

CONSULTATION & INFORMATION ON PRIMARY & SECONDARY FUNDING FORMULAE 2017/18 FINANCIAL YEAR

1. Introduction and Summary

1.1 The key message “DO NOT PANIC” has been communicated for the past four years and remains important in this year’s consultation on mainstream primary and secondary formula funding arrangements. The Minimum Funding Guarantee (MFG) will continue, at minus 1.5%, to protect schools and academies against very sharp reductions in delegated budget shares in 2017/18.

1.2 However, we are entering a challenging period. The most prominent immediate challenge in the management of Dedicated Schools Grant arrangements in the Bradford District is resourcing the required significant increase in the quantity of provision for children and young people with high needs. The consequences of this challenge will be felt in the 2017/18 financial year. The financial modelling attached shows the impact of an indicative 1.5% reduction in the values of pupil-led formulae variables. A key purpose of this document then is to give early sight / warning of the implications of a reduction of this nature in the primary and secondary school formulae in 2017/18.

1.3 The direction of travel, and final impact, of national formula arrangements for primary and secondary schools and academies are uncertain. The introduction of a National Funding Formula (NFF) is expected to result in a larger (above MFG scale) redistribution of funding at both local authority and individual school and academy level, over time.

1.4 To recap where we are in the transition to the National Funding Formula:

- In March 2012, the Government announced significant changes to the education funding system. These changes were implemented by all local authorities at 1 April 2013 and included simplified formula arrangements for the calculation of delegated budgets and significant new restrictions on the central management of funds within the Dedicated Schools Grant (DSG).
- On 4 June 2013, the Government published a document entitled “[2014-15 Revenue Funding Arrangements: Operational Information for local authorities](#)”, which set out further changes to funding arrangements for the 2014/15 financial year, which were designed to continue progress towards a national formula.
- On 17 July 2014, the Government confirmed that authorities and Schools Forums would continue to be required to set local formula funding arrangements for the 2015/16 financial year. The [2015-16 Operational Guide](#) confirmed that the arrangements in place for 2014/15 would continue for 2015/16, but with a small number of changes, which included the requirement for the Authority to calculate funding for all academies (including former non-recoupment academies) and free schools through our local formulae, including funding for in year growth. The Government also confirmed that £390 million would be allocated to the ‘least fairly’ funded authorities in England to ensure that every local authority attracts a minimum funding level for the pupils and schools in its area; as our funding was already above the minimum funding levels, this did not affect Bradford’s DSG.
- The “[School revenue funding 2016 to 2017: Operational guide](#)” confirmed that the regulations in place for 2015/16 would be unchanged for 2016/17. We therefore, made no changes to our primary and secondary formula funding structures for this current financial year.
- On 7 March 2016, the Government published the first stage of a two part consultation on the principles and proposals for the building blocks of the National Funding Formula (NFF). This initially proposed for the school-level NFF for Primary and Secondary schools and academies to be implemented from April 2019, but for transition to this, as well as changes to move to a formularised High Needs Block, to begin from April 2017. The full consultation and accompanying documents can be viewed on the DfE’s “[Schools national funding formula](#)” webpage.
- On 21 July 2016, the Education Secretary made a statement, which confirmed that the Government is still committed to the introduction of the National Funding Formula (NFF), but that the start of the implementation of this would be postponed. The Government’s response to the first stage of consultation is expected to be published shortly along with a second stage consultation. We still expect that this

second stage will provide more detailed information to enable modelling of the impact of the NFF on individual schools and academies, as well as on the Local Authority. We now expect the transition to a NFF to begin for mainstream primary and secondary funding, and high needs, from April 2018

- The “[Schools revenue funding 2017 to 2018: operational guide](#)” was also published on 21 July 2016, and confirmed that the school funding arrangements for 2017/18 are broadly similar to those of 2016/17, with no required changes to formula structures. The guide does however, confirm some national directed changes to the data to be used to calculate funding allocations under the secondary low attainment and the deprivation IDACI factors.

1.5 As a consequence, for 2017/18, as this document sets out:

- We do not propose to make changes to the structures (the factors we use and how these are used to calculate funding) of our existing primary and secondary formula, other than those necessary to comply with the specific data changes directed by the DfE.
- We do not propose to make changes to the criteria for the allocation of Schools Block DSG funds or growth fund, other than changes aimed at clarifying the allocation of in year growth funding to the secondary sector.

1.6 As we do not propose to make many changes to already agreed structures, this document may be viewed more for information purposes and as a reminder of what our current structures are.

1.7 We do however, wish to collect feedback from maintained schools on the continuation of de-delegation (please see paragraph 4).

1.8 We do also wish to give early sight / warning of the implications of a further contribution from the primary and secondary school formulae to resource an increased number of places for children and young people with high needs. Schools will be aware that a reduction of 0.42% was applied to all pupil-led factors in the primary and secondary formulae in this current financial year. Indicative DSG modelling currently suggests that a reduction at a % value greater than this will be needed in order to balance the DSG in 2017/18. The financial modelling attached with this document shows the impact of an indicative 1.5% reduction in the values of all pupil-led formulae variables. There is still much in this position to confirm and to consider. The position of the DSG, and the value of such a reduction in the primary and secondary formulae, will be discussed by the Schools Forum across the autumn term. A final recommendation will be made on 11 January 2017. School and academy colleagues are advised to keep track of discussions by monitoring Schools Forum papers and minutes available on the [Bradford Council Minutes website](#). If you are interested to understand more about these discussions, or would like to input into these, please contact Andrew Redding 01274 432678 andrew.redding@bradford.gov.uk or Sarah North 01274 434173 sarah.north@bradford.gov.uk, or alternatively, liaise with your Schools Forum representative.

