

# **Fair Funding Consultation 2018/19**

DOCUMENTS ENCLOSED: Consultation on Proposed Changes to the Fair Funding Scheme of Delegation and Formula (including a Response Form)

# Consultation on Proposed Changes to the Coventry Fair Funding Formula and Fair Funding Scheme of Delegation

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## **1 Purpose of Consultation**

- 1.1 Under Section 48 of the School Standards and Framework Act 1998, Local Authorities (LAs) are required to have schemes of delegation which set the financial controls and arrangements that will operate between schools, nursery providers, and the LA.
- 1.2 Any proposed revisions to these schemes and/or the Fair Funding Formula<sup>1</sup> must be the subject of consultation and require approval by the Schools Forum.
- 1.3 **The purpose of this document is to seek your views on proposed changes to the Fair Funding Scheme of Delegation and the fair funding formula from April 2018. It also provides information in relation to funding changes and/or issues affecting funding in 2018/19.**
- 1.4 After the consultation period, the Director of Finance & Corporate Services and the Director of Education, Libraries & Adult Learning will make recommendations to Cabinet in early January 2017 and the LA will submit the Authority Pro-forma Tool to the ESFA later that month.
- 1.5 It is important that you respond to the Consultation, as responses are taken into consideration in the report to Cabinet and Schools Forum.
- 1.6 A summary of responses will be made available to Cabinet Members, and all relevant stakeholders.
- 1.7 **The closing date for responses to the consultation is Friday 1<sup>st</sup> December 2017.** It will not be possible to take account of responses after this date. Please send responses to [lisa.thomas@coventry.gov.uk](mailto:lisa.thomas@coventry.gov.uk)
- 1.8 If you have any queries regarding the proposals, please contact Christopher Whiteley, Lead Accountant – Schools Finance on 024 7683 2665 or email [christoper.whiteley@coventry.gov.uk](mailto:christoper.whiteley@coventry.gov.uk).

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<sup>1</sup> The Fair Funding Formula is used to fund maintained schools, and calculate DSG recoupment from LA for academies. The EFA mirror the LA Funding formula to fund academies.

## 2 Executive Summary

### 2.1 Background

- 2.1.1 Over the last month the Department for Education (DFE) published a series of operational guides and technical notes for schools and high needs funding. The “Schools Revenue Funding Operational Guide<sup>2</sup>” and “High Needs Revenue Funding Operational Guide<sup>3</sup>” set out the funding arrangements for 2017/18.
- 2.1.2 This year the DFE has also published its National Funding Formula<sup>4</sup>(NFF) policies for the Schools Block, High Needs Block and Central Schools Services Block (new). These policies set out the composition of the formulas, including timings and transition arrangements over the next two years.
- 2.1.3 This NFF information has only very recently been published and local authorities are still analysing and understanding the change this presents. High level information relating to the National Funding Formulas has been included in relevant sections within this document; we welcome your views and general comments regarding these points. Detailed modelling is taking place on the impact of these changes and this will be shared in detail with the Schools Forum.
- 2.1.4 The table below identifies which proposals potentially have a direct effect on each sector from the start of the 2018/19 financial year.

<b>Proposal</b>	<b>Nursery</b>	<b>Primary</b>	<b>Secondary</b>	<b>Special</b>	<b>FE</b>
1	No	Yes	Yes	No	No
2	No	Yes	Yes	No	No
3	No	Yes	Yes	No	No
4	No	No	No	Yes	Yes
5	Yes	No	No	No	No
6	No	Yes	Yes	Yes	No

### 2.2 Brief Description of Proposals

#### 2.2.1 Proposal 1: Fair Funding Formula options

A decision exists for 2018/19 as to whether Coventry continues to run the local funding formula in its existing form or whether the formula should be modified to move towards the position set out under the National Funding Formula. This proposal in [section 4](#) requests that schools state their preference for Option 1 or Option 2.

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<sup>2</sup> <https://www.gov.uk/guidance/pre-16-schools-funding-guidance-for-2018-to-2019>

<sup>3</sup> <https://www.gov.uk/government/publications/high-needs-funding-arrangements-2018-to-2019>

<sup>4</sup> <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

## 2.2.2 Proposal 2: De-Delegated Services

De-delegated services must be approved annually. We will be seeking approval at School Forum in autumn 2017 in relation to 2018-19 de-delegated services. This proposal in [section 5](#) sets out the information we will be sharing with the Schools Forum.

