

2018/19 School Budget Notes of Guidance

Background

As part of the national changes to schools funding, the Department for Education (DfE) launched a consultation (March 2016) on a new national school funding formula (NFF). While it remains the government's intention that a school's budget should be set on the basis of a single national formula, in 2018 to 2019 and 2019 to 2020, local authorities will continue to determine final funding allocations for schools through a local formula. The Dedicated Schools Grant for Derby is split into four blocks; Schools Block, Early Years Block, High Needs Block and a newly created Central School Services Block. Blocks will be ring fenced from 2018/19, but Local Authorities can transfer 0.5% of their schools block funding to another block with School Forum agreement.

The Council issued a consultation document in November 2017 detailing proposals on the changes to the local funding formula in readiness for the implementation of a National Funding Formula. Schools Forum considered these responses and approved the Council's proposals and agreed the following in relation to Derby's local funding formula for schools:

- To move to the National Funding Formula from April 2018. This includes moving towards the NFF factor funding values as quickly as the national funding allocations allow.
- To set a protection for schools of 0% MFG; this means that no school will lose as a result of these changes (subject to falling pupil numbers which is not protected) and implement a capping mechanism to manage the affordability of the NFF model.

Formula Funding – Schools Block

From 2018/19, Derby will only use NFF funding factors 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 2017/18	AWPU 2018/19
Primary Pupils	£2,655.14	£2,662.37
Secondary KS3 Pupils	£3,719.21	£3,744.37
Secondary KS4 Pupils	£4,163.98	£4,251.37

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

A technical change in place funding in 2018/19 transfers ERS element 1 funding (AWPU) from the High Needs Block to the Schools Block, which means the number on roll includes high needs places within Enhanced Resource Units. In 2017/18, ERS place funding (element 1 and 2) were 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 2017 school census.

Previous Growth Fund allocations

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.

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), Current Free School Meals and Free School Meals Ever 6 which is a pupil premium indicator. Current Free School Meals is a factor under the NFF and will be used in 2018/19 for the first time.

3) Looked After Children (LAC)

LAC is no longer a factor within the NFF and has been removed in 2018/19.

4) Low Prior Attainment

The prior attainment factor acts as a proxy indicator for low level, high incidence, special educational needs. In 2018/19, this factor is used for both Primary and Secondary phases (Secondary phase only in 2017/18). Low prior attainment funding will be allocated to all pupils identified as not reaching the expected standard at the previous phase, regardless of their year group. It does not only apply to those pupils in their first year of schooling. The following is used:

- primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)
- secondary pupils not reaching the expected standard in KS2 at either English or maths

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 and secondary lump sum is £110,000

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, based on the latest revaluation of premises. 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. This additional funding does not feature as factor in the National Funding Formula and will be phased out over a three year period.

Formula Funding - Early Years Block

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

The new national formula will allocate funding for three and four year olds; both universal 15 hour entitlement and the 30 hour extended entitlement for children of working parents. Both universal and extended entitlement funding will remain participation based and built into the 2018/2019 budget.

From 2017/2018 there are a number of requirements on how local authorities are able to allocate funding to providers. These requirements are intended to ensure that funding provided by the DfE is fairly distributed to providers, which include:

- 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 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. Hourly Rates for all sectors have increased by 1.5%. Budgets are adjusted in year for all providers.

	Hourly Rates 2017/18	Hourly Rates 2018/19
Base Rate	£4.05	£4.11
Deprivation Funding (IMD)	£0.20/£0.60	£0.20/£0.60
Deprivation Funding (FSM)	£0.20	£0.20
English as an Add Language (EAL)	£0.20	£0.20
Supp Stand Alone Nursery Funding	£1.55	£1.49

As part of the NFF, the following has also been implemented:

- 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. 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).

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.

The pressures on the High Needs Block have been well debated over recent years and led to a commissioned review of SEND, which resulted in a change to the banded funding for special schools and enhanced resource units

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 joins or leaves 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.

As part of the Strategic Review of Special Educational Needs and Disabilities in the City element 3 funding has been reviewed and changed for the financial year 2018/19 onwards. A single band will now exist and where funding changes are substantial a phased approach will be adopted. Detailed in the table below are the revised rates, future year's rate increases will be subject to affordability.

School	School Type	Phase	Banding 2018/19	Banding 2019/20	Banding 2020/21
Ivy House School	Profound and Multi Learning Difficulties	All	15,916	15,916	15,916
St Andrews School - Day	Severe Learning Difficulties	Secondary	10,500	10,500	10,500
St Clare's School	Severe Learning Difficulties	Secondary	6,500	8,000	10,500
St Giles School	Severe Learning Difficulties	Primary	11,000	10,800	10,500
St Martins School & Horizons	Severe Learning Difficulties	Secondary	9,000	10,000	10,500
The Kingsmead School	Social Emotional and Mental Health	Secondary	17,735	17,735	17,735
KS 1/2 PRU		Primary	14,194	14,194	14,194
KS 3/4 PRU		Secondary	16,389	16,389	16,389

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. In 2018/19, there is a technical change in place funding for ERS Units. From 2018/19, ERS places are funded at £6,000 (Element 2). Element 1 is funded through AWPU and other school budget factors at approximately £4,000 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 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.

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.

As part of the Strategic Review of Special Educational Needs and Disabilities in the City element 3 funding has been reviewed and changed for the financial year 2018/19 onwards. A single band will now exist. Detailed in the table below are the revised rates.

School	School Type	Phase	Banding 2018/19	Banding 2019/20	Banding 2020/21
Allestree Woodlands Community School	Hearing impairment	Secondary	6,000	6,000	6,000
Alvaston Junior Community School	Social Emotional and Mental Health	Primary	5,500	5,500	5,500
Brackensdale Infant School	Communication and Interaction ASD	Primary	8,000	8,000	8,000
Brackensdale Junior School	Communication and Interaction ASD	Primary	8,700	8,400	8,000
Lees Brook Community	Social Emotional and Mental Health	Secondary	5,500	5,500	5,500
Lees Brook Community - Post 16	Social Emotional and Mental Health	Secondary	5,500	5,500	5,500
Markeaton Primary School	Visual Impairment	Primary	22,980	22,980	22,980
Reigate Park Primary School	Hearing impairment	Primary	6,000	6,000	6,000
Saint Benedict Catholic School	Visual Impairment	Secondary	10,000	10,000	10,000
Saint Benedict Catholic School - Post 16	Visual Impairment	Secondary	10,000	10,000	10,000
Springfield Primary School	Communication and Interaction ASD	Primary	8,000	8,000	8,000
The Bemrose Community School	Communication and Interaction ASD	Secondary	9,000	9,000	9,000

Teaching Assistant Top Up hours and Locality Funding.

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 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.

It is recommended that schools communicate this information to governors and report on a regular basis throughout the year.

SEND notional funding is included in each budget to enable schools to support and provide additional resources for children and young people with SEND. The Council is requesting that from the 2018/19 financial year, schools set separate budget plans in relation to SEND notional funding so that they are able to clearly demonstrate how the funding has been prioritised specifically for children with SEND. Schools will be asked to provide this SEND budget plan for 2018/19 when raising any concerns in relation to meeting the specific needs required as part of a child's EHC plan.

It is important for school governing bodies to monitor this budget separately during the financial year 2018/19 to be fully satisfied that funding is prioritised for vulnerable children with special needs.

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). 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.

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 642693

Chris Holmes on 01332 642687