1.9 The modelling shown in Appendix 1 is illustrative and does not represent a final view of 2017/18 allocations for each school or academy. Please see paragraph 7 for further explanation of what this modelling shows. 2017/18 delegated budget shares will be calculated using October 2016 Census pupil numbers on roll and pupil data, and with reference to overall affordability within the 2017/18 DSG taking into account all cost pressures. The actual funding position for schools and academies may also be affected by further discussions within the Schools Forum on the transition to the NFF (once further detail is available), the relationship between primary and secondary levels of funding, the position against other authorities and against national averages, and the values of over or under spends of specific funds in 2016/17.

1.10 This document has been written by the Local Authority in conjunction with the Schools Forum, modelling the October 2015 Census dataset updated for our estimate of October 2016 numbers on roll for individual schools and academies. Schools and academies are reminded that it is vitally important that their October 2016 Census submissions are timely and accurate. The Authority will not be able to intervene to adjust census data once this has been submitted and confirmed with the DfE. Inaccuracies may lead to an incorrect funding position.

1.11 This consultation document focuses solely on the Schools Block funding of primary (Reception – Year 6) and secondary (Year 7 – Year 11) maintained schools, academies and free schools across the Bradford District. Two further consultations, concerning the funding of Early Years provision in 2017/18

and the funding of High Needs in 2017/18, will be published toward the end of October 2016. These consultation papers will be available from the [Bradford Schools Forum Consultation Papers](#) webpage on Bradford Schools Online (BSO).

1.12 The deadline for responses to this consultation is **Friday 14 October 2016**. An analysis of responses received by the deadline will then be discussed at the Schools Forum meeting on 19 October 2016. Please address all questions and responses to either Sarah North 01274 434173 sarah.north@bradford.gov.uk or Andrew Redding 01274 432678 andrew.redding@bradford.gov.uk. A response form is included at Appendix 3.

2. Schools Block - Formulae Factors and other key elements that remain unchanged in 2017/18

2.1 The key elements of the Schools Block framework that remain the same in 2017/18 are as follows:

- Delegated budgets will be calculated on the October (2016) Census.
- The simplified primary and secondary funding formulae arrangements continue, based on 13 allowable factors, plus exceptional premises factors individually approved by the DfE. As was the case for 2016/17, two of these factors (the basic amount per pupil and a deprivation factor) are mandatory. The remaining factors are optional. Local authorities continue only to have limited choices in how these factors operate.
- Local authorities must allocate at least 80% of the delegated schools block funding through the pupil-led factors, which include the base amount per pupil, deprivation, prior attainment, English as an additional language, pupil mobility and looked after children factors. We allocated 89.02% of the delegated schools block funding via the pupil-led factors in 2016/17, and the modelling included in this consultation indicates that we are currently allocating 88.99% in 2017/18.
- The Minimum Funding Guarantee (MFG) continues to be the only protection mechanism available for individual school and academy allocations and is set at MINUS 1.5% in 2017/18.
- The application of a ceiling (or cap) in 2017/18 to pay for the cost of the MFG protection for losing schools and academies will continue; this will cap the gains of the winning schools and academies so that they do not gain more than a specified % of funding per pupil. If the cost of the MFG reduces year on year, we would expect the value of the cap to also reduce.
- There continues to be no prescribed constraint on the primary to secondary funding ratio (the distribution of formula funding between phases).
- The strict restrictions on centrally managed funds continue and no new central commitments are permitted without Secretary of State approval. This continues to ensure maximum delegation of the DSG to schools and academies at the start of the financial year.
- A small number of named 'de-delegated' funds are permitted for maintained schools. The decisions on the holding of 'de-delegated' funds will continue to be made by the Schools Forum on a phase by phase basis. Once these decisions are taken, they apply to all schools within each phase. Please see section 4 for more information. De-delegation is not an option for academies and free schools, but where de-delegation has been agreed for maintained primary and secondary schools, the local authority may offer the service on a buy-back basis to academies and free schools.
- A small number of named centrally managed funds are also still permitted. Please see section 5. Funding for expanding schools and academies and bulge classes, as well as safeguarded salaries remaining from previous re-organisations, will continue to be funded as contingency items.
- The 2016/17 framework for the funding of High Needs pupils continues. A High Needs pupil is still defined, for financial purposes, as one whose education costs more than £10,000 per year. The first elements of funding for High Needs pupils continue to be already delegated within budget shares. A top up is then allocated separately, on a monthly basis, for the cost of additional support above the £6,000 threshold. A 'notional' SEN budget will still be defined within budget shares. Schools and academies with resourced provisions will continue to have their number of funded places removed from their number of pupils funded under the primary or secondary formula; for 2017/18 the number of 2016-17 academic year funded places will be deducted from the school's number on roll in October 2016. The Authority can still employ the 'SEN Funding Floor', which supports the costs in schools and academies with higher levels of SEN but where the normal funding formulae does not allocate sufficient resources.

