

- Local authorities will be able to retain funding from the DSG from maintained schools, including special schools and pupil referral units, for statutory duties previously covered by the ESG;
- A new national weighting for secondary low attainment figures will be used to mitigate the impact of the “more challenging national curriculum” used in assessing the 2016 key stage 2 (KS2) assessments;
- A new banding arrangement will be used for the index of deprivation affecting children (IDACI) – this is to address the unexpected impact of the new IDACI bandings being applied in 2015 which saw a significant reduction in the number of pupils qualifying for funding through this measure due to the updated nationally-provided data sets; and
- The timetable for submitting the authority proforma tool (APT) has been revised, with the draft October submission no longer being required.

Proposed approach

In North Tyneside we have always undertaken a wide consultation with schools and other stakeholders in the borough. Whilst the timetable for submitting the APT has been changed, it is proposed that we continue with the initial consultation stages during late-September and early-October.

However, as there is no longer a requirement to submit the draft criteria to the EFA by late-October, it is proposed to convene a sub-group of Schools Forum to consider the findings of the consultation and undertake any required financial modelling.

Officers feel that this will allow further analysis of the different options open to the Schools Forum in considering the funding formula, which can be reported to Cabinet (who are responsible for agreeing the funding formula).

The table below sets out some of the key dates and the recommended approach to considering the funding formula for 2017/18:

Date	Activity
21 September	Schools Forum consider this report
26 September	Consultation documents issued to stakeholders
14 October	Deadline for consultation responses (3 week window)
Late-October/early-November	Sub-group convenes and discusses findings – financial modelling undertaken as required
16 November	Schools Forum considers sub-group findings
7 December	Schools Forum considers further work (if required)
Mid-December	EFA issues APT populated with pupil data and factors DSG blocks (schools and high needs) issued
11 January	Schools Forum formally considers funding arrangements, including agreeing block transfers, centrally retained items and de-delegated items
20 January	Deadline for submission of final APT to EFA
28 February	Deadline for confirmation of schools budget shares to maintained schools (in North Tyneside the intention is to issue in advance of this deadline)

The tables below sets out the current position for 2016/17 along with some comparative information where it is available. The initial proposals from the Authority have been added to this table, although Schools Forum will note that in the majority of cases no change is proposed to the formula. This will form the basis of the consultation exercise.

North Tyneside mainstream formula 2016/17 – How we compare with others/ considerations plus the Authority’s recommendations for 2017/18

Factor	NTC 2016/17 position	How we compare with others/ considerations plus recommendation																				
<p>1) Basic Entitlement Age Weighted Pupil Unit (AWPU)</p>	<table border="1" data-bbox="315 432 734 632"> <thead> <tr> <th></th> <th>Rate per pupil</th> </tr> </thead> <tbody> <tr> <td>Primary (R-6)</td> <td>£2,729.49</td> </tr> <tr> <td>Key Stage 3</td> <td>£4,054.12</td> </tr> <tr> <td>Key Stage 4</td> <td>£5,063.87</td> </tr> </tbody> </table> <p>We allocate 78.20% of funds through this factor.</p> <p>Schools Forum will remember that in 2016/17 a decision was taken to re-allocate circa £0.650m from deprivation to AWPU following the changes to the IDACI bands</p>		Rate per pupil	Primary (R-6)	£2,729.49	Key Stage 3	£4,054.12	Key Stage 4	£5,063.87	<p>AWPU rates must be at least £2,000 for primary and at least £3,000 for KS3 and KS4.</p> <p>The range of AWPU is as follows (excludes City of London and Isles of Scilly which are outliers):</p> <table border="1" data-bbox="898 659 1507 826"> <thead> <tr> <th></th> <th>Low</th> <th>High</th> </tr> </thead> <tbody> <tr> <td>Primary (R-6)</td> <td>£2,250</td> <td>£4,750</td> </tr> <tr> <td>Key Stage 3</td> <td>£3,000</td> <td>£5,750</td> </tr> <tr> <td>Key Stage 4</td> <td>£3,000</td> <td>£5,750</td> </tr> </tbody> </table> <p>The average across all authorities is 76.8%.</p> <p>2017/18 recommendation: no change proposed unless:</p> <p>(A) a minor rebalancing exercise is required to ensure that all funds are allocated through the formula once that the final settlement figure is known (expected December 2016) or</p> <p>(B) the consultation recommends a revision to the AWPU to take account of the revised IDACI bands as noted in point 2 below:</p>		Low	High	Primary (R-6)	£2,250	£4,750	Key Stage 3	£3,000	£5,750	Key Stage 4	£3,000	£5,750
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Factor	NTC 2016/17 position	How we compare with others/ considerations plus recommendation
2) Deprivation	<p>We allocate 54% of funds using FSM6 and 46% on a banded measure of IDACI.</p> <p>We allocate 7.89% of available funds through this factor (£8.754m).</p> <p>As noted above, the level through this factor was £9.405m in the 2015/16.</p>	<p>As part of the funding formula process for 2016/17, the EFA released updated (2015) IDACI data for England. In North Tyneside this had the impact of significantly reducing the number of pupils in the higher IDACI bands, which attracted the higher unit funding through this factor.</p> <p>For 2016/17 the decision was taken to retain the funding rate allocated at each IDACI band at the level previously set – as there were few pupils at these higher bands compared to previous years, a lower amount was allocated through this factor – the balance being transferred to the AWPU factor.</p> <p>The EFA has released revised IDACI data with the intention of re-balancing of the deprivation funding position as it “recognises that the 2015 data update created unexpected and unhelpful turbulence in budgets towards the latter stages of the local formula-setting process”.</p> <p>Views are sought on whether the amount allocated through this factor should be retained at levels broadly comparable with 2016/17 levels (which is expected to require a unit rate reduction) or if unit rates should be held constant (which is expected to require an increase in the deprivation “pot”, with a transfer of funds from the AWPU factor.</p> <p>The national average of available funds put through this factor is 7.6%.</p> <p>2017/18 recommendation: the Local Authority is keen to consult on whether stakeholders feel that:</p> <p>(A) the level of funding through this factor should be held broadly constant at the 2016/17 level of £8.754m; or</p>