## 2.2.3 Proposal 3: Minimum Funding Guarantee approach

The Local Authority is now able to set the level of the Minimum Funding Guarantee (MFG) protection for schools in 2018/19, although the appropriate level will be heavily influenced by decisions on proposal 1. This proposal in [section 6](#) requests approval to apply for a series of exemptions to the MFG.

## 2.2.4 Proposal 4: Commissioned High Needs Places

[Section 9](#) discusses the SEND demand mapping work that has taken place over the last several months, requests that ongoing funding is agreed to support the full year effect of 18 additional special school places commissioned in 17/18, and references the current provision pressure and commissioned places review in the Further Education sector.

## 2.2.5 Proposal 5: Early Years National Funding Formula

[Section 10](#) concerns the outcome of a review into the current Early Years Single Funding Formula and proposes that no changes are made to the operation of this formula.

## 2.2.6 Proposal 5: Fair Funding Scheme of Delegation changes

[Section 11](#) covers some minor changes that are being made to the Fair Funding Scheme of delegation to add additional detail and amend some incorrect references to other sections within the document.

## 2.3 Consultation Response

Please respond to this consultation using the consultation response form that you will find at [appendix A](#). This can be returned electronically or by post using the details at the top of the response form.

### **3 Dedicated Schools Grant (DSG) Budget Implications**

#### **3.1 Context**

3.1.1 This section is to provide early, high-level information to schools and other stakeholders on the emerging issues that will affect budget levels and financial positions in 2018/19 and beyond. Due to some of the late nature of national policy development, this will progress further as we work on the DSG budget setting process between now and March 2018. Stakeholders should refer to Schools Forum papers, and relevant head teacher briefings, for further developments during that time.

#### **3.2 Cost Pressures**

##### **Pay Inflation**

3.2.1 There has not been any confirmation of an officers' pay award from April 2018, we are assuming an additional 1% in line with previous increases.

3.2.2 Teacher's pay increased by 1% as of September 2017 with 2% increases for some points within the Teachers Main Scale (TMS). There is no confirmation of the pay award for September 2018, however we are again assuming an additional 1% in line with previous years.

##### **Pensions**

3.2.3 The level of employer superannuation contribution for officers increased by 3.4% in April 2017 following a scheme review by the West Midlands pension fund. The superannuation rate is now at 27.3% and we do not anticipate that this will change prior to April 2020.

3.2.4 Increases in non-teaching staff employer pension contributions for academies and free schools will be dependent on the schemes employees are in, and the scheme review date.

3.2.5 There are no planned increases to the employer superannuation contribution for teachers in 2018-19.

##### **Inflation**

3.2.6 The largest part of a school's expenditure is staffing, so changes within that area of expenditure are by far the most significant, however the general inflation level will also affect other areas of expenditure within schools. For your information please note that the Retail Price Index (RPI) and the Consumer Price Index (CPI) inflation measures are currently running at 3.9% (Aug) and 2.9% (Aug) respectively. We normally reflect changes in the DSG budget setting process for energy only.

### 3.3 Pupil Premium Grant

- 3.3.1 The Government has announced an increase in the Pupil Premium Plus (for Looked After Children); up £400 to £2,300 per pupil. This funding is paid to and managed by the Local Authority 'Virtual School'.
- 3.3.2 There have now not been any significant increases in the main Pupil Premium Grant rates paid to schools since 2014/15 and although the rates for 2018/19 have not yet been announced, we are not aware of any proposed increases in those rates.

## **4 Schools Block National Funding Formula**

*The below is a high level summary of the impact of the National Funding Formula on Coventry's Dedicated Schools Grant allocation, and an indication of how these changes may impact on schools.*

