing to fund these at historical funding

levels. This covers the Premises factors which includes PFI, split site and rates for those schools affected.

- c) The CCC unit rate figures are before the area cost adjustment for Cambridgeshire being applied.

HIGH NEEDS OVERVIEW 2020-21

14. Cambridgeshire continues to experience pressures on its High Needs budgets which is a trend that is being experienced nationally. Indeed some local authorities have sought and been granted approval by the Secretary of State to transfer more than 0.5% of funding from their Schools Block to the High Needs Block in order to manage the financial pressures they are facing.
15. In previous years following consultation with schools, the Schools Forum has approved transfers from the Schools Block. In 2018-19 0.21% (£0.7m) was transferred with the 2019-20 figures being 0.5% (£1.7m).
16. Cambridgeshire's indicative allocation for High Needs for 2020-21 has increased by £5.75m to a total High Needs allocation of £74.6m before academy recoupment. Whilst this is a welcome 8.4% increase compared to 2019-20 funding levels it simply isn't enough. The DSG high needs funding is not matching the rate of growth in Cambridgeshire for numbers of high need pupils at a time of higher expectations from both the local authority, schools, Ofsted, the Government, pupils and parents. Effectively the uplift addresses most, but not all, of the year-to-year overspend, before further growth, but this leaves unaddressed the accumulated deficit that has resulted from overspending on high needs provision in Cambridgeshire schools and settings, particularly since 2018.
17. Schools should be aware that over 70% of the high needs budget is allocated to schools and settings to support pupils with high needs, with a further 14% for out of county provision. The High Needs Block for Cambridgeshire funds the following services (as also set out in paragraph 9) with the planned budget:
 - £22.1m Special school budgets including Special Schools outreach;
 - £19.1m Top up funding for pupils with High Needs (including Post 16);
 - £10.0m Out of County SEN placements;
 - £1.5m Out of School Tuition;
 - £7.2m SEND specialist services;
 - £0.4m Early Help District Delivery Services;
 - £3.7m Alternative provision such as High Needs Units and Hospital PRU;
 - £5.7m EOTAS devolution; and
 - £2.6m Commissioning Services, Out of School Tuition, Personal Transport and support to parents.
18. The uplift in funding must be set in the context of the estimated cumulative deficit expected at the end of 2019/20 of £16.2m. Cambridgeshire had the fourth highest DSG deficit, in proportionate terms, amongst County Council comparators as at April 2019, with this expected to rise to the third highest by March 2020. In addition there is the need to meet the ongoing £9.0 million over spend in the base budget and plan for the fact that the £1.7 million transfer from the schools block in 2019/20 is only one off and may not be approved by the Schools Forum in 2020/21, or the Secretary of State. The combination of these factors is significant meaning that there is no funding to meet the increasing number and complexity of high needs pupils. To the contrary significant savings need to be delivered within High Needs

to bring the budget under control. The pressure on the high needs budgets over the last 5 years and the forecast for the current year is set out in Table 2.

Table 2 –High Needs income, budget, actual expenditure and overspends by year

Year	High Needs Block Income £m	High Needs Budgeted Expenditure £m	High Needs Actual Expenditure £m	Overspend Value £m	Cumulative Deficit £m
2014-15	63.8*	60.5	61.8	1.3	Nil – deficits during this period were managed within the overall DSG available
2015-16	64.1*	61.9	63.2	1.3	
2016-17	64.9*	63.0	65.7	2.7	
2017-18	64.3	65.3	70.0	4.7	
2018-19	65.9	67.1**	75.9	8.8	7.2
2019-20	68.9	71.1**	80.1	9.0 (latest forecast)	16.2

Notes

* Due to the way in which statements of SEN were funded prior to April 2013 and the subsequent requirement for mainstream schools to fund the first £6,000 of each statement a technical adjustment was required from 2013-14 to 2016-17 to transfer funds back to schools, hence why the High Needs Budget Expenditure appears lower than the High Needs Block received in these initial years. This has now been reflected in the revised baseline block allocations.

** The 2018/19 budget includes £1.2m of transfers from other funding blocks (£0.5m from Central Block and £0.7m from the Schools Block) and this is the same for 2019/20 (£0.5m from Central Block and £1.7m from the Schools Block).

