

2017/18 School Budget Notes of Guidance

Background

As part of the national changes to schools funding, the Department for Education (DfE) has made some slight changes to the model adopted four years ago at the beginning of the implementation of the School Funding Reform.

In March 2016, the Government launched a consultation on a new national school funding formula. Stage two of the consultation is currently open until 22 March 2017. The Government has confirmed that from 2018-19 the schools block will be ring fenced, moving to a “hard” formula in 2019-20. Website link to the consultation is:

<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/>

The consultation guidance on the National Funding Formula that has been published by the Education Funding Agency gives illustrative funding amounts, not actual allocations and is based on 2016-17 data. Care must be taken when comparing these figures to your 2017-18 budgets as the Illustrative funding won't reflect **changes** to maintained schools since March 2016; or changes to academies since May 2016. i.e. changes to deprivation factors (pupils moving between bandings due to adjustments in IDACI factors), no infant class size funding. Please also note that no decisions have yet been taken as to the implications of the 'soft formula' in 2018-2019.

The Minimum Funding Guarantee (MFG) has continued at minus 1.5% per pupil. The Schools and Early Years Finance regulations set out the formula factors which are automatically excluded from the calculation.

Formula Funding – Schools Block

There continues to be a closely limited set of factors that can be used in the school formula distribution.

The factors are described below:

1) Basic Entitlement - Age Weighted Pupil Funding (AWPU)

The funding regulations state that there should be a single unit value for primary aged pupils and a single unit value for each of Key Stage 3 and Key Stage 4. The value for primary pupils must be at least £2,000 and the value for both Key Stage 3 and Key stage 4 pupils must be at least £3,000. The AWPU rates are detailed below:

	AWPU 2016/17	AWPU 2017/18
Primary Pupils	£2,655.14	£2,655.14
Secondary KS3 Pupils	£3,719.21	£3,719.21
Secondary KS4 Pupils	£4,163.98	£4,163.98

Post 16 pupils are being funded separately through the sixth form programme funding directly from the Education Funding Agency (EFA).

The Number on roll has been adjusted to deduct the number of high needs places within Enhanced Resource Units and Nurture Groups. Those pupils are funded through the High Needs Block.

Education Funding Agency Allocations for Sixth Form pupils

The sixth form budget allocations are not included and will be updated once final allocations have been received by the EFA at the end of March.

Pupil Numbers

All formula calculations are based on actual pupil numbers as at October 2016 school census.

Previous Growth Fund allocations

In schools with additional permanent classes established for basic need and agreed with the Council, the number on roll (NOR) has been amended to reflect the extra children. In these instances, the school will **not** receive growth funding as the NOR has been increased. Schools Forum has agreed the criteria for Growth Fund allocations and adjustments to numbers on role at their meeting in February 2016 the report can be found at:

<https://sip.derby.gov.uk/general-support/schools-forum/>

2) Deprivation

This factor is to recognise the additional cost of deprivation. In order to target funding in this way, we have used a combination of measures; Income Deprivation Affecting Children (IDACI) and Free School Meals Ever 6 which is a pupil premium indicator. In 2017-18, the IDACI multipliers have been adjusted as significant data changes in this area have led to financial pressures on the Schools Block.

Please refer to the February 2017 Schools Forum DSG Budget Report for further information.

3) Looked After Children (LAC)

This factor allocates additional funding to schools with looked after children. The eligibility criteria includes children who have been looked after for one day or more as recorded on the local authority SSDA903 return at 31 March 2016.

4) Low Cost/High Incidence SEN/Prior Attainment (Secondary Specific)

The factor is what we previously called the prior attainment factor and includes pupils in year 7 that fall below the expected standard in reading, maths tests or writing teacher assessment or below level 3 in either English or Maths at KS2 for Years 8-11.

5) English as an Additional Language

EAL pupils may attract funding for a maximum of 3 years after the pupil enters the statutory age school system.

6) Pupil Mobility

This factor aims to provide additional funding to schools with a higher transient cohort; i.e. those pupils that are not captured in the autumn census. It counts pupils who entered a school during the last three academic years, but did not start in August or September. The funding through this factor is limited to those schools experiencing pupil mobility above a 10% threshold.