### **4.1 The Schools Block National Funding Formula**

- 4.1.1 The school and education funding system is funded from the dedicated schools grant (DSG), which is a ring-fenced grant. In 2017/18 the total amount of grant for Coventry is £288M, and this is spent across 3 blocks/areas: Early Years, Schools and High Needs (including special school provision). The majority of the resource funds provision (including all schools) for children and pupils across the city.
- 4.1.2 The government is planning to introduce a new "National Funding Formula" (NFF) for school funding from April 2018. This has been the subject of a consultation, which ended in March, and the outcomes and arrangements for 2018/19 and 2019/20 have now been published.
- 4.1.3 The government's stated intention is to introduce a funding formula that addresses the long-standing inequalities in school funding that have existed for many years. Unfortunately the impact of the full National Funding Formula will be to reduce the money available to schools in Coventry over the longer term.
- 4.1.4 Based on the original consultation proposals, if the national funding formula had been implemented for the 2016/17 financial year all schools in Coventry (except for 4 Primary schools) would have received less funding. The majority would have seen up to a 1.5% per pupil funding reduction in 2018/19 rising to up to 2.9% in 2019/20. These reductions would be higher if national funding protection arrangements had not been put in place.
- 4.1.5 The changes that the government have made between consultation and publication of outcomes are largely in relation the provision of additional protection of £1.3bn nationally for the 2 year period. This additional resource is largely funding the protection arrangements by raising the funding floor. This means that all schools see a 0.5% per pupil funding increase in 2018/19 rising to 1.0% per pupil funding increase in 2019/20 from a 2017/18 funding allocation baseline. Other changes include the introduction of minimum pupil funding levels, and some tweaks to the unit rates for pupil numbers and deprivation factors.
- 4.1.6 It is not clear what the funding protection arrangements will be post 2019/20. In 2019/20 the cost of the funding protection arrangements are estimated to be £12M in Coventry. This indicates that schools in Coventry could suffer further funding loss after 2019/20, subject to future funding protection arrangements.

- 4.1.7 The Government have implemented a 'soft' funding formula for the 18/19 and 19/20 financial year. This means that the NFF will be ran for each school, and then the total of the Coventry schools' allocations will become the schools block DSG for Coventry. We will then need to go through the usual budget setting process, and run the local funding formula and minimum funding guarantee for schools in Coventry. This informs maintained schools budgets, and the amount that is recouped from the local authority for academy budgets.
- 4.1.8 The 0.5% funding floor has been applied to pupil-led funding only. Premises factors (rates), pupil mobility factor, and the growth fund (which includes funding for infant class size, free schools funding for estimates, in-year admissions) will all be allocated on an historic basis. Dependent on to what degree these costs in 18/19 (and 19/20) are more or less than the 17/18 historic allocation will impact on whether we are able to afford the pupil-led funding increases of 0.5% as set out in the nationally published school-level allocations.
- 4.1.9 The minimum funding guarantee (MFG) which we currently apply to ensure schools budgets are protected against previous levels, has been set by the DfE at -1.5% per pupil for a number of years. In 18/19 and 19/20 the LA has been given flexibility to set this between -1.5% and 0% subject to affordability. The LA also has the potential to apply to the DfE to vary this up to +0.5% (subject to approval). See [section 7](#) for further details.
- 4.1.10 The October-17 census will inform the level of funding required for some of the factors discussed in paragraph 4.1.8, and we will therefore not be able to fully understand the financial implications of the National Funding Formula and affordability of Coventry's funding formula until we have the finalised October 17 census data. We will be working with the Schools Forum, in consultation with Headteacher Partnerships, to understand the financial models available and implement the appropriate formula changes to deliver school funding allocations for 18/19.

## 5 Proposal 1 – Fair Funding Formula options

A decision exists for 2018/19 as to whether Coventry continues to run the local funding formula in its existing form or whether the formula should be modified to move towards the position set out under the National Funding Formula. This proposal requests that schools state their preferred option.

### 5.1 Background

5.1.1 The introduction of the National Funding Formula for Local Authorities (as detailed in [section 4](#)) has set a level of expectation amongst schools that there will be a minimum 0.5% increase in school funding in 2018/19. These NFF allocations would not be delivered through the existing local funding formula that is used to calculate budget shares. We therefore have a choice as to whether we continue to run the existing local formula, or change the operation of the formula to move towards the NFF position.

5.1.2 The following are the high level options that we will consider for running the 2018/19 budget shares, including an indication of the likely impact of these options. In effect the choice will come down to how closely we feel that Coventry's local funding formula should move to reflect the National Funding Formula position.

### 5.2 Option 1

5.2.1 Move towards the National Funding Formula (NFF) allocations as closely as possible (subject to affordability).

5.2.2 In order to mirror the NFF as closely as possible the LA would need to set a Minimum Funding Guarantee (MFG) protection level of +0.5% per pupil, and also utilise a series of exemptions to the MFG protection mechanism – please refer to [section 7](#).

5.2.3 The financial impact of option 1 would be that all schools should see a per pupil increase in funding between 17/18 & 18/19. [See appendix B](#).

