

# **School Funding Arrangements for 2019-20**

## **Northamptonshire County Council Consultation with Primary and Secondary Schools**

**October 2018**

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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 Northamptonshire County Council's (the Authority) proposed changes to the school funding formula arrangements for 2019-20. The principle consulted on and adopted in 2018-19 was to move as closely as possible to implementing the Department for Education's (DfE) national funding formula (NFF). This was achieved which means that for Northamptonshire schools there will be very little change to the school funding formula for 2019-20.
2. The proposed areas of consultation have been discussed by Schools Forum at its meeting of 2 October 2018 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 4 December 2018. The intention is to continue to support schools so that the movement to the NFF is undertaken in a managed way in readiness for the hard formula and through using the minimum funding guarantee (MFG) protection arrangements 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 2019-20;
  - 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 2019-20. The indicative figures are based on current information and have not been updated for the October 2018 pupil numbers or other datasets that are required for the calculation of the 2019-20 school budgets. Neither do they reflect any local decisions that may be required, any transfers between funding blocks or the growth fund. Any 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 2019-20 funding arrangements the timeframes imposed on the authority in terms of its deadlines to make submissions to the Education and Skills Funding Agency (ESFA) the deadline for responses to this consultation is 16 November 2018.
5. **To respond to this consultation, please complete the on-line response form by 16 November 2018 – the form is available via the following link:**  
<https://www.surveymonkey.co.uk/r/NorthantsSFA1920>
6. Responses received will be analysed and shared with members of the Schools Forum at its meeting on 4 December 2018 prior to the Authority deciding on the final funding formula for use in 2019-20 to be submitted to the DfE in mid-January 2019.

## CONTEXT

7. In July 2018 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 2019-20 will continue to allow some local discretion through what is termed a 'soft' funding formula, which is also being 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 Dedicated Schools Grant (DSG) continues to be ring-fenced. There are now four separate blocks as set out below with the introduction of the Central Services Schools Block in 2018-19. Also 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 with the agreement of the School's Forum.

**Figure 1 – the make up of the Dedicated Schools Grant**

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

## SCHOOLS NATIONAL FUNDING FORMULA 2019-20 OVERVIEW

10. The factors used in the 2018-19 Northamptonshire school funding formula are set out in Table 1 alongside the factors in the 2019-20 NFF and the difference between them. As can be seen from the difference column Northamptonshire has implemented the NFF in terms of the factors and rates used as demonstrated by the nil variances across most of this table.
11. The one area where there is a difference in rate is in the Primary Low Prior Attainment where the DfE have amended the unit value. This is due to the cohort eligible for this factor increasing as a result of the change in the basis of measurement using the Early Years Foundation Stage Profile (EYFSP). The DfE have therefore adjusted the unit rate down so that the funding allocated through the Primary Low Prior Attainment factor remains the same. This reduction in unit rate will be reflected in the 2019-20 Northamptonshire formula.
12. There are some other minor changes to the funding arrangements for 2019-20 which are set out in the briefing note on the 2019-20 Schools Funding Arrangements at Appendix A. Other than the change to the Primary Low Prior Attainment unit rate there are no other changes proposed to the Northamptonshire funding formula as this already reflects the NFF. The 'local' formula will continue to utilise the national primary and secondary minimum per pupil funding amounts which have increased as previously announced between 2018-19 and 2019-20.
13. The impact of the 2019-20 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 2018 census data as well as any decisions taken locally such as transfers between the blocks.

[Link to DfE School Level Impact \(refer to 'Impact of the schools NFF, 2019 to 2020' file\)](#)

