



CABINET

11 DECEMBER 2018

ASSISTANT DIRECTOR VULNERABLE LEARNERS: ALISON SHIPLEY

**CABINET MEMBER WITH RESPONSIBILITY FOR FINANCE: COUNCILLOR
MALCOLM LONGLEY**

Subject:	School and Other Education providers Funding Arrangements for 2019/20
Recommendations:	<p>Cabinet are asked to:</p> <ol style="list-style-type: none">1. Note the latest position with the Government’s National Funding Formula for the Dedicated Schools Grant funding blocks (Schools, Central Services Schools Block, Early Years and High Needs) and the potential implications on Northamptonshire.2. Delegate authority to the Director for Children’s services in consultation with the Cabinet Member for Childrens services, and the Director of Finance (S151 Officer) following consultation with the Schools Forum to determine:<ol style="list-style-type: none">a) The 2019/20 school funding formula for Northamptonshire to enable the required submission to the Education and Skills Funding Agency in January 2019;b) Northamptonshire’s funding arrangements for 2019/20 for pupils with high needs in line with Department for Education guidance; andc) Northamptonshire’s funding arrangements for 2019/20 for the Early Years Single Funding Formulae in line with Department for Education guidance.3. Note the work being undertaken in conjunction with Schools Forum, schools and other relevant providers to consult with:<p>Primary and secondary schools on:</p><ol style="list-style-type: none">a) Options for the Northamptonshire local schools formula in 2019/20;b) Top slicing the DSG schools block by 0.5% to move funding to the high needs block to cover increasing pressuresc) An alternative approach regarding permanent exclusions given the increasing numbers of such exclusions and the increasing costs leading to a projected overspend on this area of £1.4 million in 2018/19.

	<p>Early Years providers on:</p> <p>d) Revisions to the Early Years Single Funding formula in 2019/20; and</p> <p>e) Early Years DSG funded central expenditure in 2019/20.</p>
--	---

1. Purpose of Report

- 1.1 The report provides an update to Cabinet on the Department for Education funding arrangements for 2019/20 and subsequent financial years.
- 1.2 The purpose of the report is to seek delegated authority for the Director for Children’s services, in consultation with the Cabinet Member for Childrens services, and supported by the Director of Finance (S151 Officer) to approve the 2019/20 final arrangements in respect of the school funding formula, the funding arrangements for pupils with high needs and the early years single funding formulae.
- 1.3 A glossary of terms is provided at Section 10 of this report.

2. How this decision contributes to the Council Plan

- 2.1 The Council’s vision is to make Northamptonshire a great place to live and work. This is achieved through increasing the wellbeing of your county’s communities and/or safeguarding the county’s communities.

<p>This initiative specifically delivers increased wellbeing and/or safeguarding by:</p> <ul style="list-style-type: none"> • Contributing to creating safer communities • Contributing to creating prosperous communities • Provision of the personalisation agenda
<p>And Through:</p> <ul style="list-style-type: none"> • Intelligence Led Services • Ambitious Partnerships • Commissioning and Market Developments • Self-Financing

3. The 2019/20 Funding Arrangements

- 3.1 From 1st April 2013 the DfE implemented its reformed school funding arrangements with the intended focus on ensuring the system is fairer, simpler, more consistent and transparent. As part of this the DfE created 3 funding blocks within the DSG to allocate grant - Schools, Early Years and High Needs.
- 3.2 Subsequently the DfE consulted on and implemented in 2018/19 a National Funding Formula for Schools and High Needs. As part of the changes the DfE created a fourth funding block by splitting the Schools Block into a new Schools Block covering the formula allocations to schools (including pupil growth) and a Central Services Schools block to fund areas of activity that local authorities are required to undertake in respect of schools and some historical activities.
- 3.3 The DSG blocks were funded by NFF from April 2017 for the early years block and from April 2018 for the other 3 blocks.