### 5.3 Option 2

5.3.1 Continue to operate the local funding formula on the same basis as in 2017/18 (including MFG protection of -1.5% per pupil), distributing any additional resource proportionately across the existing formula factors.

5.3.2 This will mean that schools see a differential funding impact, with some schools seeing a decrease in funding per pupil between 17/18 and 18/19, and others seeing an increase. [See appendix B](#).

### 5.4 Consultation

*Please state your preference for option 1 or option 2 and feedback comments. (Please respond on the Consultation Response Form - [Appendix A](#))*

## 6 Proposal 2 – De-delegated Services

*Some centrally provided services now have to be allocated through the formula but can be de-delegated for maintained primary and secondary schools via local agreement. This Proposal highlights the 2018/19 position that will need to be agreed by Schools Forum.*

### 6.1 Background

- 6.1.1 The budgets for a number of centrally provided services have to be allocated through formula but can be de-delegated for maintained primary and secondary schools. This means that maintained schools can choose to pool resources to continue delivery of a service. Academies are not able to opt into this, but can choose to buy back into the services if offered.
- 6.1.2 In 2017/18 Primary maintained schools opted to pool resources for most of the de-delegated services offered. Trade Union facility and Learning & Behaviour Support was not de-delegated by secondaries.
- 6.1.3 Licences and Subscriptions are funded via a national top-slice for all schools and not part of de-delegation.

### 6.2 Proposed way forward

- 6.2.1 The pooling arrangements continue to be available in 2017/18 and must be approved by School Forum with Primary and Secondary member representatives deciding for their own phases.
- 6.2.2 We will be seeking approval from the School Forum in the autumn in relation to de-delegated services. The table below shows the values approved for de-delegation in 2017/18. (These figures are subject to in-year change, where LA maintained schools convert to academies). Phases can also opt to de-delegate resources for services previously delegated.

<b>2017/18 De-delegated Amounts</b>			
	<b>Primary</b>	<b>Secondary</b>	<b>Total</b>
Free school meal eligibility	17,273	2,402	19,674
Licences/subscriptions	0	0	0
Maternity	289,890	48,836	338,727
Trade Union facility	159,215	0	159,215
ESG Transition Grant shortfall*	130,508	19,388	149,896
MGSS (new arrivals fund)	324,199	30,157	354,356
Behaviour support services	103,211	0	103,211
<b>Total</b>	<b>1,024,297</b>	<b>100,782</b>	<b>1,125,079</b>

\*The ESG Transition Grant shortfall fund was approved for 17/18 only.

- 6.2.3 The Maternity service has significantly overspent for the last couple of years and is now being reviewed. In order to ensure the service does

not operate at a loss it is anticipated that the level of de-delegation will need to increase to double its current value, resulting in school contributions of ca. £24 per pupil. Should the Schools Forum decide not to vote for continued de-delegation the service will cease from April 2018 and schools will need to look externally if they continue to require maternity cover.

6.2.4 The Behaviour Support Services will no longer be subject to a de-delegation request. Following the Education Services Review in 2017/18 this service is now fully traded, with schools and academies able to buy-in to receive this service.

6.2.5 The Local Authority wishes to continue the operation of the Coventry Education Improvement Strategy commissioning pot (formerly part-funded by ESG) into 2018/19 for all schools. If agreed, the funding for this pot will be given to all Coventry schools in addition to their usual budget share funding; this would be one-off funding from reserves. The expectation would be that this same level of funding would then be passed back to the commissioning pot, with maintained schools de-delegating, and academies contributing on an individual basis.

### 6.3 Consultation

*Please feedback general comments on de-delegated services. We will report overall response at the Schools Forum (SF) meeting. Schools can also make representation to their SF representative ahead of the November meeting. (Please respond on the Consultation Response Form - [Appendix A](#))*

## **7 Proposal 3 – Minimum Funding Guarantee approach**

The Local Authority is now able to set the level of the Minimum Funding Guarantee (MFG) protection for schools in 2018/19, although the appropriate MFG level will be heavily influenced by decisions on proposal 1. This proposal requests approval to apply for a series of exemptions to the MFG.

### 7.1 Background

7.1.1 The Minimum Funding Guarantee (MFG) is a protection mechanism which protects school formula funding, so that schools cannot lose more than a set percentage of their funding (on a per pupil basis) between one year and the next.

