

## SCHOOLS FORUM AGENDA ITEM

For Action

For Information

**Brief Description of Item** (including the purpose / reason for presenting this for consideration by the Forum)

This report shows the indicative value of delegated allocations for individual schools, academies and other settings for the 2017/18 financial year and also shows the draft Primary and Secondary and Early Years Pro-formas. Please note that the allocations and the Pro-formas are subject to the final decisions and recommendations to be made by the Schools Forum under agenda item 11.

**Date (s) of any Previous Discussion at the Forum**

The outcomes of the consultation on 2017/18 Primary and Secondary funding arrangements were discussed, and the pro-forma detailing the structures of the funding formulae, were approved at the Forum meeting held on 19 October 2016. At the last meeting, Members were presented with an updated view of the modelling of Primary and Secondary budgets, using pupil numbers taken from the October 2016 Census. Members were also presented with consultation outcomes and proposals for funding High Needs, and for funding Early Years, with final recommendations being deferred to this meeting.

**Background / Context**

The Indicative Pro-forma, which confirmed the structures of our Primary and Secondary funding formulae for the 2017/18 financial, was agreed by Schools Forum members in the meeting held on 19 October 2016. The October 2016 Census Dataset was made available to local authorities by the EFA on 15 December; this dataset contains the data taken from the census submitted by schools and academies on the 6 October 2016. The overall Dedicated Schools Grant allocation for the Bradford District was announced on 20 December 2016, and the overall position of our DSG for 2017/18 is shown in Document HA. This means that we are now in a position to discuss and finally confirm the values of formulae factors for 2017/18.

The Government published the response to the first stage of the National Funding Formula consultation and the detailed second stage consultation on 14 December 2016. The detail of the second stage consultation enables assessment of impact of the implementation of a National Funding Formula both to the overall DSG and to individual schools and academies.

**Details of the Item for Consideration**

Primary and Secondary Funding 2017/18

The modelling shown in Appendices 1a and 1b provides Members with an updated view of Primary and Secondary school and academy budgets for 2017/18, using the pupil numbers and data from the final October 2016 Census Dataset provided by the EFA. Please note that the allocations exclude early years, high needs and post 16 funding i.e. these just show core (Reception – Year 11) primary and secondary mainstream funding levels. The figures in Appendices 1a and 1b are calculated on the basis of option 3 and therefore, incorporate the following:

- The transfer to the High Needs Block of the implicit growth value of £2.1 million:

£2.1 million is the sum in the Schools Block that is generated due to increased pupil numbers giving greater headroom (the DSG Schools Block funding per pupil is greater than the average cost of formula funding per pupil), and overall reductions in school level data generate funding without the active reduction of formula factor variables (in particular, reductions in Primary Ever 6 FSM %'s and Secondary EAL %'s).

- The transfer to the High Needs Block of the £2.4 million from the explicit reduction of the values of formula factor variables to support:

In meetings since September 2016, Forum members have discussed the likelihood that factor values would need to be reduced in order to balance the overall DSG and have been presented with modelling on this basis; this reduction was indicatively set at 1.5% across all pupil-led factors. The updated modelling at Appendices 1a and 1b incorporates a more targeted reduction of pupil-led factors, taking into account what we now know about the future trajectory of the National Funding Formula. This explicit reduction generates a sum of £2.4 million.

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The indicative factor values for 2017/18 are compared with the National Funding Formula factor values (based on 2016/17 data) in the table below:

Factor Values 17/18 vs. NFF 16/17	Primary		Secondary	
	Bfd 17/18	£ Diff	Bfd 17/18	£ Diff
Base £Amount Per Pupil Primary	2,840	-128		
Base £Amount Per Pupil KS3			4,082	-284
Base £Amount Per Pupil KS4			4,257	55
Lump Sum	175,000	-65,000	175,000	-65,000
Deprivation - FSM Ever 6	1,039	-499	942	-157
Deprivation - FSM	0	440	0	440
Deprivation IDACI A	907	-332	1,191	-381
Deprivation IDACI B	742	-322	975	-375
Deprivation IDACI C	577	-217	758	-243
Deprivation IDACI D	495	-135	650	-135
Deprivation IDACI E	412	-172	541	-151
Deprivation IDACI F	330	-130	433	-143
English as an Additional Language (EAL)	198	317	1,192	193
SEN Attainment	241	809	494	1,056

Primary explicit contribution:

- (1) A reduction of 1.1% in the base amount per pupil factor (this is minus 1.5% plus £11.56 per pupil for the release of the DSG matched contribution to school improvement).
- (2) A reduction of 1.5% in the deprivation FSM and IDACI factors.
- (3) No reductions in any other factors (as this would be moving the factor values away from the NFF values).
- (4) A Minimum Funding Guarantee of minus 1.5%.
- (5) A ceiling of 0%.

