

Schools Funding Formula

Consultation Document

Oxfordshire County Council

Children Services

Consultation ends **5 November 2018**



**OXFORDSHIRE
COUNTY COUNCIL**

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Introduction

1. This is year two of the plan by the Department for Education (DfE) to move to the National Funding Formula. The DfE are allocating the funding for schools to Local Authorities based on the National Funding Formula (NFF). Indicative school budgets have been published using October 2017 census but will be updated for October 2018 data.
2. Funding to schools for 2019-20 will depend on the Local Authority's funding formula model and pupil numbers and pupil characteristics from the October 2018 census.
3. In Autumn 2017, the Local Authority consulted and received support for a 2 year implementation of the National Funding Formula. Although the consultation covered 2019-20, the DfE currently requires the Local Authority to consult annually on Local funding arrangements with the Schools Forum and with all schools. This is required for changes to the funding formula and any transfer from the Schools Block.
4. The Local Authority is seeking views on the Funding Formula for 2019-20.
5. The High Needs Block (HNB) continues to have significant pressures due to increased demand for support for children with Special Education Needs and Disability (SEND). This consultation includes a request for budget support from the Schools Block.
6. Further detail and the consultation questions are contained within the document below. The questions should be answered using the link to the consultation questionnaire provided in the covering email.

Background

7. In 2018-19 the government implemented national funding formulae for the Schools, High Needs and the Central Services Schools Block (CSSB) with local discretion on implementation for 2018-19 and 2019-20.
8. 2018-19 saw the introduction of the national funding formula (NFF). This reform means that for the first time, school funding was distributed to Local Authorities according to a formula based on the individual needs and characteristics of every school in the country. Local Authorities continue to be responsible for distributing money between schools in 2018-19 and 2019-20, and this has been extended to 2020-21 by the Department for Education (DfE).
9. The DfE have published information on the 2018-19 formula factor values chosen by Local Authorities. This showed that many authorities have moved towards the values in the NFF when setting their 2018-19 funding formula. When allowing for the area cost adjustments (ACA) which are applied to relevant factors in the NFF, it shows 73 LAs moved every one of their factor values in their local formulae closer to the NFF, with 41 mirroring the NFF factor

values almost exactly. 62 LAs have set their minimum funding guarantee at 0.5% or above, meaning all schools in that area gained in cash terms compared to 2017-18, and 112 LAs brought in a minimum per pupil funding factor, mirroring its introduction in the NFF.

10. Oxfordshire consulted with all schools and academies and Schools Forum about the 2018-19 funding formula last year. It was agreed to implement the transitional NFF as closely as possible and this was achieved within the overall envelope of funding for 2018-19. 2019-20 will be the second year of the journey to implement the NFF as closely as possible, subject to affordability. The DfE require LAs to consult on the funding formula each year, even where the principles for future years have been previously agreed. Hence Question 1 requests consultees to reaffirm the continuing approach to implement the NFF as closely as possible in 2019-20.
11. The DfE published illustrative allocations for schools and academies for 2019-20. These were based on October 2017 census data. Individual school allocations were made available by the DfE through schools' COLLECT access.
12. In December 2018 the DfE will update the funding available for LAs to implement their funding formulae, based on October 2018 census data (pupil numbers and characteristics). Although many of the funding factors remain unchanged at a national level for 2019-20, the DfE has made changes to the Primary low prior attainment factor value, allowed an optional funding floor factor and changed the way that growth funding is calculated for LAs (using a formulaic approach for 2019-20). The full impact of these changes will not be known until December 2018. In addition, Premises factors continue to be based on actual data.
13. The key changes from the 2018-19 formula are:
 - Local authorities to determine local formulae in 2020 to 2021
 - Funding floor 1% per pupil increase over 2017-18 baselines (planned increase from 0.5%) – treated as new formula factor in 2019-20
 - Minimum per pupil levels increased to £3,500 for primary; £4,800 to Secondary. (Largely already implemented)
 - Gains Cap now 6.09% (i.e. 3% + on 3%)
 - Growth allocated on formulaic basis (not historic)
 - KS3 minimum level for K3 only schools @ £4,600 (Not applicable in Oxfordshire)
 - KS4 minimum level for KS4 only schools @ £5,100 (UTC only)
 - Prior Attainment factor reduced to £1,022 (before ACA is applied)
14. A summary of the formula factors is shown in Appendix 1.