7.1.2 Since the 2013/14 School Funding Reform the MFG protection % has been set at negative 1.5%; meaning schools could not lose more than 1.5% of their like for like funding between years. For 2018/19 LAs have a degree of flexibility to set the MFG% within a range of negative 1.5% up to +0.5% (subject to DFE approval).

7.1.3 The decision on the level of MFG protection for 2018/19 is closely linked to how far we intend to mirror the NFF (see proposal 1), as an MFG of +0.5% would be required to mimic the funding floor protection used to support schools who would lose under the NFF.

7.1.4 Despite the NFF announcements and shadow school allocations published by the Department for Education (DFE), the LA is required to operate its local funding formula within a strict legal framework which does not allow the flexibility to simply allocate funding to schools at the NFF level or to set a 0.5% MFG level. In order to allow flexibility for the local formula to move closely towards the NFF level a series of formula and MFG exemptions would be required.

### 7.2 Proposed way forward

7.2.1 In order to give us the ability to mirror the NFF (option 1, proposal 1) as closely as possible the LA intends to apply to the DFE for a series of technical exemptions (disapplications) to the formula and minimum funding guarantee (MFG) protection mechanism. These exemptions cover:

- Removing premises factors from the calculation of the minimum per pupil funding levels.
- Removing premises and mobility factors from the calculation of the MFG
- Allow the MFG protection % to be set at up to +0.5% per pupil.

- Adjusting the 2017-18 baselines for the 5 schools with Enhanced Resource Provisions (ERPs) to reflect the transfer of element 1 high needs funding for ERP pupils into the schools' budget.

7.2.2 It should also be noted that, our ability to set an MFG of +0.5% will depend on the overall affordability of the funding formula and particularly the impact of potential pressures e.g. historic funding for growth and premises costs.

7.2.3 We will go through the various exemptions in detail with the funding sub-group so that they are able to make recommendations back to the Schools Forum.

### 7.3 Financial Impact

7.3.1 As outlined above, and in proposal 1, if the decision is to move towards the NFF, these disapplications will allow the local funding formula to closely mirror the NFF allocations; the financial impact of this is that every school should receive a per pupil increase in funding between 2017/18 and 2018/19.

7.3.2 If the decision is not to move towards the NFF, these disapplications will not be used; the financial impact of this is that some schools will see per pupils losses in 2018/19 compared with 2017/18, whilst some other schools will see gains.

### 7.4 Further disapplication request relating to proposal 2

7.4.1 As detailed in proposal 2, one-off reserve funding may be delegated to schools at the level of resource required to contribute to the school improvement provision.

7.4.2 An MFG exemption is needed in order to allow this one-off reserve funding to be delegated to schools at the same level per pupil, as the operation of the MFG would currently act to redistribute the funding based on changes in overall school level funding. Not having this exemption would result in some schools being delegated more one-off funding than they are required to contribute to the school improvement provision, whilst others would receive less than required.

### 7.5 Consultation

*Please state your view on approving the disapplications necessary to allow the local funding formula to closely mirror the National Funding Formula allocations. Please also state your view on approving the disapplication in relation to one-off reserve funding.*

*(Please respond on the Consultation Response Form - [Appendix A](#))*

## **8 High Needs Block National Funding Formula**

*The below is a high level summary of the impact of the High Needs National Funding Formula on Coventry and the provision pressures facing the sector.*

- 8.1 The national distribution of the High Needs block element of the DSG has been on an historic basis for a number of years. With some small additional allocations being distributed to all LAs using a formulaic distribution during the last few years. From April 2018 the high needs block will be distributed to Local Authorities on a formulaic basis taking into account commissioned places, total population, deprivation factors and other health related factors. There will also be a substantial amount of the allocation that is based on historic spend levels to ensure stability.
- 8.2 For Coventry, this means the High Needs block would increase by approximately £1.4M by 18/19 rising to £2.4M by 19/20. The published financial implications for the high needs block do not show the impact past 19/20 for gaining local authorities. However, based on the proposed national formula we anticipate a further £1.6M increase on the high needs block. This would be subject to decisions at future spending reviews. This is separate to the schools national funding formula.
- 8.3 We have been undertaking an SEND Demand mapping exercise across Coventry due to significant provision pressures that have been highlighted across the sector. The early indications of this work is that we need to increase SEND provision and it is likely that the majority of additional resource will be required to fund additional provision across the special educational need sector across all age groups. This is discussed further in the next chapter.