*The total value of the reduction in the primary sector is £1.307 million. The amount per pupil contribution from the primary sector is £23.73.*

Secondary explicit contribution:

- (1) A reduction of 1.4% in the Key Stage 3 base amount per pupil (this is minus 1.5% plus £5.04 per pupil for the release of the DSG matched contribution to school improvement).
- (2) A cash flat position of 0% in the Key Stage 4 base amount per pupil.
- (3) A reduction of 1.5% in the deprivation FSM and IDACI factors.
- (4) No reductions in any other factors (as this would be moving the factor values away from the NFF values).
- (5) A Minimum Funding Guarantee of minus 1.5%.
- (6) A ceiling of 0%.

*The total value of reduction in the secondary sector is £1.04 million. The amount per pupil contribution from the secondary sector is £33.49.*

80 primary (51%) and 12 (36%) secondary schools and academies are on their MFG levels. The budgets of these schools cannot be reduced further. Where we reduce the remaining 77 primary and 21 secondary onto their MFGs, we would generate a further £2.131m; £1.306m from primary and £0.825m from secondary. The impact that this would have is modelling in appendices 1a and 1b. The figures in these appendices also incorporate the following:

- The starting recommendations on the retention / release of de-delegated and centrally managed DSG funds, as set out in Document HC.
- The primary to secondary funding ratio, indicatively shown in Appendix 4 as 1:1.33, which is unchanged from 2016/17.
- ESTIMATED Pupil Premium allocations, calculated on the confirmed January 2016 Ever 6 FSM %'s and October 2016 pupil numbers. Final allocations will be confirmed in June 2017, and will be based on the number of eligible children recorded in the January 2017 Census. The value for each eligible primary pupil has been retained at £1,320 and at £935 for each eligible secondary pupil. The estimated allocations also include an estimate of funding for service children and for children adopted from care or those who leave care under a special guardianship order or residence order. The allocations shown do not include funding for children who are Looked After that is allocated in-year.
- ESTIMATED Business Rates funding allocations: these are set to change during the year, including following the conversion of maintained schools to academy status.

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The following factors explain the variances for individual schools and academies on 2016/17 funding levels:

- The explicit reduction of the values of the pupil-led formula variables for the DSG's funding gap, as proposed under Option 3.
- Changes in pupil numbers between the October 2016 and October 2015 censuses.
- Changes in deprivation allocations brought about by the required adjustment of the IDACI bandings for 2017/18, further to the update of the IDACI dataset used in 2016/17.
- The change in the secondary prior attainment factor. At a national level, a higher number of the year 7 cohort have been identified as having low prior attainment due to the new 2016 Key Stage 2 assessments, which assess the new national curriculum. The DfE has used a national weighting to ensure that the cohort of pupils assessed under the 2016 KS2 assessments does not have a disproportionate influence within the overall total.
- Changes in individual setting data, such as Ever 6 FSM, IDACI, mobility, EAL, SEN attainment, as recorded in the October 2016 Census vs. the October 2015 Census. The Minimum Funding Guarantee and the Transitional Ceiling factors a) protect all schools and academies against sharp reductions in per pupil funding brought about by data change and b) cap the extent of gain in schools where the data has changed to substantially increase a school's per pupil funding.
- Reductions in the values of Minimum Funding Guarantee (MFG) protections, or Transitional Ceiling contributions, as the MFG, set at minus 1.5%, allows for further reductions in funding for schools and academies currently on the MFG.
- The application of a 0% ceiling to contribute to the cost of the MFG.
- Newly delegated funding that would be released from the DSG's matched contribution to school improvement has offset some of the reduction to the Base Amount Per Pupil across both phases.
- Changes in the value of Growth Funding, for schools and academies that are expanding in size.
- A reduction in the cost of safeguarded salaries (where these are no longer in place).
- Change in the cost of rates (this has a net neutral impact on a school's / academy's delegated budget).

The Schools Forum will be asked to make final recommendations on the values of formulae factors for 2017/18, using the Pro-Forma for 2017/18 outlined in Appendix 4 as a guide, under agenda item 11.

### High Needs Block – Funding Modelling and Places Setting 2017/18 Academic Year

The modelling in Appendix 3 shows the indicative funding allocations for 2017/18 for High Needs providers where funding is delegated. These indicative calculations are based on the High Needs Funding Model presented to the Forum on 7 December, incorporating the following proposals:

- The proposed 1.5% reduction to Top Up (Plus) values for contributing to the DSG funding gap
- The proposed allocation of places outlined in Document HA Appendix 2
- The new small setting funding factor for resourced provisions attached to mainstream settings (DSP's and Primary Behaviour Centres)
- The adjusted 3% cash budget protection factor; this was set at 1.5% in 2016/17.

As currently, actual allocations will be calculated on a monthly basis during 2017/18, taking account of actual occupancy and the movement of children.

