

This report summarises the current position and sets out the proposed approach to consulting on the local formula over the coming months ahead of the January 2018 deadline for the submission of the final position to the Education and Skills Funding Agency (ESFA).

Summary of changes

The funding formula arrangements and timetable is similar to the current 2017-18 arrangements although due to the release of the consultation information some of the dates have moved back a month. Local authorities can continue to use a local formula in line with the operations guidance. The September 2017 briefing note gave a summary of the latest updates available and referred to the latest operational guidance.

It was agreed at the September 2017 meeting to set up a schools forum funding subgroup who would consider the changes following the release of the published consultation response and review any further information made available. This group has now met twice to consider the funding changes in preparation for the consultation with schools and schools forum.

An email was sent to all schools forum members following the last schools forum meeting asking if they wished to be part of the funding subgroup. The group now consists of the following members:

David Baldwin, David Watson, Steve Wilson, Gavin Storey, Andrew James, John Newport, Phillip Sanderson, Steve Baines, Jim Stephenson, Sharron Colpitts-Elliott, Colleen Ward, Peter Gannon, Warwick Stephenson and Peter Thorpe.

Details of the ESFA published illustrative DSG summary tables were shared with schools forum funding subgroup. This included the school block indicative DSG allocation for 2018-19 onwards which is shown in Table 1. This illustration is based on October 2016 census and will be updated with the October 2017 dataset which will determine the actual school block allocation for 2018-19. The indicative position for 2018-19 shows an increase in funding in the school block of £1.8m. The final allocation will be used to distribute allocations to schools through the local funding formula. Decisions will be required on how this will be approached and whether any funding is required to be transferred to the high needs block in line with the operational guidance, this is explained in more detail below.

Table 1

Schools Block	Baseline Funding	Provisional NFF funding in 2018-19	Illustrative NFF funding in 2019-20	Illustrative NFF funding if fully implemented
Allocated through formula	111,434,512	113,225,823	114,900,348	115,676,645
Falling rolls / Premises /Mobility	1,936,928	1,967,010	1,998,245	1,998,245
Total	113,371,440	115,192,833	116,898,593	117,674,890
Change from 2017-18 baseline		1,821,393	3,527,153	4,303,450
% change		1.6%	3.1%	3.8%

The ESFA will continue to provide the data sets for use in calculating the funding formula. The Authority Proforma Tool (APT) will be issued to local authorities in December 2017 updated with the October 2017 census. In order to ensure the funding formula is affordable it is still possible to cap those schools whose budgets increase. However, the total value of the cap cannot be more than the total cost of the Minimum Funding Guarantee (MFG). There is greater flexibility in applying the MFG than in previous years as explained in more detail below:

Updates which can be applied to the 2018-19 local formula.

- *Movement between blocks* - The schools block will be ring-fenced from 2018 to 2019, but local authorities will be able to transfer up to 0.5% of their schools block funding out with the agreement of their schools forum. Local authorities will be expected to demonstrate to their schools forum that they have consulted locally with all maintained schools and academies when seeking agreement to transfer any funding out of the schools block. There will be an exceptions process which will require the Secretary of State approval, for considering transfers above the 0.5% limit and/or where the schools forum is opposed to the transfer. This is classed as a disapplication request and must be submitted to the ESFA by 30 November 2017.

Initial view: At this point in time we are not likely to exceed the 0.5% threshold and may not require any movement to the high needs block. We shall continue to review the latest 2017-18 high needs block monitoring position and advise schools forum of the forecast position in future meetings.

- *Minimum per pupil funding levels* – this is an optional factor and local authorities will be able to set a minimum per pupil funding level in their local formulae in 2018-19. These have been set at £4,600 for secondary and £3,300 for primary in 2018-19 moving towards the targeted NFF levels of £4,800 for secondaries and £3,500 for primaries in 2019-20.

Initial view: This is an option we would look towards implementing based on affordability.

- *Variable minimum funding guarantee (MFG)* – LA will be able to set the value of the MFG locally within the perimeters of -1.5 to 0%. In previous years this has been set at -1.5% per pupil. Local authorities wishing to set a positive MFG will need to request a disapplication.

Initial view: based on affordability we will look at the variable parameters of the -1.5% to 0% MFG calculations. It is unlikely that we will seek a disapplication request.

- *Deprivation factors* - local authorities can now use both current free school meals and “ever 6” free school meals (FSM) measures within their deprivation factors (previously they have been able to use one of these measures, but not both).

Initial view: We currently use ever6 FSM calculations along with IDAC1 banding as deprivation factors. Consideration will be given to introducing the current free school meals factor as we move towards the NFF based on affordability.

- *Additionally Resource Places (ARP)* - there will no longer be a deduction to schools block pupil numbers for high needs places in mainstream schools. Instead, the school's budget share (or the equivalent academy funding) will be determined on the basis of the total number of pupils on the roll of the school, including those in the special unit or resourced provision. An adjustment has been made between the high needs block and schools block for each local authority to reflect this change. The place funding will be £6,000 per place where the place is occupied by pupils in years reception to year 11 on the roll of the school at the time of the October 2017 school census return. Places not filled by such pupils will still be funded at £10,000.

Initial view : Schools need to ensure they are aware of this change and accurate data is collected for the occupied and unoccupied ARP places. This is to ensure that the correct level of funding is allocated from the high needs block.