		<p>(B) the unit rates should be held constant with a transfer of funding from the AWPU criteria to compensate for the additional amount allocated through this factor</p> <p>Further: views are requested regarding the continued use of FSM6 and IDACI in calculating the formula allocations.</p>
3) Looked After Children (LAC)	We don't use this factor as we recognise there is a Pupil Premium to support this group.	<p>91 authorities had a LAC factor in 2016/17.</p> <p>Nationally, of those using this factor, only 0.1% of the school block is allocated through this factor.</p> <p>2017/18 recommendation: no change proposed.</p>

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4) English as an Additional Language (EAL)	We use EAL2 as our eligibility factor (ie have been first assessed as having EAL within the last two years) and allocate £1,212 for each eligible pupil. In total we allocate £0.411m or 0.37% of available funds for EAL.	<p>A summary of other authorities' allocations is shown in the table below:</p> <table border="1" data-bbox="898 448 2051 767"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">Primary</th> <th colspan="4">Secondary</th> </tr> <tr> <th>LAs using this</th> <th>Average value £</th> <th>High £</th> <th>Low £</th> <th>LAs using this</th> <th>Average value £</th> <th>High £</th> <th>Low £</th> </tr> </thead> <tbody> <tr> <td>EAL1</td> <td>15</td> <td>634</td> <td>1,500</td> <td>150</td> <td>16</td> <td>840</td> <td>2,962</td> <td>75</td> </tr> <tr> <td>EAL2</td> <td>18</td> <td>629</td> <td>1,212</td> <td>216</td> <td>15</td> <td>1,073</td> <td>2,192</td> <td>220</td> </tr> <tr> <td>EAL3</td> <td>103</td> <td>508</td> <td>1,420</td> <td>65</td> <td>105</td> <td>1,059</td> <td>3,548</td> <td>100</td> </tr> <tr> <td>No factor</td> <td>16</td> <td></td> <td></td> <td></td> <td>16</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>This service is provided centrally from within the Council. The amount allocated is currently £0.411m based on eligible pupils for 2016/17 of which the majority (relating to maintained schools) is de-delegated to the EAL team.</p> <p>2017/18 recommendation: no change proposed.</p>		Primary				Secondary				LAs using this	Average value £	High £	Low £	LAs using this	Average value £	High £	Low £	EAL1	15	634	1,500	150	16	840	2,962	75	EAL2	18	629	1,212	216	15	1,073	2,192	220	EAL3	103	508	1,420	65	105	1,059	3,548	100	No factor	16				16			
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5) Mobility	North Tyneside started using this factor for the first time in 2014/15 and has a rate of £250 per eligible child. This resulted in a total of £14,845 allocated through this factor in 2016/17 (0.01% of available funds).	<p>There are 68 authorities who used this factor in 2016/17. The average rate per eligible young person for those who use the factor is £908(Excluding Kingston upon Thames and North Yorkshire who are outliers with per child value of £18,690 and £19,067 respectively).</p> <p>2017/18 recommendation: no change proposed.</p>																																																					