19. The £9.0m overspend that is forecast for 2019-20 results largely from the increasing numbers of children and young people placed in specialist settings, both in and out of county, and the cost of supporting post 16 high needs pupils that continue to put pressure on the current financial year. For example since April 2019 Education Health and Care Plans (EHCPs) have increased from 4,262 to 4,572, an increase of 310 or 7%. Over the 12 month period covering October 2018 to October 2019 EHCPs have increased by 11%.
20. Any overspend of more than 1% of the total DSG requires an authority to submit deficit recovery plans to the DfE for scrutiny. The Authority had to do this at the end of the 2018-19 financial year and will be discussing the deficit further with the DfE. The DSG is a ring-fenced grant and the deficit that has been accumulated on high needs is ring-fenced to services funded by DSG. Whilst this ring-fence is longstanding and reflects money already spent on schools and services, the DfE have indicated (subject to consultation) they will go further in the next set of regulations to make it unlawful for local authorities to use any local monies or resources from other departments to cross-fund the financial position within the DSG ring-fence. In this context, it is for the local area, and all schools and services funded through the DSG, to collectively respond to the deficit and return the DSG to a sustainable basis. Any deficit on the DSG would therefore require reductions in spending levels on high needs

services such as reduced levels of top up funding and reductions to specialist services. The only other alternative would be to manage any deficit in the following year's school budget, which would ultimately reduce the level of funding available to be allocated to schools. Any such changes would be discussed with the Schools Forum and where necessary consulted on with schools.

21. In addition moving forward to 2020-21 there will be additional high need pupil growth that will need to be funded. Work is ongoing to quantify this growth for 2020-21. As Table 2 identifies the position that Cambridgeshire finds itself the increased funding allocations from the DfE in recent years have been insufficient to meet the growth in pupil numbers and increasing demand for top up funding.
22. The impact of the demands on the High Needs Block and the issues currently faced in respect of certain elements of the high needs budgets means the Authority needs to plan to ensure that the 2020-21 high needs budget is robust and managed within the funding available. Given the estimated deficit position of £16.2m that will exist on the High Needs Block at the end of 2019-20 and the ongoing pressures on High Needs budgets the Authority is consulting schools on a transfer in 2020-21 from the Schools Block to the High Needs Block as set out in the next Section.

CONSULTATION PROPOSALS

23. The Authority has modelled a number of options to demonstrate the impact of the consultation options on individual school budgets. The consultation proposals are explained in the remaining sections of this document. The modelling is provided in Appendix 1 (2020-21 School Budget Scenarios) which sets out the impact on individual schools as a result of:
 - Including the Mobility factor in the formula;
 - The varying levels of transfer from the Schools Block; and
 - The impact this has on the MFG and the use of the funding cap.

Schools are able to look up the modelled impact on them by inserting their school reference number from the 'School References' tab into the 'Look Up Tool' tab in Appendix 1.

24. Appendix 1 provides for the varying combinations of options and what it means to an individual school's budget. It should be noted that the modelling:
 - Is indicative and based on the October 2018 census and data sets (October 2019 has not yet been released by the DfE);
 - Is based on the NFF data which is indicative in its calculation of MFG due different baselines being used compared to the modelling tool issued by the DfE;
 - Includes the mobility factor in the formula;
 - Assumes the same level of growth funding (£3.3m) and includes weighted numbers agreed for 2019-20. Weighted numbers for 2020-21 will need to be added and will impact on those schools where the weighted numbers have been agreed. This will be updated in the final APT and school budgets when the final growth funding allocation is confirmed; and
 - Will change for example due to the outcome of the consultation, the final Schools Block allocation, the final October 2019 numbers and the growth funding that has not yet been announced by the DfE.

SCHOOLS FUNDING FORMULA – MOBILITY FACTOR

25. **The views of schools are sought in respect of introducing the Mobility formula factor into the 2020-21 Cambridgeshire funding formula.**
26. The Authority through discussions with the Schools Forum have adopted the principle of mirroring the NFF as closely as possible to prepare the county's schools for when the hard NFF is introduced.
27. For 2020-21 there are limited changes to the NFF itself. The Minimum per pupil Funding Level of £3,750 for Primary pupils and £5,000 for Secondary pupils will be mandatory and the Authority will be including these values in the local formula. Minimum funding levels were used in 2019-20 and therefore this does not form part of the consultation questions.
28. The other main change to the NFF is the change in the data set for the mobility factor. As this is now based on a more appropriate data set the Authority is proposing to introduce this into the local funding formula for 2020-21. The cost of introducing this factor is included in the allocation that the Authority receives from the DfE as part of the NFF, therefore it does not create a cost or the need to reduce other aspects of the funding formula. By introducing the mobility factor:
- The overall cost of this formula factor is c£0.56m across all schools;
 - Would see 76 Primary and 5 Secondary schools receive a funding allocation through the factor; and
 - Set allocations of between £33 and £44,747 for Primary schools and between £2,218 and £27,615 for Secondary schools that are eligible schools