3.4 In 2018/19 the growth element of the schools block was funded via the NFF based on historical budgets in each Local Authority, for Northamptonshire this was £2.8 million. Following consultation the DfE is applying a formula element to this DSG funding element in 2019/20. Indicative figures issued to date by the ESFA show that this change in methodology will benefit the Northants DSG schools block in 2019/20 with an indicative allocation of £4.2 million providing a £1.4 million increase in funding for Northamptonshire.

3.5 A briefing note outlining the key elements of the new NFF was issued by the authority to Schools Forum members and schools in October, which can be found at the following link:

[NFF 2019/20 briefing note](#)

The briefing note includes a comparison between the formula factors (and values) applied in Northamptonshire's formula in 2018/19 and those in the 2019/20 NFF.

Northamptonshire Primary and Secondary School Funding Formula

3.6 It should be noted that the schools funding formula applies to all maintained and academy Primary and Secondary schools in Northamptonshire. The difference is that maintained schools receive their main schools funding through the Local Authority (funded from its DSG funding) for the April to March period and academies via the ESFA for the September to August period.

3.7 As part of the NFF announcements the DfE have published the NFF formula factors and formula unit rates for 2019/20. This includes NFF funding figures for each school for 2019/20 and subsequent years based on October 2017 pupil numbers and data on each school. It should be noted the allocations published by the DfE are indicative and will be updated to take account of the October 2018 pupil numbers and data sets.

3.8 The DfE have also introduced a limit on what can be top sliced from the Schools Block to fund other areas under financial pressure such as High Needs. Any transfer between the DSG Blocks must be approved by the Schools Forum. The limit for transferring funding from the Schools Block is set at 0.5% of the total Schools Block value, which for Northamptonshire equates to £2.3 million in 2019/20. With Schools Forum approval £1.1 million (0.24%) was moved between these two blocks in 2018/19. There is a requirement to consult with schools on this prior to Schools Forum voting on this proposal and the request to move 0.5% (an additional 0.26% or £1.2 million) is included in the consultation that has been undertaken with Northamptonshire's schools.

3.9 A request for DfE approval is required if Schools Forum do not approve the local Authority's request to move up to 0.5% from the Schools Block to the High Needs Block, if the authority still wants to make this transfer.

3.10 In 2018/19, 2019/20 and 2020/21 the DfE are applying a 'soft' formula whereby it remains a local authority decision on the Northamptonshire funding formula to apply to schools. Details of the 2019/20 allowable schools formula factors are shown in Appendix A.

- 3.11 Following consultation with all schools and academies, and in discussion with the Schools Forum, the 2018/19 local schools funding formula in Northamptonshire applied the NFF formula elements and rates.
- 3.12 It is a requirement of the school funding regulations that schools are consulted on any change to the local formula and any proposals to transfer money from the Schools Block. It was agreed with the Schools Forum at the October 2018 meeting that the authority would consult with Northamptonshire schools on the following:
- a) Small reduction to the funding rate for the primary lower prior attainment formula element to reflect changes in the NFF in 2019/20 ; and
 - b) That up to 0.5% (£2.3 million) of the Schools Block allocation be moved to the High Needs Block. In Northants the DSG high needs costs over the last few years have increased annually between £4 million and £5 million. The indicative capped increase in the DSG high needs block for 2019/20 of £2.7 million is therefore insufficient on its own to fund these increasing pressures which are largely linked to increasing high needs volumes
- 3.13 The results of the consultation will be presented to, and voted on at, the Schools Forum meeting on the 4th December.
- 3.14 The DfE will issue the revised DSG High Needs and Schools Block funding allocations (updated for October 2018 pupil data) around the middle of December. This will allow the Northamptonshire schools formula budgets to be calculated and then presented to the Schools Forum meeting on the 17th January and submitted to the ESFA by their deadline of 19th January.