7) Lump Sum

The primary lump sum remains at £100,000 and the secondary lump sum remains at £150,000.

8) Split Sites

This factor allows funding to be directed to schools with split sites, to reflect the costs of operating on split sites.

9) Rates

Rates for 2017/18 are based on the estimated charge for the year, calculated using the Valuation Office Agency website, due to property revaluations from April 2017. This budget will be retained and administered centrally as is the current process.

The EFA will reimburse academies based on actual rates paid in year.

10) PFI Contract Costs

This factor allows funding to be directed to schools with PFI contract costs as they represent an additional and unavoidable cost to schools. The schools concerned will pay the PFI factor allocation back to the local authority and must not allocate this for any other purpose.

11) Infant Class Size (Primary Specific)

This funding is based on the admission numbers of the school for infant class sizes to maintain the national required levels of a 30 pupil limit.

Formula Funding - Early Years Block

There is additional funding in the DSG to fund early education for eligible two year olds.

A move to an early year's national funding formula has resulted in some significant changes from April 2017. The new national formula will allocate funding for three- and four-year olds, both the existing universal 15 hour entitlement and the new 30 hour entitlement for children of working parents. It will commence in April 2017 for the existing 15 hours. 30 hours of free childcare is implemented nationally from September 2017. Funding will remain participation based and the 30 hour offer has not been built into the current budget.

There are now a number of new requirements on how local authorities are able to allocate funding to providers from 2017-18. These requirements are intended to ensure that funding provided by the DfE is fairly distributed to providers. The main changes are:

- A minimum amount of funding to be passed through to providers.
- A local universal base rate for all types of provider, to be set by local authorities by 2019-20 at the latest.
- Supplementary funding for standalone maintained nursery schools, for the duration of this Parliament.
- Reforms to mandatory and discretionary supplements local authorities are able to use.
- The introduction of a disability access fund.
- A requirement for authorities to establish a special educational needs inclusion fund.

The early year's national funding formula within Derby will be implemented on the following basis:

- Base rate of £4.05 per hour, reflecting that level of base funding which is received by the Council.
- Deprivation funding based on 20p per hour per eligible child with a weighting of x3 to 60p per hour for the top band (most deprived) and a free school meal rate of 20p per hour for each eligible child.
- English as an additional factor supplement at 20p per hour per eligible child.
- To establish a £250,000 SEN inclusion fund to support children with additional needs across all settings.
- Supplementary funding for standalone maintained nursery schools, for the duration of this Parliament and will include a lump sum and an increased hourly rate.
- Disability Access Fund which is to be introduced from April 2017. This supports early year's providers to make initial reasonable adjustments and

build the capacity within their setting to support disabled children. Providers will receive additional funding for children in their setting in receipt of Disability Living Allowance (DLA) and every child eligible is entitled to £615 per year (one payment per year to the first provider only).

The funding for 2017/18 is based on estimated participation.

The annual budget for early year's providers and mainstream settings for 3 and 4 year olds has been calculated using hours estimated for each provider adjusted for reasonableness and past hour trends. Maintained providers should be aware that where hours are over/under estimated their budgets will be adjusted for this at the end of the financial year.

Formula Funding - High Needs Block

Specialist providers including special schools and enhanced resource provision in mainstream schools, continue to be funded based on actual pupil numbers with a base level of funding to offer some stability.

Please follow the link for guidance notes for High Needs Funding:

<https://sip.derby.gov.uk/general-support/schools-forum/>

The pupil-led element of funding is to be met by the commissioning local authority and will be based on the individual needs of each pupil.

The authority will continue to recover top up funding for places commissioned from other local authorities.

Special Schools & Alternative Provision

Place Led Funding

The numbers of planned places attract a place funding of £10,000 per place.

Pupil Led funding

Top up funding will be provided for each individual pupil dependant on their level of need.

Special Schools and Alternative Provisions should be aware that pupil led funding follows the child. When a pupil's banding changes or they join/leave your school your **budgets will be adjusted** to reflect these changes. These adjustments will be processed on a half termly basis in line with the funding regulations.

