

Cabinet

17 October 2018

Mainstream Primary and Secondary Formula Funding 2019-20 and Transfer to High Needs Block



KEY DECISION: CORP/R/18/06

Report of Corporate Management Team

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Purpose of the Report

- 1 To consider the Council's approach to setting a funding formula for mainstream primary and secondary schools for 2019/20, which would apply to maintained schools from 1 April 2019 and academies from 1 September 2019.¹
- 2 The report provides Cabinet with details of the options available in terms of the mainstream primary and secondary school funding formula for 2019-20, in light of the National Funding Formula announcements made by Government in July 2018, together with details of the ongoing consultation with individual schools and through the Schools Forum across the autumn 2018.
- 3 The report also sets out proposals to apply to the Secretary of State for Education for permission to transfer funding from the schools block to supplement High Needs funding in response to the significant budget pressures being experienced in this area. This transfer would impact on the funding formula for mainstream primary and secondary schools for 2019/20 and full details of the forecast impact on individual schools is included within the report.

Background

- 4 The main source of funding for mainstream primary and secondary schools and academies is the local schools funding formula. Each local authority currently sets its own formula, within the restrictions imposed by the Department for Education (DfE), after consultation with schools and the Schools Forum.
- 5 The DfE had previously announced that local formulas would be replaced by the National Funding Formula (NFF) from 2020-21, however, in July 2018, the DfE announced that this has been postponed and local authorities will continue to set local formulas for 2020-21.

¹ References in this report to schools should be read to include both maintained schools and academies.

- 6 The DfE has cited the progress made by local authorities in aligning local formulas to the NFF as the main reason for this decision. The DfE has expressed confidence that in the light of the progress made to date, local authorities will continue to increase the alignment between local formulas and the NFF in 2020-21 without the need for a statutory deadline of convergence in that year.
- 7 In the DfE's view, the NFF is fairer to schools than local formulas, because it is consistent between local authority areas, but in the short-term it sees local formulas as a way to allow a smoother transition from local formulas to the NFF. The argument for this is presumably that each local authority is best placed to determine the appropriate transition to the NFF from its local formula.
- 8 Members will recall that in setting the funding formula for mainstream primary and secondary schools for the current financial year, the Council took the decision to use a transitional formula, intended to smooth the transition from the local formula in place in 2017/18 to the NFF allocations for individual schools over three years (2018/19 to 2020/21), with the plan to converge in 2020/21. The strategy agreed last year would see continuing the transition in 2019-20, which would have been the last year a local formula would have needed to be set if the replacement of local formulas had not been delayed.

Mainstream School Funding

- 9 Funding for the mainstream primary and secondary schools formula is provided through the Dedicated Schools Grant (DSG).
- 10 Until 2013-14 this funding was provided as a single allocation and local authorities had significant freedom as to how this was used, with the caveat that it was ring-fenced for spending on schools / education.
- 11 Since 2013-14, the DSG has been split into different funding blocks, Early Years, Schools and High Needs (for SEND) and from 2018-19 a Central School Services Block (CSSB) - the latter includes funding formerly included in the Schools Block and Education Services Grant. From 2013/14 there were also changes to how SEND is funded, which affected the amounts provided through formula funding.
- 12 The allocations for academies, as determined by the local formula, is recouped from the overall DSG allocations for the local authority area and paid direct to academies in County Durham. The remaining DSG is paid to the Council, who then distributes (delegates) the funding received to individual maintained schools in line with their formula funding allocations.
- 13 Mainstream schools and academies also receive funding for High Needs Special Educational Needs (SEN) pupils, early years, (where primary schools have nursery units), post-16 funding and also the Pupil Premium, which in the current year is worth circa £20 million.
- 14 Since 2013-14, local discretion over the local funding formulae has been significantly restricted, with local decision making limited to the application of a relatively small number of permissible formula factors, most of which are pupil-led, (i.e. an amount per eligible pupil), with the rest being either school-led, (i.e. an amount per school), or relating to specific premises related costs, for example rates). There is still, however, significant variation between local

authorities in terms of the proportions of funding allocated to different factors within the formula.

- 15 Local authorities must consult Schools Forums and schools about their local formula before deciding on the final version. The final version of the formula is determined in early January, by adjusting the agreed formula to take account of the actual amount of funding received and updated pupil numbers and data for schools, including the proportions of pupils deemed to have additional needs, for example, because of deprivation.
- 16 Between 2013-14 and 2017-18, the local schools funding formula in Durham did not change significantly from year-to-year in respect of either the formula factors or the proportions allocated to each factor and in general there was little appetite by either schools or the Council to make significant changes to the formula. This was a conscious decision to try and restrict turbulence within the schools funding regime in Durham. One exception was in respect of the primary lump sum, which was reduced over the two years 2016-17 and 2017-18, with the funding released being used to increase the allocation of pupil-led funding for secondary schools.
- 17 For 2018-19, the Council decided to begin to make changes to the formula, to reduce differences between the local formula used in previous years and the NFF, with the intention of smoothing the transition to the NFF over the remaining two years of the local formula. That decision does not preclude the Council making a different decision for 2019-20, and now that the statutory implementation of the NFF has been delayed, for 2020/21 as well.