15. Should the growth funding made available to the LA in 2019-20 be insufficient to meet actual requirements, and / or premises costs increase (including the impact of Rates re-evaluations), the LA may experience pressure on the overall level of funding to deliver the NFF. The LA therefore would need to adjust allocations to an affordable level, whilst minimising turbulence. It is therefore proposed that the mechanism used to deliver this is the minimum funding guarantee (MFG)/ related capping and this is set out in consultation Question 2 below.
16. This reflects the guidance from the DfE on the MFG which says this gives “Local Authorities the flexibility to manage affordability in the context of changing pupil characteristics, high needs budget transfers or growth funding top slices”. The MFG value represents the amount by which a school’s budget can change from 2018-19 – A positive value (maximum 0.5%) represents an increase. The capping factor allows schools with gains to keep the gains below the capping factor. The DfE determine that the MFG must be in the range of negative 1.5% to positive 0.5%. A MFG of positive 0.5% aligns with the NFF. It is proposed to set the MFG as closely as possible to 0.5%, subject to affordability.
17. This document sets out proposals for the Local Authority formula and seeks the views from all schools including academies and free schools. It also seeks views on funding for the High Needs Block.
18. Consultation responses will be collated for the School Forum meeting on 7th November and used to inform the funding formula for 2019-20.

Consultation Questions

Note Question 1 refers to your establishment

Question 2

Given that the LA implemented the NFF as closely as possible in 2018-19, do you reaffirm this continuing approach for 2019-20?

Yes No If No, why?

There is also a free text box so that consultees can provide details of any alternative suggestions with regard to the formula.

Question 3

Subject to affordability, do you support setting the MFG as closely as possible to +0.5%?

Yes No

Question 4

Given that the LA is in the second year of implementing the NFF as closely as possible, do you agree to the use of the MFG /related capping as the mechanism to adjust allocations to an affordable level if required?

Yes No If No, suggest alternative

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19. Responses to this consultation will be collated and discussed at the School Forum meeting on 7th November 2018. School budgets will then follow the usual timetable as set out below:

Timetable

Date	Task
	Consultation on Schools Funding Formula
7 th November 2018	Schools Forum – discussion on the feedback from consultation and the Funding Formula to be adopted; decision on 0.5% transfer between blocks
Approximately 20 th December 2018	DfE issues DSG funding allocations and APT
14 th January 2019	Schools Funding model presented to Schools Forum
16 th January 2019	County Council Cabinet Member Delegated decision to agree School Formula
21 st January 2019	Deadline to submit APT (formula) to DfE
February 2019	Budgets issued to schools

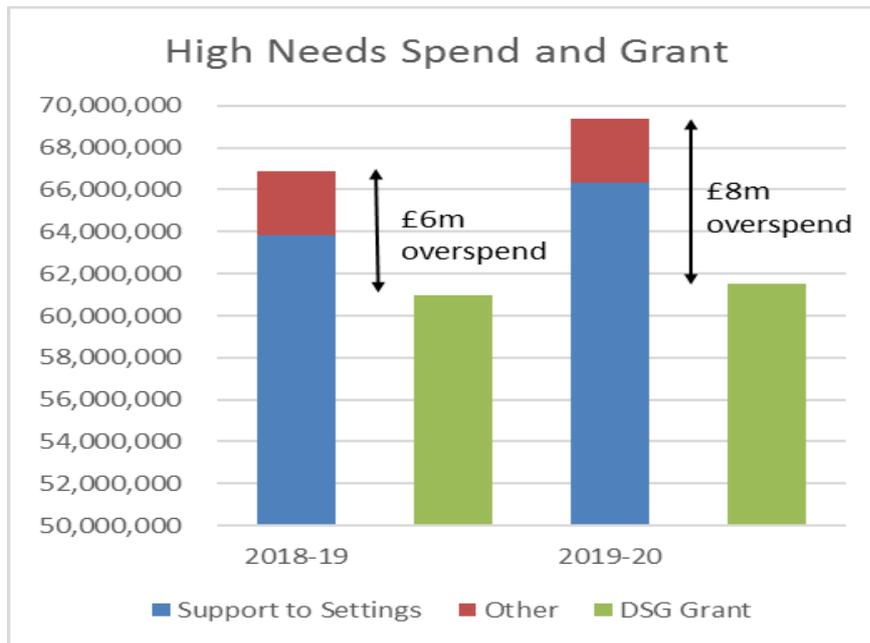
High Needs Block

20. Dedicated School Grant (DSG) to Local Authorities is allocated in blocks. There are blocks of funding for Early Years, Schools, High Needs and Central School Services. The blocks are ringfenced for 2019-20 (meaning funding can only be spent on the services/provisions covered by the blocks).
21. However, the DfE guidance allows for some transfer between blocks as stated below:
 - The Schools Block will be ring-fenced in 2019 to 2020, but local authorities will retain limited flexibility to transfer up to 0.5% of their Schools Block funding into another block, with the approval of their schools forum.
 - To make such a transfer, local authorities should consult with all local maintained schools and academies and the schools forum should take into account the views of the schools responding before giving their approval.
22. This consultation asks whether you wish to support a transfer to the High Needs Block and further explanation is provided below.
23. A transfer of 0.5% would be £1.8m which equates to about £22 per pupil (based on October 2017 census data).