ERS Places

Place Led Funding

Each place has been funded based on the number of places agreed in a school as stated in the service level agreement. The number of places agreed attracts a place funding of £10,000 per place.

Pupil Led Funding

Top up funding will be provided for each individual pupil dependant on their level of need. Surplus places do not attract top up funding within the new system and have not been built into your budget

ERS Units should be aware that pupil led funding follows the child. When a pupil's banding changes or they join/leave your school your **budgets will be adjusted** to reflect these changes. These adjustments will be processed on a half termly basis, in line with regulations.

ERS

The Top up banding levels now include AWPU for each phase of pupil as high needs pupils are deducted from the Number on roll used in the Schools Block. They have also been adjusted to account for the place led element received.

Funding for all places including all pre and post 16 pupils is shown for completeness however, for post 16 places funding will be provided through the sixth form programme.

Teaching Assistant Top Up hours and Locality Funding.

From 2017/18, Teaching Assistant Top up hours will not be part of the base budget, but will be paid during the financial year. Schools will be notified separately of children and funding.

Locality panel funding is a system for allocating low level top up for SEN, with a view to reduce bureaucracy and the need for Education and Health Care Plan's (EHCP). A Locality Cluster Funding pilot scheme was set up at the beginning in March 2016 and rolled out to all schools in the 2016/17 Academic year. This scheme will continue in 2017/18. This is not part of the base budget.

Notional SEN

Notional SEN funding included within schools delegated budgets, the amount of which can be identified on the budget proforma.

This funding should be targeted to those pupils with additional needs and schools should be able to clearly demonstrate how this funding is being invested to support these pupils. It is recommended that schools communicate this information to governors and report on a regular basis throughout the year.

The notional SEN budget provides funding for schools to meet support costs of up to £6,000 per individual child (often referred to as element 2 funding) and in Derby this

is currently used to support the first 10 hours of teaching assistant or equivalent support. Currently, where the support required is more than 10 hours additional funding is given to schools. .

The Council expects that this funding is directed for the purpose in which it is intended and schools should be ensuring that this budget allocation is being used to support children in school with additional needs. Funding applications for further additional funding (element 3 funding) will not be supported by either the Locality Funding Panels or the SEN Funding Panel unless schools are demonstrating that this notional funding has been targeted in this way.

In the same way that mainstream schools have a notional SEN budget, for early years settings notional SEN funding is deemed to be included as a percentage figure within the funding from the Early Years Block. All early years settings will be expected to contribute towards the costs of any child with high needs. The amount of this contribution, over a full financial year, has been defined as £300 per high needs child in a maintained nursery and £200 in a school nursery or PVI setting.

De-Delegation

Where maintained schools have collectively agreed that they can be provided centrally, budgets have been de-delegated and returned to the local authority.

De-delegation is not an option for academies, special schools, nurseries or PRUs however academies can access central services on a buy back basis.

ESG Service Contribution (Education Services Grant)

From 2017/18 the ESG retained duties rate is to be transferred into the schools block. Local authorities will be able to fund central services previously funded within the retained duties rate (for all schools), from maintained school budgets shares with the agreement of maintained school members of the schools forum.

Apprentice Levy

The Apprenticeship levy will be introduced nationally from April 2017. An employer with a payroll over £3m a year must pay 0.5% of the wage bill into the new apprenticeship levy; this will include all maintained schools, (as their employer is the local authority), most multi academy trusts and some larger standalone academies. Small academies and VA schools are exempt from the apprenticeship levy if their wage bill is under £3m.

Schools Forum

All formula changes have been approved at Schools Forum and Council Cabinet. For further information please see web site:

<http://www.derby.gov.uk/education-and-learning/schools-and-colleges/schools-forum/>

Next Steps

For school specific queries please email SchoolFinanceTeam@derby.gov.uk and ensure that the title of your email is 'School Funding Query and *School Name*', to ensure that emails are clearly identified.

For general queries please contact:

Sarah Smith on 01332 624693

Chris Holmes on 01332 642687