Central Services Schools Block

- 3.15 The NFF central services schools block comprises two elements. The first being historical commitments and the second ongoing responsibilities funding. The ongoing responsibilities element is funded on a national formula which currently increases the allocation to Northamptonshire by £70k. This increase has been capped by the DfE at 2.5%, as in 2018/19, to protect the Local Authorities who are losing out through the changed basis of funding.
- 3.16 The 2019/20 central services block funding is £11 million in total. The historic commitments element is £7.8 million which includes the following budget areas - Combined budgets, Contribution to redundant school teacher's ongoing pension costs and schools PFI DSG contribution. DfE regulations do not allow these individual budgets to be increased from their 2018/19 levels. At the ESFA's request we are looking to move the schools PFI DSG contribution into the schools funding formula in 2019/20. Although this is solely moving the DSG funding between blocks this would make Northants' approach more consistent with the approach in other LAs and move the funding from a block that the ESFA state should reduce over time.
- 3.17 The ongoing responsibilities element is £3.3 million which includes School Admissions, Schools Forum, Schools Copyright, and Statutory and Regulatory services to schools. The latter is a contribution to the responsibilities local authorities

hold for all schools and is the element previously funded from the Education Services Grant that was moved into the DSG in 2017/18.

- 3.18 At the 2nd October Schools Forum meeting Forum members approved the local budgets making up the £11 million for 2019/20.

Early Years Funding Arrangements

- 3.19 Northamptonshire County Council introduced a new Capita EY Funding Portal in September 2017, and moved to payments to EY providers on a monthly basis.

The implementation of these systems has been challenging and there have been resulting errors in payments to providers. The Local Authority have moved additional resources into the team to identify and correct under and over payments made to providers between September 2017 and March 2018 and to focus on payments in 2018/19 on an accurate and timely basis. Unfortunately as previously reported to Cabinet this has understandably harmed relationships and trust which the authority are working very hard to improve.

- 3.20 The 3 and 4 year olds DSG element of the funding was increased from September 2017 to reflect the new national entitlement for 30 hours for working parents.

- 3.21 In November 2018 the Local Authority started a consultation with early year's providers on the approach to be taken in 2019-20.

- 3.22 The DfE NFF arrangements for early years have been in place since April 2017 for 3 and 4 year olds and 2 year olds. One element of the early years NFF is maintaining levels of historical additional funding for Maintained Nursery Schools through a MNS supplement allocation in the new NFF. However the 3 and 4 year olds universal entitlement hours across the nine nursery schools dropped between January 2017 and January 2018 census returns meaning the funding for this element was reduced by £0.2 million for 2018/19 alone. This creates a challenge as the reduction was not announced until July 2018. The Authority are liaising with the nine nursery schools on how this reduction should be apportioned and if there are any grounds for challenging the ESFA on this reduction.

- 3.23 Although further urgent work is being undertaken the latest monitoring report to Schools forum reports a £1.5 million overspend on the early years block in 2018/19. This means the existing EYSFF funding rates to providers and levels of early years block central expenditure are not sustainable in 2019/20. These issues were shared with providers in the consultation for 2019/20 and will be discussed, and for the early years central expenditure voted on, at the 17th January 2019 schools forum meeting.

High Needs Funding Arrangements

- 3.24 The DSG High Needs block has been calculated on a revised NFF basis from April 2018. An important distinction with the High Needs NFF is that the funding formula is used to generate the funding allocation at local authority level, as opposed to individual setting / school indicative allocations.