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6) Prior attainment	<p>For primary there are two criteria applied depending on age group (due to a change in the guidance). Pupils in Years 5-6 are assessed under the “old” profile (with a choice between the EYFSP score of 73 or 78 points). NT uses the 73 point threshold level for the Primary eligibility criteria (this will be Years 5-6 for 2017/8).</p> <p>We use rates of £732.37 for Primary and £647.34 for Secondary.</p> <p>We allocate £2.681m through this factor, or 2.42% of total resources.</p>	<p>There are 8 authorities who do not allocate anything to primary schools through prior attainment and 4 who do not allocate funds through this factor for secondary schools.</p> <p>A summary of other authorities’ allocations is shown in the table below:</p> <table border="1" data-bbox="898 582 1942 863"> <thead> <tr> <th></th> <th>threshold</th> <th>No of LAs</th> <th>Average £</th> <th>High £</th> <th>Low £</th> </tr> </thead> <tbody> <tr> <td rowspan="3">Primary (Years 4-6)</td> <td>73 points</td> <td>52</td> <td>£822</td> <td>£2,499</td> <td>£115</td> </tr> <tr> <td>78 points</td> <td>92</td> <td>£876</td> <td>£2,651</td> <td>£215</td> </tr> <tr> <td>None</td> <td>8</td> <td></td> <td></td> <td></td> </tr> <tr> <td rowspan="2">Secondary</td> <td>Standard</td> <td>148</td> <td>£1,087</td> <td>£3,229</td> <td>£40</td> </tr> <tr> <td>None</td> <td>4</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>For 2016/17, the EFA will release data for secondary allocations which use the new KS2 scores. Local Authorities will have the option, when the data is released, to revise the secondary rates so that any changes in pupil numbers do not materially impact on the amount allocated through this factor. If rates are left unchanged, any change to the total amount allocated would be compensated (either up or down) within the AWPU factor</p> <p>On average authorities distribute 4.3% of eligible funds through this factor.</p> <p>2017/18 recommendation: no change proposed, although views are sought on whether secondary rates should be revised to take account of any changes in secondary pupils meeting the criteria.</p>		threshold	No of LAs	Average £	High £	Low £	Primary (Years 4-6)	73 points	52	£822	£2,499	£115	78 points	92	£876	£2,651	£215	None	8				Secondary	Standard	148	£1,087	£3,229	£40	None	4			
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7) Lump Sum	<p>We use the same lump sum for Primary and Secondary schools of £0.150m.</p> <p>We allocate a total £10.650m or 9.60% of total funds through this factor.</p>	<p>All authorities use this factor, other than Isles of Scilly for primary and City of London for secondary. The maximum lump sum is £0.175m.</p> <p>A summary of other authorities' allocations is shown in the table below:</p> <table border="1" data-bbox="898 507 1848 667"> <thead> <tr> <th></th> <th>Average £</th> <th>Lowest £</th> <th>Lower than £0.100m</th> <th>At max £0.175m</th> </tr> </thead> <tbody> <tr> <td>Primary</td> <td>£128,213</td> <td>£48,480</td> <td>17</td> <td>14</td> </tr> <tr> <td>Secondary</td> <td>£139,473</td> <td>£48,480</td> <td>8</td> <td>36</td> </tr> </tbody> </table> <p>We are able to have different lump sums by phase. There are 54 authorities who have a higher lump sum for secondary schools than primary schools and 12 who have a higher lump sum for primary schools than for secondary schools.</p> <p>On average authorities allocate 8.2% of their available funds through this factor.</p> <p>36 authorities have stated that a proportion of their lump sum is in relation to notional SEN (not applied in North Tyneside).</p> <p>2017/18 recommendation: no change proposed.</p>		Average £	Lowest £	Lower than £0.100m	At max £0.175m	Primary	£128,213	£48,480	17	14	Secondary	£139,473	£48,480	8	36
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Primary	£128,213	£48,480	17	14													
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Factor	NTC 2016/17 position	How we compare with others/ considerations plus recommendation
8) Sparsity factor	The sparsity factor was introduced for the first time as an optional factor in 2014/15. After undertaking analysis of the available factor (with Schools Forum) it was judged that there are no schools who would meet the sparsity criteria and so it was not adopted in North Tyneside.	There are 24 authorities who have allocated funds through this factor in 2016/17. 2017/18 recommendation: no change proposed.
9) Fringe Payments	This factor is not an option for NTC.	Five authorities use this factor. 2017/18 recommendation: not applicable.
10) Split Sites	NTC do not use this factor.	103 authorities use this factor allocating on average £0.267m through this factor (or 0.31% of funds). 2017/18 recommendation: no change proposed.
11) Rates	NTC allocate £0.911m through this factor or 0.82%.	All authorities use this factor except for City of London. On average they allocate £2.535m or 1.22% of available funds. 2017/18 recommendation: no change proposed, although the actual amount will be dependent on the actual rates payments to be made.