## 9 Proposal 4 – Commissioned High Needs Places

*This proposal discusses the SEND demand mapping work that has taken place over the last several months, requests that ongoing funding is agreed to support the full year effect of 18 additional special school places commissioned in 17/18, and references the current provision pressure and commissioned places review in the Further Education sector.*

### 9.1 Background

9.1.1 High Needs places for Coventry pupils are commissioned by the LA directly with providers. The costs of these placements are funded from the High Needs element of the Dedicated Schools grant (DSG).

9.1.2 The DFE defines high needs pupils and students as those requiring education provision costing more than £10,000 per year. Under the place-plus approach, high needs funding in special schools comprises the following two elements.

**Place funding;** this is the first £10,000 of the placement cost. Once a place is commissioned this funding is guaranteed to the provider.

**Top-up funding;** this is to cover the additional costs above the place funding. The top-up rate is agreed with the provider for a whole financial year, with funding transfer based on the number of days that a place is occupied.

9.1.3 Coventry currently commissions high needs places at a number of education providers:

Education Provider Type	No. commissioned places
Special Schools	901
Further Education Colleges	309
Alternative Provision	115
Enhanced Resource Provisions	43
Mainstream Schools	10
Other 'Out of City' providers	47

### 9.2 Proposed way forward

9.2.1 In order to identify future SEND provision requirements the Local Authority has carried out a Demand Mapping exercise during summer 2017 looking at future trends in the numbers of pupils with SEND as

well as the type and severity of need. The full detail of this work is still being analysed and will lead to the development of a future SEND commissioning strategy. As this work develops it will be discussed in detail with Head Teacher groups and with the Schools Forum.

9.2.2 **For 2018/19:** The LA commissioned an additional 18 high needs places in 2017/18 from Tiverton Special School with effect from September 2017, bringing its total number of commissioned places to 60. Part year funding was allocated in 2017/18, and ongoing funding now needs to be agreed to support the increased number of places into 2018/19.

9.2.3 There is a significant national pressure on high needs places in the Further Education (FE) sector, this is also being felt in Coventry where there is a significant overspend predicted in 2017/18. In light of this provision pressure, the number of places commissioned at local FE colleges is being analysed in order to inform commissioning decisions for 2018/19.

9.2.4 The LA is now also responsible for commissioning places at local Further Education colleges on behalf of other local authorities that wish to place pupils. This will influence the total number of high needs places that are commissioned at these institutions.

### 9.3 Financial Impact

9.3.1 The financial impact of the developing SEND strategy cannot be determined ahead of its completion. Any increase in provision would need to be delivered within the existing High Needs Block allocation and the additional funding allocated through the High Needs National Funding Formula.

9.3.2 **For 2018/19:** Any additional high needs places that are commissioned for Coventry pupils will result in an additional cost that will be funded from the High Needs Block. The further cost of ongoing funding for the additional 18 places at Tiverton Special School is estimated to be in the region of £165k.

9.3.3 Once any changes to the number of FE places has been identified we will share details of the financial impact with the Schools Forum as part of the budget setting process.

### 9.4 Consultation

*Please feedback any general comments on Commissioned High Needs Places. (Please respond on the Consultation Response Form - [Appendix A](#))*

## 10 Proposal 5 - Early Years Single Funding Formula review

*Following a review of the Early Years Single Funding Formula in 2017/18 it is proposed that no changes are made to its operation in 21018/19 and that any additional funding is distributed on the same basis as the current formula.*

### 10.1 Background

10.1.1 In 2016/17 the Government announced an Early Years National Funding Formula (EYNFF) which covered funding for 3 & 4 year olds and would take effect from April 2017.

10.1.2 Due to the short timescales involved we agreed through the previous Fair Funding Consultation to continue the operation of the existing Early Years Single Funding Formula (EYSFF) into 2017/18 as it was already compliant with the EYNFF.

10.1.3 Although Coventry's EYSFF was already compliant with the EYNFF requirements, several new supplements were available to the formula and a maximum supplement threshold had been set. It was therefore also agreed that an Early Years sub-group would be convened to review Coventry's EYSFF with any proposed changes for 2018/19 feeding into the 2018/19 Fair Funding Consultation.

### 10.2 Proposed way forward

10.2.1 The sub-group considered the amount and proportion of funding being targeted to providers through the deprivation supplement (compared with the universal base rate) and also considered whether it would be appropriate to include any of the new supplements in the formula.