- 3.25 Although a High Needs NFF has been introduced approximately 50% of each local authority's high needs funding continues to be based on historical funding within the NFF.
- 3.26 Details on the formula elements and final allocation to Northamptonshire in 2018/19 is shown in Appendix B.
- 3.27 Appendix B highlights that the DfE have capped the High Needs block funding for gaining authorities such as Northamptonshire in order to protect Local Authorities who could lose through the revised funding arrangements. Without the cap the funding would have been £2.5 million higher in Northamptonshire in 2018/19.
- 3.28 The indicative increase in funding of £2.8 million in 2019/20 is good news but is only £0.4 million more than the increase received in 2018/19 and is therefore unlikely to be sufficient to fully fund the increasing high needs pressure. This is the reason why the authority have consulted with schools on top slicing the schools block funding again in 2019/20 to support the high needs financial position.
- 3.29 Part of the issue in common with other areas of the county council funding is that DSG high needs funding is not matching the rate of growth in Northamptonshire of numbers and high needs at a time of higher expectations from both the local authority, schools, OFSTED, the Government, pupils and parents.
- 3.30 An example of the growth taking place in high needs is shown by the opening of a new special school in the county at a rate of one per year in the last few years. Daventry Hill school opened in September 2016, Purple Oaks (Northampton) opened in September 2017 and Red Kite special school opened in Corby in September 2018.
- 3.31 The DSG high needs block monitoring in 2018/19 is reporting an overall £1 million overspend in 2019/20. This is made up of a number of elements but is principally due to the estimated £1.4 million overspend on Alternative Provision (AP). The number of permanent exclusions by schools is increasing and this creates a significant cost pressure with on average each AP placement in the Secondary sector costing £20k per annum. Schools are to be consulted shortly regarding how this area can be improved and financially reduce the level of overspend and/or be funded in 2019/20. This area was discussed with schools forum in October and information presented analysing the volume of permanent exclusions both over time and over the areas of the county.

4. Consultation and Scrutiny

- 4.1 The Government have now introduced the National Funding Formula across the 4 DSG blocks. Officers will continue to liaise with the DfE in order to inform the discussions on how these arrangements will apply in subsequent years.
- 4.2 Officers have discussed the changes to the school funding arrangements with the Schools Forum. Feedback from these meetings has helped shape the Council's proposals.
- 4.3 The local authority have consulted with Primary and Secondary schools and academies on the possible funding formula changes outlined above during October and November before finalising the arrangements for 2019/20.

- 4.4 Further discussions with the Schools Forum took place at the 4th December 2018 meeting in respect of the school funding formula approach for Northamptonshire. Consultation with the Schools Forum is a requirement of the School Finance and Early Years Regulations. The Schools Forum is required to vote on the schools funding formula proposals although the final decision is the local authority's.
- 4.5 Schools Forum will decide at the December meeting on the proposal to move 0.5% (£2.3 million) from the schools to high needs blocks in 2019/20.
- 4.6 Early Years providers are being consulted with on the EYSFF proposals for 2019/20 prior to bringing final proposals on the formula factors to be used in 2019/20 to Schools Forum on 17th January. The final decision on the EYSFF is the local authority's.
- 4.7 If the movement of funds from the schools to the high needs blocks in 2019/20 is not approved by Schools Forum the Authority can appeal to the Secretary of State. If these funds cannot be moved the sector and any staff impacted on will be consulted with on proposed actions and savings to be made to bring the DSG high needs area back into balance in 2019/20.

5. Equality Screening

- 5.1 If the movement of funds in 2019/20 between the Schools and High Needs blocks is approved and applied this would mean primary and secondary schools will receive less funding than the indicative allocations the Government has published on their website for each school in 2019/20. However the majority of schools received an increase in average funding, subject to changes in pupil numbers, in 2018/19.
- 5.2 Schools will be protected by the national Minimum Funding Guarantee which does not allow a schools average per pupil funding to reduce by more than minus 1.5% per annum. The DfE have deemed that with this protection funding reductions are not destabilising to a schools operations. In 2018/19 the MFG was set at 0% in the local Northamptonshire formula ensuring schools did not see a reduction in average per pupil funding between 2017/18 and 2018/19.
- 5.3 The changes in the early years funding formula could potentially have a significant impact on the funding received by individual providers given a number of factors –
 - a) Northamptonshire has more supplementary factors in its EYSFF formula than other neighbouring local authorities. This both makes the formula more complicated and more difficult to administer. It therefore makes sense to make changes to these supplements however any change will need to be carefully managed to ensure that the sustainability of the sector is not compromised.
 - b) The EYSFF and the early years inclusion fund are currently both overspending so savings need to be made in 2019/20. This could impact on the funding received by providers in 2019/20.

These issues have been highlighted in the consultation with providers on the early years 2019/20 budget and formula and will continue to be discussed at schools forum which includes representatives from the early years sector.