- The Pupil Premium will continue to be allocated as a separate grant in 2017/18, and is set to continue until the end of this current Parliament (2020); it will continue to be allocated in 2017/18 as a separate grant to schools and academies. We anticipate that this grant will continue to be based on Ever 6 FSM numbers, Ever 6 Service Children, Looked After Children and Children Adopted from Care. Unlike formula funding, the Pupil Premium Grant is allocated on January Census pupil numbers. The Pupil Premium is currently set at £1,320 for primary-aged and £935 for secondary-aged pupils eligible under the ever-6 FSM criteria. Children who are looked after or adopted from care currently are allocated £1,900, and service children are allocated £300. The Pupil Premium rates for 2017/18 have not yet been confirmed.
- Allocations for academies and free schools will continue to be paid directly by the Education Funding Agency (EFA). The EFA will use the pro-forma submitted by the Authority to calculate individual allocations.

3. Summary of 2017/18 Formulae as 2016/17

3.1 The table below summarises the formulae factors, and the indicative values of these factors, in 2017/18 as these currently stand, based on our proposal for no change other than for the directed revisions to the use of data in Deprivation IDACI and the secondary phase low prior attainment factors. The pro-forma shown in Appendix 2 provides further explanation of the basis of the calculations. Please note that the values of factors include the indicative 1.5% reduction in all pupil-led factors.

Formula Factor	Indicative Primary Unit Value £ (2017/18)	Indicative Secondary Unit Value £ (2017/18)
Base Amount per Pupil – Primary	2,839.74	N/A
Base Amount per Pupil - Key Stage 3	N/A	4,081.74
Base Amount per Pupil - Key Stage 4	N/A	4,197.98
Deprivation - Ever 6 FSM	1,038.91	942.06
Deprivation IDACI - Band F *	329.98	433.14
Deprivation IDACI - Band E *	412.48	541.42
Deprivation IDACI - Band D *	494.98	649.71
Deprivation IDACI - Band C *	577.47	757.99
Deprivation IDACI - Band B *	742.47	974.56
Deprivation IDACI - Band A *	907.46	1,191.13
SEN Low Prior Attainment	237.69	486.99
English as an Additional Language	195.02	1,174.60
Pupil Mobility	1,584.07	1,887.13
Lump Sum per school / academy	175,000.00	175,000.00
Split Sites	Funded on LA formula (see paragraph 3.5)	Funded on LA formula (see paragraph 3.5)
Rates	Funded at actual cost	Funded at actual cost
Private Finance Initiative (PFI) contracts	Funded on LA formula (see paragraph 3.6)	Funded on LA formula (see paragraph 3.6)

* Please see paragraph 3.3 below for information on the changes to IDACI banding for the October 2016 dataset.

3.2 The DfE is to introduce a new national weighting for secondary low prior attainment figures in 2017/18, and the Deprivation IDACI bandings have also been changed. Please be aware that the updated IDACI bandings are incorporated into the modelling, but we cannot yet take account of the impact of the national weighting for secondary low attainment, as this will not be made available by the DfE until December 2016. The DfE's intention is to use a national weighting to ensure that, responding to assessment change, the cohort of pupils assessed under the 2016 KS2 assessments does not have a disproportionate influence within the overall total.

3.3 We will continue to use the factors, where we have some choice about how these are used, in the same way as in 2016/17, as follows:

- **Base Amount per Pupil – Primary:** including the Reception Uplift factor to support schools and academies taking in Reception pupils between the October and January Censuses; this also supports schools with higher levels of mobility.

- **Deprivation - Ever 6 FSM:** the % of pupils on roll where the FSM indicator is TRUE in any of the censuses in the last 6 years
- **Deprivation IDACI Bands A - G:** the % of pupils with an IDACI score in each band A – G. IDACI is calculated based on the postcodes of pupils recorded in the October Census. The bands are set nationally and are shown in the table below. Although the bands have changed for the October 2016 dataset (please see Annex A for further detail on the IDACI banding change), the proposed weightings attributed to each band are unchanged from 2016/17 and are as follows:

IDACI Band	IDACI Score - Lowest	IDACI Score - Highest	Proposed Weighting
Band F	0.20	0.25	1.00
Band E	0.25	0.30	1.25
Band D	0.30	0.35	1.50
Band C	0.35	0.40	1.75
Band B	0.40	0.50	2.25
Band A	0.50	1.00	2.75

- **SEN Low Prior Attainment Primary:** the % of pupils in years 5 and 6 that received less than 73 points on their Early Years Foundation Stage Profile (EYFSP) plus the % of pupils in years 1, 2, 3 and 4 who did not achieve “a good level of development” under the new EYFSP. A weighting is applied to ensure that funding delivered through this factor is not disproportionately affected by the year groups assessed under the new framework.
- **English as an Additional Language (EAL) 3:** the % of pupils whose first language is not English and who are appearing on the school census for the first, second or third year.

3.4 We will continue not to employ the following optional factors in 2017/18:

- Sparsity Factor - the sparsity factor is not applicable to any school / academy in the Bradford District
- Looked After Children - it continues to be our view that the Pupil Premium should be the source of funding for Looked After Children, as has been the case since 2013/14. The Pupil Premium is currently set at £1,900 for children who are looked after in 2016/17, which is above our previous value of £1,000. The Pupil Premium rates for 2017/18 have not yet been confirmed..