Aside from the overall reduction in funding as a result of the contribution to the DSG affordability gap, the main reasons for variances for individual settings vs. the 2016/17 planned budgets are:

- A change in the number of planned funded places
- Changes in the proportions of children estimated to be funded in each Range (based on occupancy data from October 2016)
- Allocations made from the new small setting funding factor for DSP's and Primary Behaviour Centres.
- The lifting of the cash budget protection to 3% from 1.5%

Primary and secondary schools and academies should also be aware that a 1.5% reduction in the variable values of the SEN Funding Floor calculation is also proposed in the 2017/18 DSG modelling.

### The Early Years Funding Pro-Forma

Appendix 5 shows the composition of the Early Years Single Funding Formula (EYSFF) for 2017/18. The proposed indicative values shown in Appendix 5 produce the EYSFF allocations shown in Appendix 2a for Nursery schools. Appendix 2b shows the indicative variances in the hourly rate for Nursery Classes in maintained schools and academies, and Appendix 2c shows the indicative variances in the hourly rate for individual Private, Voluntary and Independent (PVI) nursery providers. The proposed rates are set with reference to the expected trajectory of the Government's Early Years funding reform, and already incorporate the proposed use of the DfE's Nursery Schools Supplement, which allows for the retention of existing rates

### **Details of the Item for Consideration**

of funding per hour for individual nursery schools. The DfE expects that authorities will continue to fund their nursery schools at their existing rates.

The 2017/18 indicative modelling includes the funding of £300,000 for the Early Years SEN Inclusion budget, which is added to the High Needs Block budget of £300,000 to create a total Inclusion budget of £600,000. The Forum should be aware that the identified total value of funding for Early Years SEN Inclusion (£600,000 budget in 2017/18) is likely to be insufficient going forward. The EYWG will need to consider how the £600,000 is expanded, possibly in 2017/18, but certainly in future years. Delivering additional resources for the SEN Inclusion fund will likely be the priority for any further Early Years Block contribution (and will incur additional spend not help with existing cost pressures).

The 2017/18 indicative allocations are based on maintaining the 2016/17 EYSFF base rates for eligible 3 and 4 year olds, and increasing the rate for eligible 2 year olds to match the Government's 2 year old funding rate, as follows:

- |   |                |
|---|----------------|
| • 2 year olds (all settings)  | £5.20 per hour |
| • 3 / 4 year olds Maintained Nursery Schools                              | £5.70 per hour |
| • 3 / 4 year olds Nursery Classes attached to primary schools / academies | £4.13 per hour |
| • 3 / 4 year olds Private, Voluntary and Independent providers            | £4.62 per hour |

The rates of deprivation funding for individual settings are still to be confirmed, using postcode data taken from the January 2017 Census. However, as required by the DfE, and as previously considered by the Forum, total spending on deprivation will be reduced from 13.2% (in 2016/17) to 10% (in 2017/18) of the total 3 / 4 year old free entitlement budget. This will, in turn, reduce the values of the Deprivation & SEN funding rate for providers and is the most significant driver of funding variances for individual providers in 2017/18. The median average % reduction in overall rates is 6.6% for nursery classes and 3.9% for PVI providers, as shown in Appendix 5. This is also the reason why the setting base rates can be retained at the same values as in 2016/17 even though the total Early Years Block is reducing; £1.4m of spend is being transferred from Deprivation & SEN to base rates as a result of the 10% cap. The Early Years Pupil Premium Grant will continue to be allocated at £302 (£0.53 per hour for children taking up their free entitlement) in 2017/18. In addition, a new Disability Living Allowance allocation is being introduced, at £615 a year for eligible children.

The Schools Forum will be asked to give final approval to the Early Years Pro-Forma for 2017/18, using the draft Pro-forma outlined in Appendix 5 as a guide, under agenda item 11.

### **Implications for the Dedicated Schools Grant (DSG) (if any)**

Yes - the full implications are shown in Document HA.

### **How does this item support the achievement of the District's Education Priorities**

The fair funding of schools and academies across the Bradford District is vital to enable individual schools / academies to achieve their key educational priorities, and to best support the pupils attending Bradford schools and academies. Continuing to use the deprivation, attainment, English as an additional language and mobility factors allows our funding formulae to recognise the varying needs of pupils and schools / academies across the District, and supports one of our key aims, which is to narrow the gap.

### **Recommendations**

**The Forum is asked to note the information provided. This will inform decisions and recommendations to be made under agenda item 11.**

**List of Supporting Appendices / Papers** (where applicable)

- Appendix 1a - Indicative Budget Modelling - Primary Schools and Academies
- Appendix 1b - Indicative Budget Modelling - Secondary Schools and Academies
- Appendix 2a - Indicative Budget Modelling - Nursery Schools
- Appendix 2b - Indicative EYSFF Rate Analysis – Nursery Classes
- Appendix 2c - Indicative EYSFF Rate Analysis - Private, Voluntary & Independent (PVI) providers
- Appendix 3 - Bradford-Located Delegated High Needs Providers - Planned Direct DSG HNB Funding
- Appendix 4: Primary and Secondary Final EFA Pro-forma (draft)
- Appendix 5: Early Years Single Funding Formula (EYSFF) Final Pro-forma (draft)

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