6. Alternative Options Considered

- 6.1 Alternative options in implementing the proposed Primary and Secondary schools funding formula changes for 2019/20 were considered at the Schools Forum meetings. The options discussed are contained within the Schools Forum reports provided in Section 9.
- 6.2 Alternative options in implementing the proposed EYSFF funding formula changes for 2019/20 are being consulted on and will be considered at the Schools Forum meetings.

7. Financial Implications

- 7.1 The financial implications for primary and secondary schools funding have been discussed with Schools Forum and this will continue at the meeting on the 4th December with the Schools Forum voting on the proposals for 2019/20.
- 7.2 In summary the key points to note in respect of the 2019/20 funding arrangements are that:
 - a) The DSG will continue to be a ring-fenced grant. In 2019/20 the four blocks within the DSG are not ring-fenced so as to allow transfers between blocks if required;
 - b) The minimum funding guarantee, a form of protecting individual school funding, is being continued within the arrangements for 2019/20. The MFG protects schools so that they lose no more than minus 1.5% per pupil compared to the previous year;
 - c) The information on the Government's website clearly identify the likely financial impact on individual schools of applying the NFF formula and rates from April 2019;
 - d) In respect of those schools gaining under the reformed NFF schools funding formula an annual cap on increases in funding has been applied by the Government (3%). A cap on average per pupil increases will be applied by the local authority to limit the gains in order to make the proposals affordable. Although the DSG schools block allocations are increasing between 2018/19 and 2019/20 these will be for increasing pupil numbers and allowing schools whose funding has been capped to continue to move towards the funding they should receive under the NFF.
 - e) The schools block DSG growth funding element, based on the indicative information issued by the ESFA, may increase by £1.4 million in 2019-20 with the move to this being funding by national formula rather than historical budget amounts. This will move the funding to a fairer share of the national schools block funding available for pupil growth in primary and secondary schools.

- 7.3 The DSG high needs block is currently overspending in 2018/19 by £1.0 million. This report highlights the need to consult with schools on moving funding from the Schools Block in 2019/20 to cover projected over commitments in this area.
- 7.4 The early years block is currently estimated to overspend by £1.5 million in 2018/19. As referred to in paragraph 5.3 above this will mean savings will be required in order to bring early years budgets, this could include payments to early years providers, back into balance in 2019/20.

8. Risk and Business Continuity Management

- 8.1 The school funding reforms introduced by the DfE in 2013/14 represented a significant change in funding and responsibilities for schools. Some schools may find it more difficult to adjust to the revised arrangements therefore requiring more support from the Council when central DSG budgets are being constrained. Similarly however the reforms do provide the opportunity for schools to take more control over the provision of education to their pupils.
- 8.2 Whilst there is no change to the level of protection in school budgets for 2019/20 there is a potential risk that the DfE could seek to reduce the level of protection in future years. This would create financial challenges for some schools. However this is thought unlikely given the Government are providing additional grants for schools to fund the costs above 1% of the teachers pay award from September 2018 and the anticipated additional costs on schools of increases in the teachers superannuation rate for employers from September 2019.
- 8.3 The national funding formula means further changes for both schools, early years providers and the Local Authority.
- 8.4 The DfE are continuing to review the scope and methodology for mainly the high needs and schools blocks. The Authority will continue to ensure it engages and contributes to any proposed national formula changes.
- 8.5 One area where the funding is changing for 2019/20 is funding for growth within the schools block. As a rapidly growing county with a relatively low allocation for this area in 2018/19 the indicative figures (based on historical data) show Northants is likely to be a gainer through moving this element of the DSG funding from a historical to formula basis in 2019/20. We will know the final allocation for schools growth in mid December with the DfE's final DSG announcement for 2019/20.