**Table 1 – 2019-20 NFF factors and rates compared to current Northamptonshire factors and rates**

NFF Factor		NCC Unit Rate 2018-19 (£)	NFF Unit Rates (£)	Difference NCC Rates to NFF Rates (£)
Basic per pupil entitlement (AWPU)	AWPU: Primary	2,747	2,747	0
	AWPU: Secondary KS3	3,863	3,863	0
	AWPU: Secondary KS4	4,386	4,386	0
	Minimum per pupil funding	As per NFF	As per NFF	-
Deprivation (based on ever 6 free school meal numbers)	FSM current - Primary	440	440	0
	FSM current – Secondary	440	440	0
	Ever6 FSM – Primary	540	540	0
	Ever6 FSM – Secondary	785	785	0
	IDACI Band F: Primary	200	200	0
	IDACI Band F: Secondary	290	290	0
	IDACI Band E: Primary	240	240	0
	IDACI Band E: Secondary	390	390	0
	IDACI Band D: Primary	360	360	0
	IDACI Band D: Secondary	515	515	0
	IDACI Band C: Primary	390	390	0
	IDACI Band C: Secondary	560	560	0
	IDACI Band B: Primary	420	420	0
	IDACI Band B: Secondary	600	600	0
IDACI Band A: Primary	575	575	0	
IDACI Band A: Secondary	810	810	0	
Low Prior Attainment	Primary	1,050	1,022	(28)
	Secondary	1,550	1,550	0
English as an Additional Language	Primary	515	515	0
	Secondary	1,385	1,385	0
Pupil Mobility	n/a	-	n/a	-
Lump Sum	Primary	110,000	110,000	0
	Secondary	110,000	110,000	0
Sparsity	Primary	25,000	25,000	0
	Secondary	65,000	65,000	0

**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 pupil mobility and the Premises factors which includes PFI, split site and rates for those schools affected.
- The NCC unit rate figures are before the area cost adjustment for Northamptonshire is applied.

## HIGH NEEDS OVERVIEW 2019-20

14. Northamptonshire 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 2018-19 however following consultation Northamptonshire did transfer 0.24% (£1.1m) between the Schools and High Needs blocks.
16. Northamptonshire's indicative allocation for High Needs has increased by £2.8m to a total High Needs allocation of £73.0m before recoument. This is a welcome increase however it needs to be assessed in the context of the spending pressures being experienced in relation to High Needs budgets and the demographic growth / increase in high needs pupils that occurs each year.
17. The financial pressure on Northamptonshire's High Needs budgets has been sustained for a number of years. The overspends that occurred in previous years have been managed through some use of DSG carry forwards where relevant and management actions that officers have taken. Despite these actions however there has been overspends on High Needs for at least 4 years. Table 2 provides additional information on the High Needs budget position in recent years as reported to the Schools Forum.

**Table 2 – Prior Year High Needs Overspends**

<b>Year</b>	<b>Overspend Value</b>	<b>Main reasons for overspends</b>
2014-15	(£0.6m)	This was the last year where the High Needs Block underspent. However there were overspends incurred mainly around Post 16 high needs costs but these offset by underspends on other high needs budgets in 2014-15, in particular the introduction of mainstream high needs top up funding which has in subsequent years increased in demand
2015-16	£2.1m	Out of County placement costs, Alternative Provision costs and mainstream high needs top up funding
2016-17	£0.3m	Increasing special school pupil numbers, SEN unit and resource provision costs and mainstream high needs top up funding. Note this overspend of £0.3m is after using £3.4 million of DSG carry forward to offset HN overspends
2017-18	£1.4m	Increasing special school pupil numbers and mainstream high needs top up funding

Year	Overspend Value	Main reasons for overspends
2018-19	£0.8m	Alternative Provision costs for permanently excluded pupils and mainstream high needs top up funding

18. The £0.8m overspend that is forecast for 2018-19 results largely from the increasing numbers of permanent exclusions that were experienced in 2017-18 and are continuing in the current financial year. Alternative Provision for pupils excluded costs in the region of £20k per annum per pupil, therefore increasing numbers of exclusions places increased costs onto the DSG. This is one of the factors that is causing pressure on the High Needs Block in 2018-19 and more information on this specific Alternative Provision issue and suggested options to manage this budgetary pressure can be found on the Schools Forum meeting agenda at the following link:

[Schools Forum 2 Oct 2018 High Needs agenda item 5](#)

19. It is important to note that any overspend on the High Needs Block would effectively force the DSG overall into an overspend position, which must be recovered. From 2019-20 the DfE are tightening the rules in respect of authorities going into deficit on their DSG funding. This is likely to require an authority to submit plans to the DfE where a deficit in excess of 1% of the DSG is incurred. Given the Authority's financial position and increasing savings requirements, any overspend would not be able to be met from local authority resources. Therefore this would likely result in 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.
20. In addition moving forward to 2019-20 there will be additional high need pupil growth that will need to be funded. This typically costs an extra £2m per annum. In addition top up funding continues to place greater demands on the high needs budget annually. The increased funding allocations from the DfE in recent years have typically enabled the authority to offset the growth in pupil numbers and increasing demand for top up funding. However as Table 2 identifies the increases in funding have not been sufficient to meet all demands and costs being incurred by the High Needs Block.
21. 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 2019-20 high needs budget is as robust as possible and managed within the funding available. Consequently the Authority is consulting on a transfer in 2019-20 from the Schools Block to the High Needs Block as set out in the next Section.