SCHOOLS BLOCK TRANSFER TO THE HIGH NEEDS BLOCK

29. **Schools are asked for their views on whether they support a transfer from the Schools Block to the High Needs Block for 2020-21 and how a transfer from the Schools Block should be funded. The options being consulted on to transfer funding from the Schools Block to the High Needs Block as follows:**
- **Option 1 – to make no transfer in 2020-21;**
 - **Option 2 – to transfer 0.5% equating to £1.8 million (this repeats the transfer that was made in 2019/20);**
 - **Option 3 – to transfer 1.0% equating to £3.6 million;**
 - **Option 4 – to transfer 1.8% equating to £6.5 million; or**
 - **Option 5 – a transfer in excess of 1.8% to repay the deficit quicker (note this option is not modelled).**
30. As outlined in paragraph 9 under the NFF arrangements in 2020-21 the Schools Block is ring-fenced although there is some limited flexibility for the authority to transfer up to 0.5% of the Schools Block funding to another DSG block. For 2019-20 0.5% (£1.7m) was transferred between the blocks.
31. It is important for schools to note that any transfer above the 0.5% allowed under the regulations will require Secretary of State's approval. This applies to options 3, 4 and 5 and

would need to be submitted if either of these was the preferred option following discussions at the 18 December Schools Forum meeting.

32. The indicative High Needs allocation for Cambridgeshire is an increase in funding of £5.75m for 2020-21. There are a number of additional considerations for 2020-21 given the financial position on Cambridgeshire's High Needs Block which are set out below:
- a) The estimated deficit of £16.2m at the end of 2020-21 needs to be repaid, this needs to be planned for and is likely to require high needs savings proposals to reduce costs given the high needs funding from the DfE for the Authority is insufficient;
 - b) The additional £9.0m of high needs costs that have been incurred in 2019-20 will continue into 2020-21, therefore this needs to be built into the 2020-21 budget or reduced through savings proposals; and
 - c) The transfer of £1.7m from the Schools Block in 2019-20 is only one off so if a transfer is not approved in 2020-21 this creates a further funding shortfall in the High Needs Block.

The financial implications of these factors is set out in Table 3 which outlines the likely position without a transfer from the Schools Block in the context of the High Needs Block indicative allocation for 2020-21.

33. Given the position set out in Table 3 the Authority is in the unfortunate position of having to propose a further transfer from the Schools Block to support the High Needs costs in 2020-21. As part of this consultation the Authority is seeking views from schools on the different levels of transfer from the Schools Block outlined in paragraph 29. Table 4 sets out the position in respect of the Authority's High Needs Block with the differing levels of transfer being accounted for.
34. Any transfer between the Schools Block and High Needs Block would only be for 2020-21. The authority does have to consult with schools for transfers between blocks in future years where the DfE maintain this flexibility.
35. Table 4 demonstrates that the transfers from the Schools Block are not sufficient in isolation to resolve the deficit and meet ongoing cost pressures. Rather any transfer from the Schools Block would be a contribution to the escalating costs. With a lower level of transfer from the Schools Block the implication will be further reductions to High Needs spending and service provision.

Table 3 – Existing Costs Compared to the Indicative High Needs Settlement for 2020-21
Excluding any transfer from the Schools Block

	Existing Cost to Fund £m	Indicative Funding Increase £m	Indicative Funding Remaining £m	Notes
Cumulative High Needs Deficit at the end of 2019-20	16.2			Repayment of the DSG deficit is a requirement
2020-21 High Needs Base Budget Adjustment	9.0			Required to meet the existing costs that will continue into 2020-21
2019-20 Transfer from the Schools Block	1.7			This represents the additional cost to the High Needs Block from the removal of the transfer as this is only ever a one off transfer
2020-21 High Needs Savings Proposals	(1.9)			Planned savings within the High Needs Block the Authority is working on
2020-21 High Needs Cost Pressures	8.3			Forecast cost pressures for 2020-21
Totals	33.3	(5.8)	27.5	£25.1m is the estimated High Needs Block deficit that is likely to exist at the end of 2020-21

Table 4 – The Forecast High Needs Deficit as at 31 March 2021 after transfers from the Schools Block based on the options proposed

Transfer Option from the Schools Block	Estimated 2020-21 DSG Deficit £m	Estimated 2020-21 Net Cost Pressures £m	Value of the Schools Block Transfer £m	Revised Estimated 2020-21 Deficit £m	Revised Deficit as a Percentage of the Indicative Schools Block %
No Transfer	16.2	17.1	0	33.3	9.2%
0.5% Transfer	16.2	17.1	(1.8)	31.5	8.7%
1.0% Transfer	16.2	17.1	(3.6)	29.7	8.2%
1.8% Transfer	16.2	17.1	(6.5)	26.8	7.4%

THE COST OF GROWTH

36. In 2019-20 the DfE changed the basis of growth funding from being based on historical spend to a formulaic approach using lagged growth data. The Authority lost £1.7m as a result of this change in 2019-20, which was reported to the Schools Forum. The implication of this is that the amount of funding to support the cost of growth in new and growing schools was insufficient and had to be funded from within the overall Schools Block.