3.5 There is no change to the operation of the split sites factor in 2017/18.

a) The criteria used to define a split site are unchanged for 2017/18 and are as follows:

- *Essential* - two or more distinctly separate campuses where there is no single continuous boundary and where the campuses are split by a through road.
- Additional criteria (for weighting of funding):
Category A - where it is impossible not to move a proportion (either 25% or 50%) of total school / academy pupils between the campuses within the school day
Category B - where the campuses are more than 400 metres apart

b) The criteria used to allocate funding to a school / academy operating across a split site based on the categories defined above, are as follows:

Category	Primary Lump	Primary APP	Secondary Lump	Secondary APP
<i>Essential</i>	8,514.75	0.00	9,782.62	0
<i>A</i>	0	107.73	0	113.67
<i>B</i>	18,426.01	9.15	20,558.87	12.78

Additional Notes:

- Split sites funding is paid to all schools and academies that meet the above criteria.
- Federated schools are not eligible for split sites funding.
- Where 2 schools have amalgamated and the new school is operating across a split site, the school will not be eligible for split sites funding whilst it is in receipt of the additional lump sum (in the year immediately after amalgamation).

- Funding is only applicable for Reception to Year 11 mainstream provision.
- We would not expect split sites funding to apply to co-located or offsite behaviour centres.

3.6 The factor in our secondary funding formula for Private Finance Initiative (PFI) contracts allocates the DSG's contribution to the affordability gap of the Building Schools for the Future (BSF) programme for applicable schools / academies. The formula for splitting the total contribution between BSF schools / academies is as follows:

(Total affordability gap to be funded by the DSG / Total cost of school unitary charges) x Individual school's unitary charge as a % of the total unitary charge

Question 1 – Do you agree with continuing to use the 2016/17 existing formula structure to calculate delegated budgets for schools and academies for the 2017/18 financial year? If not, please explain the reasons why not. *The values of each formula factor will not be confirmed until January 2017 and will depend on the outcomes of the discussions that take place at the Schools Forum during the autumn term.*

Question 2 - Do you have any comments on the way the factors are used, as described in the pro-forma and paragraph 3.3?

Question 3 - Do you have any additional comments on the proposed approach for 2017/18 that you wish the Schools Forum to take into consideration?

4. Maintained Schools - De-Delegated Funds in 2017/18

4.1 The Finance Regulations continue to significantly restrict the extent to which the Dedicated Schools Grant (DSG) can be held and managed centrally. The Government's intention, in preparation for the National Funding Formula, is to ensure maximum delegation of the DSG to schools and academies at the start of each financial year. The Regulations do allow funding for certain types of expenditure to be 'de-delegated', or passed back, from maintained school budgets to be managed centrally. This only applies to maintained schools (not academies or free schools) and the Schools Forum must agree to de-delegate on a phase specific basis, so Forum members representing primary and secondary maintained schools must decide separately for each phase whether the service should be funded centrally by 'topslice'.

4.2 Previously, the Schools Forum has established de-delegated funds so as to:

- take advantage of the economies of scale brought about by central management and bulk purchase e.g. Fischer Family Trust subscriptions
- provide services that schools would find difficult or less cost effective to replace on an individual basis e.g. trade union facilities time
- protect schools, especially smaller schools, against unpredictable expenditure e.g. maternity and paternity costs

4.3 Decisions made to de-delegate this year relate to this year only and new decisions are required for de-delegation in 2017/18. The NFF proposals currently indicate that we will no longer be able to de-delegate from April 2019. The Schools Forum will therefore, be considering the position of de-delegated funds over the autumn term, in the context of the NFF proposals, but also taking into account the rate of the conversion of maintained schools to academy status before or during 2017/18.

4.4 This consultation asks for views only on whether funds should continue to be de-delegated for the purposes listed below. Please be aware that the values of these funds, where de-delegation continues, will be considered further by the Schools Forum in the autumn term. We would expect the values of funds to match anticipated cost pressures and to reduce from 2016/17 for the impact of maintained schools converting to academy status.

4.5 The following 'de-delegated' funds are held in this financial year:

- ESBD Core School Support Team
- FSM Eligibility Assessments
- Fischer Family Trust – School Licences

- School Maternity / Paternity 'insurance'
- Trade Union Facilities Time
- Trade Union Health and Safety Representative Time
- School Staff Public Duties and Suspensions Fund

Further information on these funds, including values, is given in Appendix 4.

4.6 Following the Local Authority's review of support services during 2015, and the re-alignment of support services with the sector-led improvement model during 2016, the de-delegated fund in support of the Minority Ethnic Support Team ceased at 1 May 2016 (only a 1 month value was held in 2016/17).

4.7 If funding is not de-delegated for the purposes listed above, then the funding will remain within school budgets for schools to provide for the cost of services from their own resources, including purchasing services available through the Local Authority. The Authority is aware that the views of individual schools may be influenced by the extent of value they feel they receive from accessing these funds currently. In making final recommendations, the Schools Forum will consider specific responses to this consultation along with the overall most effective approach for maintained schools across the District. Please contact your Schools Forum representatives if you have any specific comments on these funds.

Question 4 – Should sums continue or cease to be de-delegated from maintained school budgets in 2017/18 for the purposes listed above? Please explain the reasons why.