## CONSULTATION PROPOSAL

### SCHOOLS BLOCK TRANSFER TO THE HIGH NEEDS BLOCK

22. As outlined in paragraph 9 under the NFF arrangements in 2019-20 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 Northamptonshire 0.5% of the Schools Block in 2019-20 equates to £2.3m. It should be noted that 0.24% (£1.1m) was transferred between the blocks in 2018-19, moving to the full 0.5% in 2019-20 is an increase of £1.2m compared to 2018-19.
23. The indicative High Needs allocation for Northamptonshire is an increase in funding of £2.8m for 2019-20. Before this can be compared to the £0.8m pressure identified for 2018-19 it is important to note that a similar funding increase was received in 2018-19 (£2.4m) which only contributed to the estimated demographic growth in High Needs pupils, which was in the region of £3.7m. (£2.6m special schools, £0.8m mainstream high needs, £0.2m out county pupils and £0.1m SEN units) It is expected that there will be a similar level of demographic growth to fund in 2019-20, which with the 2018-19 overspend/pressure of £0.8m would mean the pressures (£4.5 million) would exceed by c£1.7m the £2.8m indicative high needs block increase in funding.
24. There is however some uncertainty regarding the level of funding that will be required to meet the High Needs pressures for the authority until more information is available. For instance the High Needs overspend for 2018-19 may worsen as the year progresses if the demand for top up funding and permanent exclusions is greater than currently forecast. The authority however does need to be able to manage and plan for any high needs pressures for 2019-20.
25. It is therefore proposed that **up to** 0.5% (£2.3m) of the Schools Block funding be agreed to be transferred to support High Needs pressures.
26. The authority will only transfer the actual amount required to meet the high needs pressures. If this is less than 0.5% (£2.3m) the difference will remain within the Schools Block for distribution through the Schools funding formula.
27. Any transfer between the Schools Block and High Needs Block would only be for 2019-20. The authority does have to consult with schools for transfers between blocks in future years where the DfE maintain this flexibility.
28. Any additional transfer from the Schools Block (up to an additional £1.2m) will reduce funding, which will mean that the unit rates of the Schools funding formula will have to be reduced. The Authority is proposing that any transfer of funding from the Schools Block will be funded by a reduction to the basic entitlement (AWPU) across both the Primary and Secondary sectors. This means that all schools would be equally impacted by the transfer rather than reducing specific additional needs factors that would impact more significantly on those schools with such characteristics.

Value of Transfer from the Schools Block	Estimated reduction in Primary AWPU (£)	Estimated reduction in Secondary AWPU KS3 (£)	Estimated reduction in Secondary AWPU KS4 (£)
£0.5 million	4.03	5.66	6.43
£1.0 million	8.06	11.33	12.86
£1.2 million	9.67	13.60	15.44
£2.3 million	18.53	26.06	29.59

29. If a transfer from the Schools Block to the High Needs block is required but not approved by the Schools Forum then the Authority would have to look at finding savings and efficiencies within the High Needs Block itself in order to manage within the DSG grant allocation. Such a scenario could potentially lead to reduced top up funding rates for schools with high needs pupils as well as the possibility of reductions to high needs support services from the Authority.

<b>Proposal</b>	
<b>Transferring up to 0.5% (£2.3m) from the Schools Block to the High Needs Block in 2019-20.</b>	
a	Do you agree with the authority's proposal to transfer up to £2.3m from the Schools Block to the High Needs Block to support the financial pressures being experienced in supporting pupils with high needs?  If not please explain why.
b	If you do NOT agree with the proposed transfer between blocks in a) above which high needs budget areas do you suggest should be reduced to find a £2.3m saving in 2019-20?
c	If a transfer is ultimately to be made between these blocks do you agree that the basic entitlement AWPU rates should be reduced in order to fund this transfer?  If not please explain which factor within the Schools Block NFF you think should be reduced and why.

**To respond to this consultation, please complete the on-line response form by midday 16 November 2018 – the form is available via the following link:**

<https://www.surveymonkey.co.uk/r/NorthantsSFA1920>