Factor	NTC 2016/17 position	How we compare with others/ considerations plus recommendation
12) PFI funding	NTC allocate £0.775m through this factor or 0.70%.	<p>83 authorities use this factor. For those who use this factor, on average they allocate £1.657m or 0.82% of available funds.</p> <p>2017/18 recommendation: indexation (inflation) should continue to be applied. Historically we have applied the September RPIx inflation rate each year. That rate is not currently known, but the latest information available (August's rate) is 1.9%. This would equate to an increased allocation of circa £15k.</p>
13) Sixth Form	NTC do not use this factor and as they have not done so historically this is not available to them now.	<p>13 authorities use this factor. For those who use this factor, on average they allocate 0.43% of their available funds through this.</p> <p>2017/18 recommendation: not applicable.</p>
14) Exceptional premises circumstances (can only be used with prior agreement of EFA)	NTC do not use this factor.	<p>There are six categories of exceptional circumstances in use and in total 119 cases of funding allocation have been agreed.</p> <p>2017/18 recommendation: not applicable.</p>

Factor	NTC 2016/17 position	How we compare with others/ considerations plus recommendation
15) Capping & scaling factors	NTC applied a cap of 4.6% to formula gains in 2016/17. It did not scale back any gains.	<p>53 authorities applied a cap to gains (down from 104 in the prior year). The average cap (of those using a cap) 4.14% with 5 authorities having a higher cap than North Tyneside.</p> <p>19 authorities used a scaling factor with the average factor (or those adopting this) being 60.55% i.e. schools who would have gained through the formula saw their gains limited to 60.55% of what it would otherwise have been.</p> <p>2017/18 recommendation: no change proposed unless a minor change to the capping level of 4.6% is required to ensure that the funding formula can allocate all funds. As the capping factor is set at a high level comparable to other LAs it is not proposed to bring in a scaling factor at this stage.</p>

Factor	NTC 2016/17 position	How we compare with others/ considerations plus recommendation																				
Percentage through pupil led factors and Primary/ Secondary ratio	<p>NTC ratios for these items in 2016/17 were:</p> <p>Basic Entitlement % = 78.20%</p> <p>Pupil Led Funding % = 88.88%</p> <p>Primary / Secondary Ratio = 1.42</p>	<p>A minimum of 80% of delegated schools block must be allocated through the pupil-led factors (Age Weighted Pupil Unit, deprivation, prior attainment, looked after children and English as an additional language).</p> <table border="1" data-bbox="898 472 1729 754"> <thead> <tr> <th></th> <th>Basic Entitlement %</th> <th>Pupil Led Funding %</th> <th>Primary / Secondary Ratio</th> </tr> </thead> <tbody> <tr> <td>NTC</td> <td>78.20%</td> <td>88.88%</td> <td>1.42</td> </tr> <tr> <td>average</td> <td>76.80%</td> <td>89.84%</td> <td>1.29</td> </tr> <tr> <td>high</td> <td>88.71%</td> <td>95.87%</td> <td>1.57</td> </tr> <tr> <td>Low</td> <td>61.49%</td> <td>82.00% *</td> <td>1.18</td> </tr> </tbody> </table> <p>*excluding Isles of Scilly as 80% rule does not apply.</p> <p>2017/18 recommendation: no change proposed to the approach and/or proportion to be allocated through pupil led factors other than is noted through the individual factors noted above.</p>		Basic Entitlement %	Pupil Led Funding %	Primary / Secondary Ratio	NTC	78.20%	88.88%	1.42	average	76.80%	89.84%	1.29	high	88.71%	95.87%	1.57	Low	61.49%	82.00% *	1.18
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Fund to support growth	NTC have not created a fund to support growth.	<p>131 authorities had a growth fund for 2016/17. For those who have the average value of the fund is £1.255m.</p> <p>2017/18 recommendation: no change proposed.</p>
Fund to support schools with falling rolls	NTC have a fund of £0.250m for falling rolls, although only £0.200m was allocated last year.	<p>30 authorities had a falling rolls fund for 2016/17. For those who have the average value of the fund is £0.307m.</p> <p>2017/18 recommendation: views on whether this level of funding should be maintained. At the October meeting a report will be brought to consider the level of support brought through this factor, along with the de-delegated item for support for schools in financial difficulty.</p>
ESG retained items	N/a – this is a new item	<p>We are awaiting further guidance from the DfE on the transitional arrangements and will consult with Schools Forum accordingly.</p>

Recommendations for the Forum

The Forum is asked to:

1. Note the recommendations made by the Authority regarding changes to school funding outlined in this document for 2017/18
2. If applicable, make further suggestions to be incorporated into the Local Authority's consultation with stakeholders
3. Agree the proposed timetable
4. Seek volunteers to be part of the sub-group