Background

24. The Dedicated Schools Grant High Needs Block (HNB) consists of all funding for education provision for high needs learners from age 2 to 25. This includes expenditure on alternative provision for those children who have been excluded from mainstream education.
25. The current High Needs funding is £61m. The detail of how this is currently spent is included in Table 1 below. The table shows that demand for the services provided under the High Needs block is expected to cost £67m in the current year and this exceeds the available funding by £6m.
26. In 2019-20, spending is expected to increase to £69.5m, an increase of £2.5m compared to an increase in funding of £0.5m, causing an overspend of £8m.

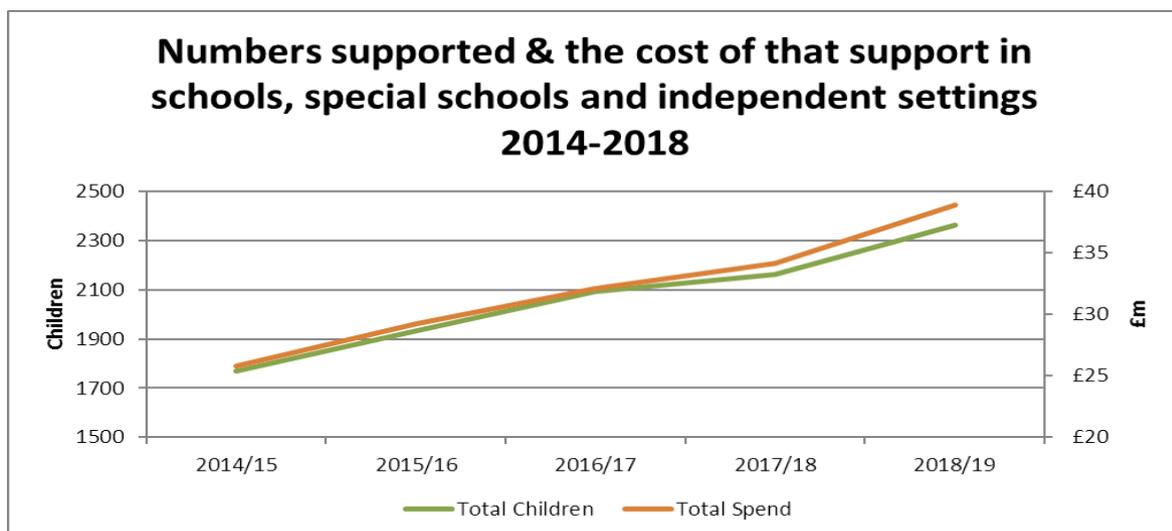
27. Graph 1: High Needs spend in 2018-19 and 2019-20



28. In summary, £54m or 82% is spent supporting children in settings where Oxfordshire allocates the funding. A further £9.6m is recouped by the ESFA from the Local Authority for academies and is spent directly by them to fund special and alternative provision places within Oxfordshire.

29. Support to settings includes expenditure on high needs learners in early years settings, in primary schools, secondary schools, special schools, independent schools, hospital school, resource bases, alternative provision and in colleges.

30. Graph 2: Increase in the numbers supported and the cost of support since 2014/15



31. The graph above demonstrates the increased spend on High Needs provision and the increased numbers supported.
32. The increased spend is caused by rising demand, rising need and rising expectations alongside continued and sustained pressure on resources.
33. With increasing demand in all settings, particularly for Special school and independent school places, the high needs block is overspending.
34. The number of places supported within school settings is shown in the table below. This demonstrates growth in all settings in terms of numbers supported of 22% since 2014-15 and an increase in cost of 33% over the same timeframe. Funding for High Needs is formula driven with 43% based on historic spend (as measured before 2012) and 28% on population. The population of Oxfordshire grows at approximately 2% but the increase in the number of High Needs learners is growing at 22%. There is therefore an increasing gap between funding and spend.