9. List of Appendices and additional information

Appendix A – Summary of Primary and Secondary School Funding Arrangements for 2019/20

Appendix B – The 2018/19 National Funding Formula High Needs block allocations

- [Link to the DfE School Funding arrangements for 2019/20:](#)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/730636/Operational_guide_2019_to_2020.docx

- Schools Forum papers on the proposed Primary and Secondary schools formula changes:

[Schools Forum](#)

10. Glossary

Description	Acronym
Age Weighted Pupil Unit	AWPU
Central Services Schools Block	CSSB
Department for Education	DfE
Dedicated Schools Grant	DSG
Early Years Single Funding Formula	EYSFF
Education and Skills Funding Agency	ESFA
English as an Additional Language	EAL
Free School Meals	FSM
Income Deprivation Affecting Children Index	IDACI
Maintained Nursery Schools	MNS
Minimum Funding Guarantee	MFG
National Funding Formula	NFF
Private Finance Initiative	PFI

Author:	Name: Bob Seaman Team: LGSS Finance
Contact details:	Email: bseaman@northamptonshire.gov.uk
Background Papers:	
Does the report propose a key decision is taken?	NO
If yes, is the decision in the Forward Plan?	n/a
Will further decisions be required? If so, please outline the timetable here	NO
Does the report include delegated decisions? If so, please outline the timetable here	If delegated authority is approved by Cabinet the timetable for delegated decisions would be : Schools formula –January 2018 Early years and high needs blocks – March 2018
Is this report proposing an amendment to the budget and/or policy framework?	NO
Have the financial implications been	YES

cleared by the Strategic Finance Manager (SFM)? Have any capital spend implications been cleared by the Capital Investment Board (CIB)	Name of SFM: Jon Lee n/a
Has the report been cleared by the relevant Director?	YES Name of Director: Alison Shipley
Has the relevant Cabinet Member been consulted?	YES Cabinet Member: Malcolm Longley
Has the relevant scrutiny committee been consulted?	NO
Has the report been cleared by Legal Services?	YES Name of solicitor: Shahin Ismail
	Solicitor's comments:
Have any communications issues been cleared by Communications and Marketing?	YES/NO Name of officer:
Have any property issues been cleared by Property and Asset Management?	YES Name of officer: James Wheeler
Are there any community safety implications?	NO
Are there any environmental implications:	NO
Are there any Health & Safety Implications:	NO
Are there any Human Resources Implications:	NO
Are there any human rights implications:	NO
Constituency Interest:	ALL

Appendix A – Summary of Primary and Secondary School Funding Arrangements for 2019/20

	Schools Block / Schools Funding Formula
1	Age Weighted Pupil Unit values must be at least £2,000 for primary and £3,000 for Key Stage 3 and Key Stage 4. The AWPU is the amount of funding that is attached to all pupils in allocating funding through the basic per pupil entitlement of the funding formula, which is one of the mandatory school formula factors.
2	<p>The deprivation formula factors available are free school meals and/or the Income Deprivation Affecting Children Index (IDACI).</p> <p>Free meals can be measured either at the previous October census or “Ever 6” - which reflects pupils entitled to free meals at any time in the last 6 years.</p> <p>Deprivation is a mandatory school formula factor.</p>
3	The Early Years Foundation Stage Profile continues as the main indicator for prior attainment for primary aged pupils. For secondary aged pupils the definition is those pupils failing to achieve a level 4 or higher in English or Maths.
4	<p>The looked after children factor is based on a single one day or more measure for a child being in care.</p> <p>The Council does not use this factor in its funding formula in 2018/19 and this factor is not included in the NFF in either 2018/19 or 2019/20.</p>
5	English as an Additional Language pupils may attract funding for up to 3 years after they enter the statutory school system
6	<p>The pupil mobility measure counts pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils).</p> <p>The pupil mobility factor may only be applied when the number of mobile pupils exceeds 10%. The Council did not use this factor in 2018/19.</p>
7	The sparsity factor aims to support small schools in rural areas.
8	<p>Local authorities may have different lump sums for primary and secondary schools up to a maximum of £175,000.</p> <p>The Council set the lump sum in its formula for 2018/19 at £110,000 for both primary and secondary schools. (as per the NFF)</p>