5. DSG Schools Block Centrally Managed Funds

5.1 The Finance Regulations continue to significantly restrict the types of funds that can be held centrally within the DSG. Where funds are held, the Regulations require that the criteria for accessing these are clear and have been agreed with the Schools Forum.

5.2 In 2016/17, the Schools Forum agreed to hold the following permitted funds:

- A Growth Fund, to support schools and academies expanding for basic-need purposes at the request of the Local Authority
- A 'Costs of Re-Organisation' Fund, which allocates funding to match the cost of safeguarded salaries remaining in maintained schools, where it has been previously agreed that the Local Authority will support the cost. This Fund also will meet the cost of deficits of closing schools or maintained schools converting to academy status under a sponsored arrangement.
- An Exceptional Costs / Schools in Financial Difficult Fund for maintained schools.

5.3 These funds support the achievement of the Bradford District's educational priorities as follows:

- Enable additional financial support to be provided, in a transparent and controlled way, to specific schools that may face difficult circumstances and unreasonable cost pressures.
- Support schools that require immediate intervention around standards that may not be able to identify funds from their own budgets.
- Support schools, academies and the Local Authority to manage more effectively the financial pressures brought by places expansion.
- Collectively, help to maintain a stable financial platform for schools and academies across the District, in support of raising standards.

5.4 The proposed arrangements for 2017/18 are shown below and are unchanged from this financial year, other than changes aimed at clarifying the allocation of in year growth funding to the secondary sector.

Details of these funds in 2016/17 and proposals for 2017/18

5.5 The Ring-Fenced Growth Fund

The total value of the Growth Fund in 2016/17 was £1.73m, broken down between phases and types, as follows:

	Primary	Secondary	Total
Existing Known Expansions	£746,127	£0	£831,542
Existing Bulge Classes	£349,281	£0	£349,281
New Expansions	£250,000	£300,000	£550,000
Pre-Opening Costs	£0	£0	£0
Diseconomies of Scale	£85,415	£0	£0
Total Value 2016/17	£1,430,823	£300,000	£1,730,823

The criteria proposed for allocating in 2017/18 growth funding to newly establishing schools and academies are the same as in 2016/17:

- Newly established School / Academy Provision additional support: For basic need purposes, where a new school / academy is established by the Local Authority, or where an existing school / academy extends its provision into a new phase i.e. a Secondary school / academy establishes Primary-aged provision and vice versa, at the request of the Local Authority, and where the new school / academy does not yet have pupils in all planned year groups, the funding approach will be:
 - Pre-Opening support (*this is not applicable to non basic need Free Schools*): the Schools Forum will consider the allocation of a pre-opening budget based on previous methodologies but also taking account of the specific circumstances of the school / academy.
 - Post-Opening support for diseconomies of scale (*this is not applicable to non basic need Free Schools*): the Schools Forum will consider the allocation of a budget based on previous methodologies but also taking account the specific circumstances of the school / academy.
- Newly established School / Academy Provision revenue formula funding: (*this does apply to non basic need Free Schools but only from the 2nd year of establishment*): in the first financial year the school / academy will receive a full calculation of formula funding for the number of children planned to be admitted in September, based on estimated data, for the proportion of the year that the school / academy is established (e.g. 7/12ths for a September opening). For technical purposes, this will not be an allocation from the Growth Fund, but a formula funding allocation via the agreed formula – the Local Authority will submit an application to the EFA to vary pupil numbers on the basis of planned numbers. Any significant difference between estimated and actual intake numbers will be adjusted for retrospectively in the following financial year. In subsequent years, until all year groups are established, the school / academy will be funded on the basis outlined above, providing a full calculation of additional formula funding for the planned additional intake for the following September, with a retrospective adjustment where there are significant differences between estimated and actual intake numbers. *Please note that academy / free school will receive their allocations directly from the EFA, although these are still funded from the DSG.*

The criteria proposed for allocating growth funding in 2017/18 to already established primary schools and primary academies, that have been asked to increase their admission numbers, are the same as in 2016/17:

- PRIMARY schools / academies permanently expanding by increasing the size of existing year groups:
 - Primary schools and academies are normally asked by the Local Authority to expand by 0.5 FE or 1 FE at any one time. Growth funding is allocated so that the school or academy has the additional funds to establish a new class (or classes). Funding is allocated as follows:
 - For basic need purposes, where an established primary school or academy is permanently expanding by increasing the size of existing year groups, and has already begun to expand before the start of the financial year, the additional allocation will be included within the school's / academy's initial budget. Funding is calculated on the difference between the October 2016 census pupil numbers and a calculation of the composite 5/12 + 7/12 numbers,

based on an estimate of the school's October 2017 Census. The school will then be allocated 80% of the value of the base amount per pupil for the difference between the actual and the composite calculation. On indicative 2017/18 values this would give £2,272 per pupil.