Table 1: Increase in number of children supported and increase in cost

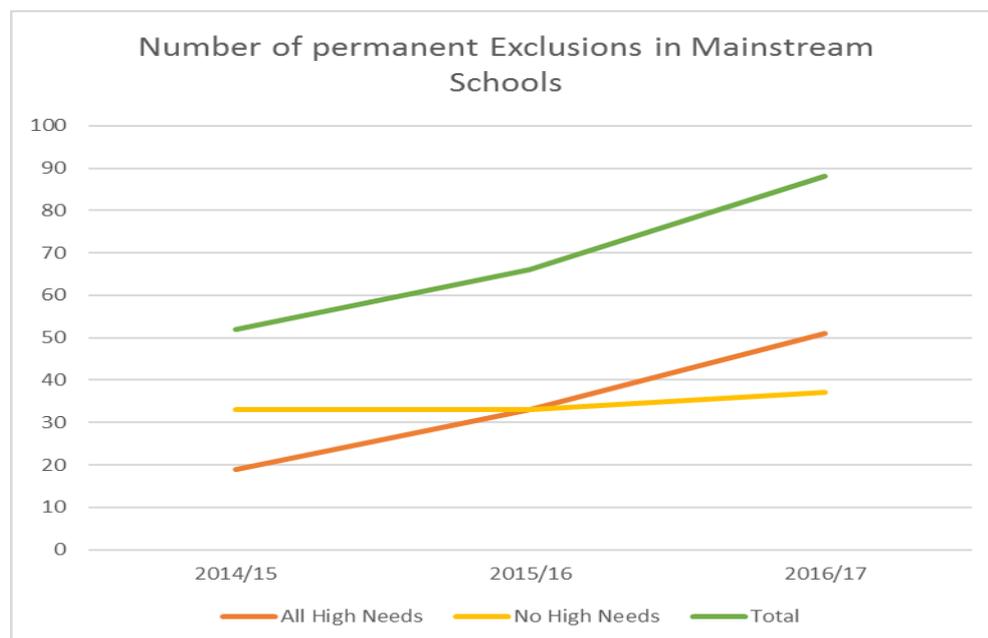
	Number of Children supported					Increase since 2014-15	
	2014/15	2015/16	2016/17	2017/18	2018/19	2017-18 %	2018-19 %
Independent Schools	150	203	226	235	289	57%	42%
Primary Schools	718	794	886	905	950	26%	20%
Special Schools	902	937	982	1,021	1,124	13%	20%
Total Children	1,770	1,934	2,094	2,161	2,363	22%	22%
	Cost of support in £m						
Independent Schools	7	8	9	11	13	60%	64%
Primary Schools	3	4	4	4	4	48%	19%
Special Schools	16	18	19	19	21	18%	22%
Total Spend	26	29	32	34	39	32%	33%

Excludes Secondary schools as this is subject to specific formula allocations.

Exclusions

35. Over the same timeframe, there has been a marked increase in the number of pupils excluded leading to the need to find and fund alternative education. Graph 3 demonstrates the rise in number of exclusions for High Need Learners, 168% increase over the period 2014-15 to 2016-17 compared to pupils with no additional needs increasing by only 12% in the same period.

Graph 3: Exclusions



36. Given these demands on the service, the overspend is projected to increase to £8m in 2019-20.
37. Further information on the funding formula for High Needs can be found by accessing the DfE website.

Managing High Needs expenditure

38. To manage High Needs expenditure, the Local Authority has already supported new initiatives, has increased places at special schools and opened new resource bases. In addition, through the High Needs Review, Oxfordshire will:
- **Address the increasing overspend** across the High Need Block
 - **Ensure sufficient supply** of SEND provision through expansion of resource bases and increased special school places
 - **Reduce demand** for independent and non-maintained specialist placements by building new special schools.
 - **Improve the internal processes** and systems supporting the statutory assessment process, which determine the majority of High Needs Block spend.
 - **Deliver the recommendations in the Written Statement of Action**
39. These work streams will help to deliver support more effectively but they will not reduce spend in the foreseeable future as High Needs learners are already in the “system” and some will continue in education until the age of 25.
40. The support from schools is therefore sought to continue investment in service provision for High Need learners. The Local Authority has plans to implement

changes in provision to manage the High Needs Block within budget from April 2021, but this will depend on the rate of growth in the number of High Need learners supported and the grant allocated.

Question 5

- a) Do you support a transfer of funding from the School Block to the High Needs Block for 2019-20?
- b) If No, then please let us know what other options you consider appropriate to help manage the High Needs overspend in 2019-20?

Question 6

- a) If you support a transfer, please indicate the amount

<input type="checkbox"/>	£0.5m (0.14%)
<input type="checkbox"/>	£1.0m (0.28%)
<input type="checkbox"/>	£1.80m (0.5%)

- b) If you have indicated a lower figure than the £1.8m transfer proposed, please clarify why you are supporting a lesser amount.