9	<p>The purpose of the split site factor is to support schools which have unavoidable extra costs because the school buildings are on separate sites.</p> <p>The Council uses a split site factor in its formula.</p>
10	<p>Although School rates factor is an optional formula factor it was used by all authorities in 2018/19.</p>
11	<p>The Private Finance Initiative factor is to support schools which have unavoidable extra premises costs because they are a PFI school.</p> <p>The Council uses a PFI factor in its formula.</p>
12	<p>The exceptional premises factor must relate to premises costs. Applications can be made to the Secretary of State but should only be submitted where the value of the factor is more than 1% of a school's budget and applies to fewer than 5% of the schools in the authority's area.</p> <p>The Council uses this factor in its funding formula to allocate funding to one school in 2018/19.</p>
13	<p>Where two schools amalgamate the new school will receive 85% of the two lump sums for the next financial year following the year in which they merge. This is a requirement of the DfE arrangements and is being implemented by the Council.</p>
14	<p>A minimum level of per pupil funding is a new optional formula factor from 2018/19.</p> <p>The 2018/19 rates were set as £3,300 Primary and £4,600 Secondary as a transition to £3,500 and £4,800 respectively in 2019/20. The minimum per pupil calculation is on a school's total funding.</p> <p>Where Local Authorities choose to use this factor any capping of funding increases between years cannot take the school below the minimum value set in the local formula.</p>
15	<p>Funding floor factor</p> <p>This new factor was available from 2019/20.</p> <p>This factor allows local authorities to apply a minimum 1% per pupil increase over the 2017/18 baseline.</p>

High Needs DSG block 2018/19

Prior to 2018/19 High Needs allocations from the DfE were based on historical spending decisions and were not directly linked to levels of need. The HN NFF seeks to address this through the NFF that is being implemented. However it remains the case that 50% of the HN NFF continues to be allocated on historical funding levels.

There are 2 key headlines:

- 1) Under funded authorities will see gains of up to 3% in 2018/19 and 2019/20; and
- 2) Authorities will be protected from losing funding and will see 0.5% minimum increases per head in 2018/19 and a cumulative 1% in 2019/20 compared to planned spending levels in 2017/18.

Movements in high needs pupil numbers during the autumn term will be assessed as part of the final local authority allocations for December each year.

The HN NFF comprises the following:

	Description	#National Percentage	*£m	*£m
	Basic Entitlement (ACA weighted)			6.2
+	Historic Spend (50% of 2018/19 baseline excluding basic entitlement funding)	50		30.3
+	Proxy Factors (ACA weighted) covering:			
	Population	25%	18.4	
	Disability Living Allowance	3.75%	2.9	
	Children in bad health	3.75%	2.3	
	KS2 low attainment	3.75%	3.1	
	KS4 low attainment	3.75%	3.0	
	Free school meals	5%	2.9	
	IDACI	5%	2.7	
	Sub total proxy factors (£18.4m population, £16.9m other proxy factors)			35.3
+	Funding Floor Factor			0
+	Hospital Education Factor			1.3
+	Import / Export Adjustment (for pupils moving across Local Authority boundaries)			(0.8)
+	Allocation (announced in December) for increases in actual numbers of pupils in special schools between October 2016 and October 2017.			0.3
=	High Needs NFF Allocation at Local Authority level			72.6

	Description	#National Percentage	*£m	*£m
	DfE Cap on High Needs block gains in 2018/19			(2.5)
	Northant's High Needs NFF allocation for 2018/19			70.1

It should be noted that the High Needs NFF is calculated at local authority level not individual setting level.

The local high needs offer continues to be for local authorities to determine.

Note

* - final funding for 2018/19. The basic entitlement (number of pupils in special schools/academies) was updated from October 2016 to October 2017 numbers for the final 2018/19 DSG High Needs block funding. The import/export adjustment was also updated for the final allocation for 2018/19.

- national percentage after basic entitlement funding

- The high needs table above is 2018-19 rather than 2019-20 because we do not yet know the HN block adjustments for 2019-20 for increases in special school numbers between Oct 17 and Oct 18 or any changes due to movements in the net imports/exports.