10.2.2 Having looked at a range of financial models and the impact of making a variety of the allowed changes, the sub-group recommended that no changes be made to the operation of the formula nor to the proportion of the funding being targeted through the deprivation supplement.

### 10.3 Financial Impact

10.3.1 Retaining the current EYSFF will not produce a financial impact.

10.3.2 The level of additional funding allocated to Coventry through the EYNFF was capped for the first year of implementation. Indicative allocations suggest that we will receive a further 11p per hour in 2018/19 (although this has not yet been confirmed). If we receive this additional funding we propose to increase hourly funding rates whilst maintaining the proportional split of deprivation to base rate funding.

### 10.4 Consultation

*Please feedback any general comments on the proposal.  
(Please respond on the Consultation Response Form - [Appendix A](#))*

## 11 Proposal 6: Fair Funding Scheme of Delegation changes

*This section covers some minor changes that are being made to the Fair Funding Scheme of delegation to add additional detail and amend some incorrect references to other sections within the document.*

### 11.1 Background

11.1.1 Section 48 of the School Standards and Framework Act 1998, and Schedule 14 to the Act set out that Local Authorities should have a Scheme of Delegation.

11.1.2 Local authorities are required to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain.

11.1.3 In making any changes to their schemes, local authorities must consult all schools in their area and receive the approval of the members of their schools forum representing maintained schools. Local authorities must take this guidance into account when they revise their schemes, in consultation with the schools forum.

11.1.4 The link to the draft consultation version of Fair Funding Scheme of Delegation is available at [www.coventry.gov.uk/FFSD-consultation](http://www.coventry.gov.uk/FFSD-consultation)

### 11.2 Proposed way forward

11.2.1 There are currently only a few minor changes to be made to the scheme in 2017/18 which either add additional detail, or amend references which are incorrect. These changes are listed below.

- **Section 2.10** (Purchasing, Tendering and Contracting Requirements):
  - 2.10.2 refers to paragraph 2.9.11 and has been amended to 2.10.10
  - 2.10.13 refers to paragraphs 2.9.11 and 2.9.12 and has been amended to refer to paragraphs 2.10.11 and 2.10.12 respectively.
- **Section 11.10** (Redundancy / Early Retirement Costs): 2 paragraphs have been inserted (11.10.3; 11.10.4), which refer to the LAs small pot of ESG funding for employee termination costs, and also reference the criteria for funding these costs which has been inserted at appendix F.

11.2.2 In March 2017 the DFE launched a consultation on amending the 'Schemes for Financing Schools' guidance to specify that schools can only use loans to spread the cost of large capital items. We anticipate this proposal is likely to be implemented by the DFE and will update the FFSD for this directed change once updated guidance is published.

### 11.3 Consultation

*Please feedback any general comments on the Fair Funding Scheme of Delegation. Please respond on the Consultation Response Form - [Appendix A](#)*

**Response Form**

**Consultation on Proposed Changes to the Fair  
Funding Scheme of Delegation and Formula  
2018/19**

---

Name of Respondent: .....

Name of School: .....

Position: .....

Responding as (please ✓ the box)

Group

Individual

**Stakeholder Group:**

- Trade Union Representatives
- Diocesan Church Authorities
- Governors Associations
- Head Teachers
- Chairs of Governors
- Schools Forum
- PVI Early Years Free Entitlement Providers

***PLEASE RETURN BY Friday 1<sup>st</sup> December 2017 to:***

E-mail: [lisa.thomas@coventry.gov.uk](mailto:lisa.thomas@coventry.gov.uk)

## **Proposal 1 Response**

### **Fair Funding Formula options**

(for further information see the Fair Funding Consultation, [section 5](#))

*A decision exists for 2018/19 as to whether Coventry continues to run the local funding formula in its existing form or whether the formula should be modified to move towards the position set out under the National Funding Formula.*

*This proposal requests that schools state their preference for Option 1 (move towards NFF) or Option 2 (continue local funding formula operation).*

**Please indicate your preference for Option 1 (NFF) or Option 2 (LFF).**

**Option 1 (NFF)**

**Option 2 (LFF)**

**Proposal 1: Comments**

## **Proposal 2 Response**

### **De-delegated Services**

(for further information see the Fair Funding Consultation, [section 6](#))

*De-delegated services must be approved annually. We will be seeking approval at School Forum in autumn 2017 in relation to 2018-19 de-delegated services. The proposal in section 5 sets out the information we will be sharing with the Schools Forum.*