Thank you for participating in the consultation. Your views will be taken forward to Schools Forum on November 7th 2018.

If you have any questions or concerns regarding this consultation, please email SchoolFunding.review@Oxfordshire.gov.uk

Annex 1: Summary of NFF Factors in 2018-19 and 2019-20

Funding Factors	NFF Primary	NFF Secondary	NFF Primary	NFF Secondary	NFF Primary	NFF Secondary	NFF Primary	NFF Secondary
	Unit Value	Unit Value	Unit Value	Unit Value	Unit Value	Unit Value	Unit Value	Unit Value
	2018-19	2018-19	2018-19	2018-19	2019-20	2019-20	2019-20	2019-20
	Excluding Area Cost Adjustment (ACA)	Excluding ACA	Including ACA for Oxfordshire where applicable	Including ACA for Oxfordshire where applicable	Excluding ACA	Excluding ACA	Including ACA for Oxfordshire where applicable	Including ACA for Oxfordshire where applicable
Funded in full 2018-19								
Area Cost Adjustment (ACA) – A multiplier that is applied to basic per pupil, additional needs and formula element of school led funding - ACA for Oxfordshire= 1.02176			1.02176	1.02176			1.02176	1.02176
1. Basic per-pupil funding								
Age Weighted Pupil Unit (AWPU) - Basic Entitlement – Primary	£2,746.99		£2,806.76		£2,746.99		£2,806.76	
Age Weighted Pupil Unit (AWPU) - Basic Entitlement – Secondary KS3		£3,862.65		£3,946.70		£3,862.65		£3,946.70
Age Weighted Pupil Unit (AWPU) - Basic Entitlement – Secondary KS4		£4,385.81		£4,481.25		£4,385.81		£4,481.25
2. Deprivation								
Free School Meal eligibility	£440	£440	£449.57	£449.57	£440	£440	£449.57	£449.57
Ever6 FSM	£540	£785	£551.75	£802.08	£540	£785	£551.75	£802.08
Targeted Deprivation – IDACI Band F	£200	£290	£204.35	£296.31	£200	£290	£204.35	£296.31
Targeted Deprivation – IDACI Band E	£240	£390	£245.22	£398.49	£240	£390	£245.22	£398.49
Targeted Deprivation – IDACI Band D	£360	£515	£367.83	£526.21	£360	£515	£367.83	£526.21
Targeted Deprivation – IDACI Band C	£390	£560	£398.49	£572.19	£390	£560	£398.49	£572.19
Targeted Deprivation – IDACI Band B	£420	£600	£429.14	£613.06	£420	£600	£429.14	£613.06
Targeted Deprivation – IDACI Band A	£575	£810	£587.51	£827.63	£575	£810	£587.51	£827.63
3. Low Prior Attainment	£1,050	£1,550	£1,072.85	£1,583.73	£1,022	£1,550	£1,044.24	£1,583.73
4. Looked-after children	Not a NFF Factor							
5. English as an additional Language (EAL)	£515	£1,385	£526.21	£1,415.14	£515	£1,385	£526.21	£1,415.14
6. Pupil Mobility - Historic as 17-18 (ACA not applicable)	£639.65	£0	£639.65	£0.00	£639.65	£0	£639.65	£0.00
7. Sparsity	£25,000	£65,000	£25,544.00	£66,414.40	£25,000	£65,000	£25,544.00	£66,414.40
8. Lump sum	£110,000	£110,000	£112,393.60	£112,393.60	£110,000	£110,000	£112,393.60	£112,393.60
9. Split Sites - As Local (ACA not applicable)	Allowable under NFF in 2018-19 / 2019-20 - Related to 2 establishments in 2018-19							
10. Rates	ACA not applicable					ACA not applicable		
11. PFI	Not applicable to Oxfordshire							
12. London fringe	Not applicable to Oxfordshire							
13. Exceptional Premises factors	Exceptional Rents - 5 schools met criteria in 2018-19 - Based on actuals (ACA not applicable)							
14. Minimum Level of per pupil funding	£3,300 18-19	£4,600 18-19	£3,300 18-19	£4,600 18-19				
	£3,500 19-20	£4,800 19-20	£3,500 19-20	£4,800 19-20	£3,500	£4,800	£3,500	£4,800
	- KS3 only schools (2019-20)					£4,600		£4,600
- KS4 only schools (2019-20)						£5,100		£5,100
15. Funding floor factor	Optional in 2019-20							
Notes:								
Changes to NFF factors for 2019-20								
Growth – A total of £660,000 transferred to Growth fund in 2018-19 re explicit growth								