Full details of the ESFA 2018-19 operational guidance is available by following this link [click here](#)

The local authority remains responsible for making decisions on the local formula and as in previous years must consult with all schools and its Schools Forum about proposed changes to the local formula.

Although it is expected that the local formula for 2018-19 would be continued at this stage in North Tyneside there are still further decisions to be made. During the meetings with the schools forum funding subgroup we reviewed the NFF factors /rates and compared these with current North Tyneside factors/rates shown in Table 2.

Table 2

	North Tyneside 2017/18		NFF	
	Primary	Secondary	Primary	Secondary
Basic entitlement	£2,717.10	KS3 £4,041.73	£2,746.99	KS3 £3,862.65
		KS4 £5,051.48		KS4 £4,385.81
Ever 6 FSM	£562.08	£866.10	£540	£785
FSM single census			£440	£440
IDACI Band F	£0.00	£0.00	£200	£290
IDACI Band E	£220.75	£327.03	£240	£390
IDACI Band D	£295.75	£437.03	£360	£515
IDACI Band C	£370.75	£547.03	£390	£560
IDACI Band B	£445.75	£657.03	£420	£600
IDACI Band A	£520.75	£767.03	£575	£810
Low prior attainment	£732.37	£647.34	£1,050	£1,550
EAL	£1,212	£1,212	£515	£1,385
Lump sum	£150,000	£170,000	£110,000	£110,000

Proposed approach

Both the local authority and schools forum funding subgroup are mindful of the financial position of schools and do not wish to cause any destabilising of schools budgets so will be ensuring decisions made are given the greatest consideration. Though there was a great deal of discussion with the schools forum funding subgroup during the two meetings, due to the great complexity of these changes the subgroup did not feel at this stage they could make specific recommendations until further modelling has been carried out following the 2018-19 DSG settlement.

It is proposed that we undertake the consultation with all schools in November 2017. Last year the subgroup met to consider the response to the consultation and further modelling was undertaken. We hope this can be replicated this year if meetings are able to be scheduled into the timetable. The results of the consultation will also be shared with schools forum at the December 2017 meeting. It is proposed at this stage to seek views in principle. It is not yet possible to test the affordability of the various options until we know the DSG funding the LA will receive for 2018-19, based on the latest census data. The proposed consultation questions are listed in Annex A.

Annex A: The proposed consultation questions

Q1: Do you agree that there should be a level of stability in schools funding to allow schools to plan for the full implementation of the NFF?

Q2: Would you support a movement to the High Needs Block up to the maximum level of level of 0.5% of the school block if required?

Q3: Do you have any comments to make in respect of how quickly we should move to the NFF factors and rates?

Q4: Do you have any comments to make in respect of continuing with the current North Tyneside basic entitlement rates?

Currently NT Basic Entitlement rates

Primary £2,717.10

KS3 £4,041.73

KS4 £5,051.48

Q5: Do you have any comments to make in respect of moving to using a combination of single FSM and Ever 6 FSM and rates?

Currently NT Ever6 FSM rates

Primary £562.08

Secondary £866.10

We do not currently use the single FSM rate.

Q6: If both single FSM and Ever 6 FSM rates were used what level of funding do you think the single rate should be?

The NFF rate is £440 for both primary and secondary pupils

Annex A continued

Q7: Do you have any comments to make in respect to reducing the lump sum in line with the national funding formula?

Current NT lump sum allocations

Primary £150,000

Middle £160,000

Secondary £170,000

The NFF rate is £110,000 for all schools.

Q8: Do you have any comments to make in respect of changing any unit values other than Basic entitlement, FSM and lump sum?

Q9: Do you have any comments to make in respect of changing the MFG limits?

Q10: How would you suggest any additional funding for 2018-19 is allocated?

Q11: Do you have any comments to make in respect of introducing a minimum per pupil funding factor in 2018-19?

The NFF target for minimum per pupil levels of funding for 2018-19 are

Primary £3,300

Secondary £4,600

Q12: Do you have any further comments in respect of the 2018-19 local funding formula?

The table below sets out some of the key dates and the recommended approach to considering the funding formula for 2018-19:

Date	Activity
13 September	Schools Forum consider this report
September	DfE stage two consultation response released
September / October	ESFA issue allocation for schools, central school services and high needs block
Autumn 2017	High Needs funding guide for 2018-19 issued
October / November	Subgroup convenes and discusses latest information – financial modelling undertaken as required
15 November	Schools Forum updated with final NFF and considers subgroup feedback
November	Local consultation documents issued to stakeholders
November	Deadline for consultation responses
November	Subgroup convenes and discusses findings – financial modelling undertaken as required
30 November	Deadline for making disapplication request to ESFA
13 December	Schools Forum considers consultation response and further work (if required)
Mid-December	ESFA issues APT populated with pupil data and factors DSG blocks (schools and high needs) issued
10 January	Schools Forum formally considers funding arrangements, including agreeing block transfers, centrally retained items and de-delegated items
19 January	Deadline for submission of final APT to ESFA
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)

Recommendations for the Forum

The Forum is asked to:

1. Note the updates applicable to the local formula
2. Agree the proposed consultation questions
3. Agree the proposed timetable to consult with schools
4. Note feedback from the local funding formula consultation will be feedback to the December meeting
5. Note the revised timetable
6. Agree further modelling will be prepared by the finance team following receipt of the DSG settlement