37. The funding allocation for growth is not yet known for 2020-21. The modelling provided at Appendix 1 includes the 2020-21 intrinsic growth in the Authority's funding formula and assumes the same level of growth funding for 2020-21 at £3.3m.
38. Intrinsic growth is the growth related to the guaranteed pupil numbers for schools that are growing to capacity. The local Growth Fund for 2020-21 is £2m which means there would be £1.3m of funding available to fund weighted numbers (intrinsic growth). The cost of the weighted numbers in the formula is c£3.5m. The consequence of this is therefore that a net cost of £2.2m for intrinsic growth has to be met within the overall funding formula, which would have been met by the historic growth funding from the DfE.
39. The growth funding allocated to the Authority by the DfE is insufficient to meet the cost of the local Growth Fund (£2m in 2020-21) and the cost of intrinsic growth in the formula £3.5m for the Authority. A funding cap of 4.9% is required in order to ensure the Cambridgeshire formula is within the available funding for the Schools Block including the intrinsic growth. In turn this impacts on the funding gains and is another reason the DfE NFF figures cannot be achieved for Cambridgeshire schools. This position existed in 2019-20.
40. There are no specific consultation proposals for schools in respect of funding for growth through weighted numbers, which is agreed through the Schools Forum each year.

BALANCING THE COST OF THE FORMULA TO THE AVAILABLE FUNDING

41. Any transfer from the Schools Block will reduce funding available for distribution for school budgets. On the basis that the Authority has adopted the principle of mirroring the NFF as closely as possible, the Authority is proposing that any transfer of funding from the Schools Block will be funded by:
 - A reduction to the Minimum Funding Guarantee (MFG) which can be set between +0.5% and +1.84% for 2020-21;
 - Applying a funding cap so that schools gaining the most funding above the Minimum per Pupil Funding Level (MPPFL) are limited in the amount of the funding gain that they would be able to keep;
 - A combination of reducing the MFG and applying a funding cap; and
 - If required setting a lower MPPFL than the mandatory level in the NFF (subject to the Secretary of State's approval).
42. In the options modelled reductions to the MFG in isolation are insufficient to meet the overall cost of the funding transfers proposed. Therefore the authority is proposing the use of the funding cap in order to ensure the Cambridgeshire funding formula remains within the Schools Block funding available for distribution. The funding cap enables the formula itself to mirror the NFF, but then restricts the funding gains for those schools gaining funding over a certain percentage.
43. Alternatives to applying the funding cap could include an overall reduction to the AWPU values, reductions to the additional needs factors or a reduction in the lump sum. Reductions to the lump sum would detrimentally affect small schools due to the amount of funding they are able to generate through pupil led funding factors. The additional needs factors target

funding to those pupils that require extra support and therefore is not being proposed by the Authority. Reductions in AWPU values would restrict the amount of gains to all schools although this would result in additional MFG and minimum per pupil funding level costs if schools do not achieve the minimum amount of growth set.

44. If a High Needs transfer from the Schools Block is ultimately agreed the Authority is proposing to use the funding cap to ensure the affordability of the formula. This has the impact of restricting the gains for those schools that are receiving the most funding gains. This approach still enables the pure NFF to be applied in terms of factors, unit rates and the MPPFL.
45. If a transfer from the Schools Block to the High Needs block is not approved by the Schools Forum then the Authority would be in the likely position of having to apply to the Secretary of State for a transfer to go ahead. Any transfer from the Schools Block in excess of the allowable 0.5% must be approved by the Secretary of State.
46. As previously mentioned the impact on individual school budgets is provided in Appendix 1. In addition at a summary level the impact of the options (comparing options 1 to 4 at both the highest and lowest level of MFG that can be set) in terms of the indicative number of schools and funding gains are summarised in Table 5.