- For basic need purposes, where a primary school or primary academy is permanently expanding by increasing the size of existing year groups for the first time in September 2017, the school / academy is allocated 80% of the value of the base amount per pupil for the additional planned intake number, for the applicable proportion of the year (for September expansions this is 7/12ths). On indicative 2017/18 values this would give £2,272 per pupil. Funding will be physically allocated in September 2017.
- PRIMARY schools / academies taking a Bulge Class added to existing year groups:
 - Full classes: For basic need purposes, where a primary school or academy is asked in year to admit a full class or Form of Entry (30) into / on top of an existing year group, funding is allocated on the same basis as for new permanently expanding schools above; at 80% of the base amount per pupil value for the planned additional admission number for the relevant proportion of the financial year. In the following financial year, no additional funding is necessary or allocated; this additional class is automatically funded within the school's / academy's normal revenue budget.
 - Half classes: For basic need purposes, where a school / academy is asked in year to admit an additional number of children that do not add up to a full class or Form of Entry into / on top of an existing year group, the additional sum for the current financial year is allocated as for a full class above, based on the actual planned additional intake number. In the following year, and in each year for the lifetime the half class is at the school / academy, an additional sum is allocated based on 80% of the value of the base per pupil amount for the difference between 30 and the actual number of children in the half class. So if the class had 15 pupils the funding would be $(30 - 15) \times \text{£base app} \times 80\%$. The value of this funding is reviewed each year, for actual numbers.

The year on year growth in pupil numbers is now reaching the secondary phase. The Authority proposes to apply the same general basis of funding to the secondary phase as has been used for the primary phase. However, because the numbers involved in expansions may be more fluid in the secondary phase (may not be clear denominations of 30), because secondary schools have larger budgets and curriculum structures, meaning that small increases in numbers may not result in greater cost to the school, and also because the intakes of secondary schools and academies can be / are being adjusted for reasons other than a request by the Local Authority for basic need sufficiency, it has been identified that the criteria for the allocation of growth funding in the secondary phase will benefit from additional clarity.

- SECONDARY schools / academies either permanently or temporarily increasing PAN:
 - We propose that eligibility for growth to secondary schools and academies is assessed on the following principles and criteria:
 - The school or academy must have admitted additional pupils (either via a permanent expansion or a one off bulge class) at the request of the Local Authority to meet basic-need sufficiency and only numbers associated with basic need sufficiency will be eligible for funding.
 - The request for additional places from the Authority has come within the normal admissions round and relates to the school's year 7 intake i.e. pupils admitted at other times in year, admissions to year groups other than year 7, or pupils admitted on appeal or under the Fair Access Protocol, are not funded by the Growth Fund. Consideration of additional funding in these circumstances would be picked up by the exceptional pressures / schools in financial difficulty fund for maintained schools only.
 - Funding in the first year is calculated on actual numbers and allocated only once actual October Census numbers are confirmed (so for additional pupils in September 2017, funding will be calculated and allocated on the basis of the additional costs associated with the actual number of additional pupils recorded in the October 2017 Census).

- Funding is allocated only after an assessment of the actual cost implications of the additional pupils on the school's budget in that year e.g. in admitting additional pupils the school evidences that it must incur additional costs in year and that these costs are commensurate with the value of additional funding that would be allocated. This would be something that would be reviewed on an annual basis.
- Funding for eligible schools and academies would be calculated as follows:
 - Where a secondary school or academy is permanently expanding by increasing the size of its year 7 for the first time in September 2017, the school / academy is allocated 80% of the value of the Key Stage 3 base amount per pupil for the additional planned intake number, for the applicable proportion of the year (for September expansions this is 7/12ths). On indicative 2017/18 values this would give £3,265 per pupil. Funding will be physically allocated in September 2017.
 - Where an established secondary school or academy is permanently expanding by increasing the size of existing year groups, and has already begun to expand before the start of the financial year, the additional allocation will be included within the school's / academy's initial budget. Funding is calculated on the difference between the October 2016 census pupil numbers and a calculation of the composite 5/12 + 7/12 numbers, based on an estimate of the school's October 2017 Census. The school will then be allocated 80% of the value of the Key Stage 3 base amount per pupil for the difference between the actual and the composite calculation. On indicative 2017/18 values this would give £3,265 per pupil. At the point the school's expansion reaches Key Stage 4, 80% of the Key Stage 4 base £app will be used (which indicatively is £3,357).
 - Where a secondary school or academy has been asked to take a year 7 bulge class (one off temporary PAN increase) of any size, funding is allocated on the same basis as for new permanently expanding schools above; at 80% of the Key Stage 2 base amount per pupil value for the planned additional admission number for the relevant proportion of the financial year. This is a one off allocation. In the following financial year, no additional funding is allocated; this additional class is automatically funded within the school's / academy's normal revenue budget.

Question 5 - Do you agree with the proposed criteria and methodology for the allocation of the growth funding to schools and academies in 2017/18? If not, please explain the reasons why not.

5.6 School Re-Organisation Costs - maintained primary and secondary schools

The value of this fund in 2016/17 was £0.08m, broken down between phases and types of re-organisation costs, as follows:

	Primary	Secondary	Total
School Staff Safeguarded Salaries	£77,800	£4,064	£81,863
Deficits of Closing Schools	£0	£0	£0
Total Value 2016/17	£77,800	£4,064	£81,863

The proposed criteria for allocating funding from this contingency fund in 2017/18 are unchanged from 2016/17:

- School staff safeguarded salaries: funding is allocated, based on the actual cost of agreed safeguards for individual staff in schools. Only safeguards that have been previously agreed are funded from the DSG. So there is no 'eligibility' criteria as such, other than these safeguards must have been already established and agreed with the Authority following re-organisations. Every year, schools are asked to confirm whether or not safeguards for individual staff are still applicable e.g. where a member of staff has left, the safeguard ceases to be paid. The total cost of safeguards reduces year on year.
- Deficit of Closing Schools: where a maintained school closes with a deficit budget, or where a maintained school with a deficit budget converts to academy status under a sponsored agreement, the deficit returns

to the DSG. The Forum has established the principle that provision for such costs are best met from one off available funds and / or retrospectively from the DSG in the following year.