*Please feedback general comments on de-delegated services. We will report the overall response at the Schools Forum meeting.*

### **Proposal 2: Comments**

## **Proposal 3 Response**

### **Minimum Funding Guarantee Approach**

(for further information see the Fair Funding Consultation, [section 7](#))

*The Local Authority is now able to set the level of the Minimum Funding Guarantee (MFG) protection for schools in 2018/19, although the appropriate level will be heavily influenced by decisions on proposal 1.*

*Please feedback any general comments on this proposal.*

### **Proposal 3: Comments**

## **Proposal 4 Response**

### **Commissioned High Needs Places**

(for further information see the Fair Funding Consultation, [section 9](#))

*This proposal discusses the SEND demand mapping work that has taken place over the last several months, requests that ongoing funding is agreed to support the full year effect of 18 additional special school places commissioned in 17/18, and references the current provision pressure and commissioned places review in the Further Education sector.*

*Please feedback general comments on this proposal.*

### **Proposal 4: Comments**

## **Proposal 5 Response**

### **Early Years National Funding Formula**

(for further information see the Fair Funding Consultation, [section 10](#))

*This section concerns the outcome of a review into the current Early Years Single Funding Formula and proposes that no changes are made to the operation of this formula.*

*Please feedback any general comments on the proposal.*

### **Proposal 5: Comments**

## **Fair Funding Scheme of Delegation Response**

### **Fair Funding Scheme of Delegation**

(for further information see the Fair Funding Consultation, [section 9](#))

*This section covers some minor changes that are being made to the Fair Funding Scheme of delegation to add additional detail and amend some incorrect references to other sections within the document.*

*Please feedback any general comments on the Fair Funding Scheme of Delegation.*

### **Proposal 6: Comments**

**General Comments on the Fair Funding Consultation: Response**

**Fair Funding Consultation 2018-19: General Comments**

## Appendix B – Financial Impact of Proposal 1

This appendix demonstrates the potential financial impact of option 1 (moving towards the National Funding Formula) and option 2 (continue to operate the local formula) as set out in [Proposal 1](#).

Please note that the figures modelled below are based on the best current information, but final allocations will rely on data that is not yet available. The models use Oct-16 data (including pupil numbers) and historic values for a number of premises factors such as rates, all of which will need to be updated. **Therefore, whilst these models give a representative indication of the likely impact of each option, they will not be the final values for 2018/19, and should not be taken as such.**

The table compares schools' calculated budget allocations under each of the two options with their 2017-18 budget allocations. A summary of the gains and losses for all Coventry schools (within specified thresholds) is included in the table below. The percentage figure represents the proportion of the phase within each threshold.

The financial modelling demonstrates:

- Under option 1; all schools would see an increase in per pupil funding between 2017/18 and 2018/19.
- Under option 2; some schools would see higher gains in per pupil funding in 2018/19 than they would have received under option 1, whilst some schools would see lower gains. Some schools would see per pupil losses in 18/19 compared with 17/18 under option 2.

	Primary				Secondary			
	Option 1 vs 17-18 budget share		Option 2 vs 17-18 budget share		Option 1 vs 17-18 budget share		Option 2 vs 17-18 budget share	
	Count of schools	%	Count of schools	%	Count of schools	%	Count of schools	%
Gain £50k+	1	1%	0	0%	1	5%	5	23%
Gain £25-50k	3	3%	3	3%	7	32%	3	14%
Gain £10-25k	12	14%	34	40%	12	55%	12	55%
Gain £0-10k	70	81%	42	49%	2	9%	1	5%
No change	0	0%	0	0%	0	0%	0	0%
Loss £0-10k	0	0%	1	1%	0	0%	0	0%
Loss £10-25k	0	0%	5	6%	0	0%	0	0%
Loss £25-50k	0	0%	1	1%	0	0%	1	5%
Loss £50k+	0	0%	0	0%	0	0%	0	0%
<b>Max gain</b>	83,225	2.5%	33,242	2.1%	51,654	0.8%	105,063	1.6%
<b>Max Loss</b>	n/a	n/a	(30,904)	-1.4%	n/a	n/a	(49,688)	-1.4%
<b>Average</b>	8,818	n/a	7,650	n/a	22,767	n/a	27,330	n/a

**Circulation List**

Trade Union Representatives  
Diocesan Church Authorities  
Governors Associations  
Head Teachers  
Chairs of Governors  
Schools Forum  
PVI Early Years Free Entitlement Providers