Table 5 - Number of Schools with Funding Gains for each Option

Option	1a	1d		2a	2d		3a	3d		4a	4d
High Needs Transfer Value	£0	£0		£1.8m	£1.8m		£3.6m	£3.6m		£6.5m	£6.5m
MFG %	1.84%	0.50%		1.84%	0.50%		1.84%	0.50%		1.84%	0.50%
Funding Cap %	4.94%	4.97%		3.83%	3.85%		2.65%	2.67%		0.25%	0.28%
Funding Gain Value:											
< £5k	2	6		2	6		4	8		128	131
£5k - £20k	43	38		60	56		110	103		22	19
£20k - £50k	93	93		82	82		44	47		16	16
£50k - £100k	52	53		49	49		39	39		38	38
> £100k	54	54		51	51		47	47		40	40
Total No. of Schools	244	244		244	244		244	244		244	244
% of Schools gaining less than £5k	0.8%	2.5%		0.8%	2.5%		1.6%	3.3%		52.5%	53.7%
% of school gaining between £5k and £20k	17.6%	15.6%		24.6%	23.0%		45.1%	42.2%		9.0%	7.8%
% of school gaining between £20k and £50k	38.1%	38.1%		33.6%	33.6%		18.0%	19.3%		6.6%	6.6%
% of school gaining between £50k and £100k	21.3%	21.7%		20.1%	20.1%		16.0%	16.0%		15.6%	15.6%
% of school gaining over £100k	22.1%	22.1%		20.9%	20.9%		19.3%	19.3%		16.4%	16.4%
	100.0%	100.0%		100.0%	100.0%		100.0%	100.0%		100.0%	100.0%

47. The overall impact of the options proposed demonstrate that the greater the level of funding transferred from the Schools Block, the lower the level of funding gains for the majority of schools. Key points to note from Table 5 are:
 - a) There is limited change to the numbers of schools that gain between the different levels of MFG being set within the formula, this is because the Minimum per Pupil Funding Levels (MPPFL) is uplifting school allocations leading to a reduced MFG requirement;
 - b) With option 1a (no transfer and an MFG of 1.84%) 82% of schools receive a funding gain of £20k or more. As the increase in the funding transfer from the Schools Block increases these percentages reduce. For option 4a (£6.5m transfer and an MFG of 1.84%) the respective figures for gains of £20k or more falls to 39%;

- c) Under all options 100% of schools do see an increase in funding due to the MPPFL and MFG;
- d) However the number of schools receiving funding gains of £5k or less is 0.8% in option 1a (no transfer and an MFG of 1.84%) compared to 52.5% for option 4a (£6.5m transfer and an MFG of 1.84%). Put differently the transfer of £6.5m means that over half of schools see a funding gain of £5k or less.

CONSULTATION QUESTIONS

48. We are seeking school's views on the questions in the following table.

Schools are asked to respond to this consultation by completing the Online Response Survey at the following link:

[Link to insert](#)

Responses should be submitted by 5pm on 10 December 2019.

1	<p>a) Do you agree with the introduction of the Mobility formula factor being introduced in the 2020-21 Cambridgeshire funding formula?</p> <p>b) If not please explain why?</p>
2	<p>a) Do you agree that the Authority should propose to the Schools Forum a transfer from the Schools Block to the High Needs Block to support the High Needs budget in 2020-21?</p> <p>b) Do you have an alternative proposal for how the local area should respond to the accumulated deficit on high needs, reaching a balanced position over the medium term of 3 years?</p> <p>c) If you do agree a transfer from the Schools Block should be proposed, at what level do you think the transfer should be at: 0.5% (£1.8m); 1.0% (£3.6m); 1.8% (£6.5m); or an amount in excess of 1.8%?</p> <p><i>(note the higher the percentage the less funding there is available for distribution through the schools funding formula for Cambridgeshire)</i></p>
3	<p>a) If a transfer is agreed to be made from the Schools Block to the High Needs Block at what level do you think the Minimum Funding Guarantee (MFG) should be set: 0.5%; 1.0%; 1.5%; 1.84%; or something different between 0.5% and 1.84%?</p> <p><i>(note the lower the percentage the less guaranteed funding gains will be under the formula)</i></p>

4	<p>a) If a transfer is agreed to be made from the Schools Block to the High Needs Block do you agree that a funding cap is used to balance the cost of the formula to the Schools Block funding available?</p> <p><i>(note the funding cap restricts the amount of any funding gains of those schools above the level at which the funding cap is set)</i></p> <p>b) If not how do you think the Schools Block should be balanced, for example reducing AWPU values, reducing other factors in the funding formula, or potentially requesting approval from the Secretary of State not to apply the Minimum per Pupil Funding Levels?</p>
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