5.7 Exceptional Costs & Schools in Financial Difficulty - maintained primary and secondary schools

The purpose of this fund is to provide support for the budgets of maintained schools in the following circumstances:

- Exceptional growth in pupil numbers, not picked up within the terms of the 'Growth Fund'
- 1 Form of Entry (or smaller) primary schools, where the cost of external HR investigations places the school in financial difficulty i.e. would reduce the forecasted carry forward balance below £20,000 *
- Priority 1 schools, where additional intervention / support is required as recommended by SIG / SSMG and where the school's budget cannot meet the costs without placing the school in financial difficulty i.e. would reduce the forecasted carry forward balance below £20,000 *
- Local Authority Statutory interventions in schools e.g. costs of an IEB
- Any other circumstance, where the exceptional nature of this is agreed by the Schools Forum and where to not provide financial support would place the school in a financially difficult position that it is likely to have a detrimental impact on outcomes for children *

* £20,000 is a reasonable safety net to apply for all schools i.e. a school with £20,000 holds adequate reserve to meet additional unexpected costs

The value of this fund in 2016/17 was £0.175m, broken down between phases, as follows:

	Primary	Secondary	Total
Total Value 2016/17	£150,000	£25,000	£175,000

The proposed criteria for allocating funding for exceptional pupil numbers growth (the most common call on this fund) in 2017/18 are unchanged from 2016/17 and are as follows:

- The main factor taken into account is the extent of additional cost pressure faced by a school. This is assessed on the information provided by the school on what action has been needed to meet the growth in pupil numbers
- The extent of increase in numbers: actual numbers and % of roll (vs. the phase average)
- Whether the Local Authority has directed the additional pupils to the school
- How the additional pupils are distributed across the school
- Whether this is a one off issue i.e. the potential extent for exceptional growth and further cost pressure in future years?
- In judging exceptional funding for children admitted on appeal, what the specific circumstances are at the school which require the school to make additional provision in the first year
- The school's carry forward balances position
- The change in the school's expenditure shown in the Start Budget vs. Q1 vs. Q2 vs. Q3 monitoring reports
- The Priority category of the School (is the school in Priority 4?)
- Whether the school has received financial support or funding from elsewhere

Question 6 - Do you agree with the centrally managed funds, and their criteria, that are proposed to be held in the DSG in 2017/18? If not, please explain the reasons why not.

6. The MFG and the Ceiling

6.1 The Minimum Funding Guarantee (MFG) will continue in 2017/18 at MINUS 1.5% i.e. the maximum reduction in funding for a school / academy will be limited to 1.5% of that school's 2016/17 funding per pupil.

6.2 The main reasons for schools or academies being on the MFG in 2017/18 are:

- The impact of the 1.5% reduction applied to all pupil-led formula variables for the purposes of funding increasing the quantity of provision for children and young people with high needs.

- The MFG is continuing to protect the school / academy against the impact of changes made in formula funding since April 2013 i.e. the school / academy was losing more than 1.5% per pupil due to the funding reforms in 2013/14 or the additional changes made in 2014/15, and this protection still has to fully work through.
- The MFG is continuing to protect a school / academy against the impact of formula change prior to April 2013, for instance following the mainstreaming of grants in 2011/12, where a school / academy was protected by the MFG in 2011/12, 2012/13, 2013/14, 2014/15 and 2015/16 on a sliding scale which has still to fully work through.
- The school's/ academy's data recorded in the October 2016 Census e.g. FSM%, is significantly different (lower) from that recorded in previous censuses. This will result in a reduced total amount per pupil funding for the school, and the MFG protects against the drop.

6.3 As we have established in our previous funding reviews, the MFG must be afforded by the application of a ceiling. This ceiling caps the winners under the funding formulae at a % per pupil, which releases the value needed to support the cost of the MFG. This is the only way that change can be afforded. The effect of the MFG, combined with the ceiling, is to pull the distribution of funding between schools and academies back towards how this stands now and it means that it will take longer for the budgets of the schools and academies that gain to realise these increases. Please note that the 1.5% reduction in pupil-led funding rates increases the numbers of schools on the MFG and the overall cost of the MFG, so the ceiling in the indicative modelling is currently set at 0%.

6.4 As was the case in 2016/17, the ceiling must be calculated on the same basis as the MFG and the % cap must be the same for primary and secondary schools / academies. We can choose whether to implement the ceiling by capping all growth over a certain % per pupil or by scaling back gains of winning schools / academies by a set amount proportion to the school's gain. It continues to be our view that the capping approach is much fairer and also follows the same approach that we have used previously. We are therefore, not proposing any change in the operation of the ceiling, but the value of the % cap cannot be set until the final cost of the MFG is known. Please note that the ceiling must not be applied to new and growing schools and academies (those with some empty year groups) which have opened in the last 7 years, so these schools and academies will not contribute to the ceiling in 2017/18.

7. Further Explanation of the Indicative Modelling

7.1 The modelling in Appendix 1 shows the impact of the proposals outlined in this consultation on primary and secondary schools and academies, based on

- applying a 1.5% reduction to all pupil-led formula factor variables
- Estimated October 2016 pupil numbers on roll
- The October 2015 dataset, updated for IDACI bandings as shown in paragraph 3.3 and Annex A.

The modelling is intended to give an early estimate and early warning of individual school and academy allocations for 2017/18.

7.2 Please note that Appendix 1 focusses on the Schools Block and does not, at this stage, give a complete picture of individual delegated budgets. The modelling does not include Early Years Funding, Post 16 funding or funding from the High Needs Block. These will be covered in separate communications and consultations.

7.3 The modelling shows the total 'variance' of 2017/18 estimated funding against 2016/17 actual funding. This total is also separated into formula funding, contingencies and Pupil Premium allocations so that the cause of variances can be better understood. The main factors behind these 'variances' are:

- A change in pupil numbers on roll (shown in column (R))
- A reduction in formula funding due to the 1.5% reduction (the estimated cost to each school / academy is shown in column (T))
- A reduction in (or ending of) the MFG for those schools that have previously been protected
- Changes in contingency allocations, in particular relating to the pupil numbers on roll at expanding schools / academies

7.4 Whether a school / academy is protected by the MFG, or is capped by the ceiling, is shown in the modelling. Schools and academies on the MFG should plan for this protection to reduce over time. Schools and academies on the ceiling may expect to receive the sum by which their budgets have been reduced eventually in future years. However, any future projections will be significantly influenced by the introduction of the NFF, which will override any previous arrangements.

7.5 If you would like to discuss the modelling in more detail, or discuss the data on which allocations are calculated, please contact Sarah North.

Question 7 - Do you have any comments on the modelling?

8. Consultation Responses

8.1 Please use the responses form in Appendix 3 to submit your views on the proposals outlined in the consultation. There is space on this form for you to comment on any aspect of the proposals. If you wish to discuss these proposals in more detail, or have any specific questions, please contact either Sarah North, or Andrew Redding, using the contact details shown in paragraph 1.

8.2 Please ensure that your response is submitted by the deadline of **Friday 14 October 2016**. Any responses received after this deadline date may not be included in the overall analysis presented to the Schools Forum.

9. Next Steps

9.1 Following consideration of the responses to this consultation and the recommendation of the Schools Forum, the structures of the primary and secondary funding formulae to be used to calculate budgets in 2017/18, and the criteria for the allocation of Schools Block DSG contingency funds and growth funds, will be set by the Council's Executive.

9.2 Schools and academies will complete the October Census on Thursday 6 October 2016. The dataset from this census will be available for us to analyse mid-December.

9.3 Discussions on the overall DSG funding position for 2017/18, the holding of de-delegated and contingency funds, the balance of funding between primary and secondary, the value of contribution for increased high needs provisions, and the impact on schools of using the October 2016 Census dataset, will take place in the Schools Forum between now and January 2017. You are recommended to keep in touch with these discussions by visiting the Schools Forum webpage on the Council's Minute's site.

9.4 It is anticipated that the Schools Forum will make its final recommendations on 2017/18 arrangements on Wednesday 11 January 2017.

10. Appendices

1. Appendix 1 – Illustrative Formula Modelling
2. Appendix 2 – Indicative EFA Pro-forma for 2017/18
3. Appendix 3 – Consultation Responses Form
4. Appendix 4 – Information on De-Delegated Funds

ANNEX A: New IDACI bands for 2017/18

The Income Deprivation Affecting Children Index (IDACI) dataset is updated every five years by the Department for Communities and Local Government.

The latest update to the dataset (IDACI 2015) took effect in the 2016/17 schools block dataset in December 2015 and resulted in a markedly different distribution to the previous 2010 dataset.

In response to concerns raised by local authorities and views expressed through the first stage NFF consultation, the DfE has responded to update the IDACI banding methodology to return the IDACI bands to a roughly similar size (in terms of the proportion of pupils in each band) as in 2015/16. The revised bands are named “A” to “G”; with the most deprived neighbourhoods being captured by band “A” (previously bands 6 and 5).

The table below shows the proportion of pupils in each IDACI band in the 2015/16 schools block dataset (column C) and the 2016/17 schools block dataset (column D). Column G sets out the 2016/17 dataset mapped onto the new IDACI bands.

Bands used in 2015/16 and 2016/17	IDACI score	% pupils in each band (2015/16) <i>Based on IDACI 2010, 2016/17 IDACI bands</i>	% pupils in each band (2016/17) <i>Based on IDACI 2015, 2016/17 IDACI bands</i>	New bands for 2017/18	IDACI score	% pupils in each new band (Oct 15 Census) <i>Based on IDACI 2015, 2017/18 new IDACI bands</i>
(A)	(B)	(C)	(D)	(E)	(F)	(G)
6	Between 0.60 and 1.00	3%	1%	A	Between 0.50 and 1.00	3%
5	Between 0.50 and 0.60	6%	3%	B	Between 0.40 and 0.50	8%
4	Between 0.40 and 0.50	10%	8%	C	Between 0.35 and 0.40	7%
3	Between 0.30 and 0.40	12%	14%	D	Between 0.30 and 0.35	8%
2	Between 0.25 and 0.30	7%	9%	E	Between 0.25 and 0.30	9%
1	Between 0.20 and 0.25	8%	10%	F	Between 0.20 and 0.25	10%
0	Less than 0.20	53%	56%	G	Less than 0.20	56%