Government Funding for Schools

- 18 The trade union led School Cuts campaign (a coalition of unions: NEU, NAHT, ASCL, UNISON, GMB and Unite) has sought to highlight the impact of levels of funding for schools not increasing in line with inflation and pay awards. The Council is sympathetic to the key message of the campaign, that funding has not increased in line with increasing costs:
 - Increases in contributions to teachers' pensions (a 17% increase in costs, effective from September 2015);
 - Increases in National Insurance Contributions with effect from 1 April 2016, which are estimated to have added around £2.5m to schools' payroll costs in the first financial year;
 - The apprentice levy, introduced in April 2017, which increased costs by an amount equivalent to 0.5% of the pay bill – as much as an additional £1m per year;
 - General inflationary pressures linked to utilities and other unavoidable operating costs;
 - Reductions in capital funding available for basic need, capitalised maintenance and maintenance backlogs.
- 19 In terms of real terms cut to schools funding it is possible to extrapolate what additional DSG would have been received in 2018/19 if funding per pupil across the period 2011 to 2018 had kept pace with either RPI or CPI inflationary increases.

- 20 This shows that if either RPI or CPI indices had been used to determine funding levels per pupil, the amount available for the mainstream school funding formula for the current financial year would be circa 15% higher than the actual amount received. For Durham this is equivalent to circa £46 million, or around £120,000 per primary school and £600,000 per secondary school.

Funding for 2019-20

- 21 The majority of funding for individual schools is provided through the mainstream primary and secondary schools funding formula. This report focuses on this funding stream.
- 22 DSG funding for this formula is provided as an amount per primary and secondary pupil.
- 23 The amounts per pupil are set each year by central government and are calculated using notional NFF allocations to each school using pupil numbers from the previous financial year.
- 24 For 2019-20 the amounts per pupil allocated to Durham have increased compared to 2018-19 as set out in the table below:

<i>DSG amounts per pupil (£)</i>	Primary	Secondary
2019-20	4,227.34	5,253.15
2018-19	4,183.61	5,236.06
Increase (£)	43.73	17.09
Increase (%)	1.045%	0.326%

- 25 The final funding will be determined by the pupil numbers recorded in the October 2018 Schools Census. Total allocations for 2019-20 using the £/pupil amounts and estimated October Census numbers are as follows:

	Estimated October 2018 Pupils	DSG amounts per pupil (£)	Total (£ rounded)
Primary	39,062	4,227.34	165,128,000
Secondary	25,315	5,253.15	132,983,000
Total	64,377		298,112,000

- 26 In addition to this, funding is provided for premises-related costs and growth. A further adjustment is that, subject to decisions of the Schools Forum, an amount is de-delegated from funding for maintained schools in respect of support for looked after children, contingencies for schools in financial difficulty and trade union facility time. The estimated total funding and the funding net of de-delegation (decisions not yet taken by the Schools Forum for 2019/20 but based on de-delegation decisions taken for 2018/19) is shown below:

	£ (rounded)
£.pupil funding	298,112,000
Add - Funding for premises	6,665,000
Add - Funding for growth	397,000
Estimated total funding for 2019-20	305,173,000
Less - Estimated de-delegation	-582,000
Estimated funding net of de-delegation	304,591,000

Setting the Local Formula for 2019-20

- 27 The final decision about the formula rests with the Council, but it must consult schools and the Schools Forum and must apply for permission to transfer funding to or from the High Needs Funding Block.
- 28 Officers have been working on options for the mainstream primary and secondary schools funding formula for a number of months. The timetable for decision-making is set out below:

	<i>Recipient</i>	<i>Content</i>
9,10,13 July 2018	Schools Forum Working Groups	<ul style="list-style-type: none"> Initial discussions about formula options and HNB transfer - prior to announcement of delay to replacement of local formulas
20-21 Sept 2018	Schools Forum Working Groups	<ul style="list-style-type: none"> Options for formula for 2019-20 Outline of HNB transfer information and impacts on schools formula / individual schools
September 2018	Extranet consultation with schools	<ul style="list-style-type: none"> Options for formula for 2019-20 Outline of HNB transfer information and impacts on schools formula / individual schools
17 Oct 2018	Cabinet	<ul style="list-style-type: none"> Options for formula for 2019-20 HNB transfer - decision as to whether to apply
5 November 2018	Schools Forum	<ul style="list-style-type: none"> Options for formula for 2019-20 – will include de-delegation decisions Proposals for HNB transfer
7 November 2018	CYPS O&S Cttee	<ul style="list-style-type: none"> Presentation on options for formula for 2019-20 & overview of proposals for HNB transfer
30 November 2018	Secretary of State	<ul style="list-style-type: none"> Deadline for submission of application for HNB transfer
5 December 2018	Schools Forum	<ul style="list-style-type: none"> Update on options for formula 2019-20
12 December 2018	Cabinet	<ul style="list-style-type: none"> Decision on formula for 2019-20
Mid-December 2018	DCC (from DfE)	<ul style="list-style-type: none"> Final funding and data provided for use in final local formula
21 Jan 2019	DfE	<ul style="list-style-type: none"> Submission of final version of formula to DfE
20 February 2019	Council	<ul style="list-style-type: none"> Details of final schools formula reported to Council as part of the budget report

Options for 2019-20 Formula

29 A number of options have been identified for the 2019-20 formula. These are described below. All the options would be affected by a potential transfer of funding to High Needs. This is discussed later in this report, followed by an evaluation of the individual options.

30 The following options have been identified for the formula for 2019-20:

OPTION 1: Accelerate the pace of change and move to implement the NFF as closely as possible from 2019-20

31 This would involve the use values in the formula as close as possible to the indicative NFF values.

32 The local formula would not replicate the NFF exactly, because, as described, funding is based on 2018-19 funding levels and is not updated to take account of changes affecting 2019-20, which means that the amount that would be allocated using the NFF would not match the funding available.

33 The NFF also incorporates a funding floor, which guarantees a 1% increase in funding compared to a baseline amount per pupil from 2017-18. This will form part of the funding for schools when the NFF replaces local formulas, but at present it is not clear that this could actually be applied in Durham without significantly distorting the formula. Further work is underway undertaken to clarify this with the DfE. In the meantime this option has been modelled without the baseline adjustment.

OPTION 2: Continue with the strategy implemented with effect from 2018/19: a transitional formula which moves schools to a NFF based allocation from 2020/21

34 This would continue the path established in setting the 2018-19 formula, but would reduce the differences between that formula and the NFF, with the intention of a further reduction in 2020-21, which would eliminate the differences and replicate the NFF as far as possible. (As with the NFF option above, it would not be possible to replicate the NFF exactly at this stage due to the 1% baseline adjustment).

35 The table below shows the difference between the local and national formulas in each year of the transition years leading up to a NFF equivalent formula in 2020/21:

Year	Difference between local formula and NFF
2017-18	100%
2018-19	67%
2019-20	33%
2020-21	0%

OPTION 3: Continue with a transitional formula approach, but at a slower rate than currently planned i.e. aim for a NFF equivalent formula from 2021/22 instead of 2020/21

- 36 This would result in a slower pace of change to reduce the differences between the current formula and the NFF.
- 37 The slower rate would be set to implement a smooth transition from the 2018-19 transitional formula on the basis that the NFF would be implemented from 2021-22. (As with the NFF option above, it would not be possible to replicate the NFF exactly at this stage due to the 1% baseline adjustment).
- 38 The table below shows the difference between the local and national formulas in each year of the transition and the first year in which the NFF replaces local formulas:

Year	Difference between local formula and NFF
2017-18	100%
2018-19	67%
2019-20	45%
2020-21	22%
2021-22	0%

OPTION 4: Retain the 2018/19 formula factors and halt the transition to the NFF in 2019/20

- 39 This would update the 2018-19 formula for changes in funding and data, (pupil numbers, pupils eligible for additional needs funding, numbers of schools and premises factors), but make no changes to the lump sums or the relative allocations between pupil-led factors, which are required to converge with the NFF.

Other Options

- 40 The following options have been considered but are not recommended for consideration.

Revert to the 2017-18 Local Formula

- 41 This would reverse the changes made in 2018-19. This is not recommended for the following reasons:
- a. The old formula was designed to reduce turbulence at the time of the initial funding reforms in 2013-14 and there was no significant consideration, then or since, of the rationale for the formula.
 - b. The old formula made no provision for sparsity funding for rural schools, such as those in Weardale.

- c. The pupil-led funding in the old formula was heavily weighted in favour of a small number of additional needs factors, which meant that schools could lose out if they did not have many pupils eligible for these factors:
 - i. There was no Free School Meals - FSM - deprivation factor for primary schools;
 - ii. For secondary schools, the deprivation factors were heavily weighted in respect of current entitlement to Free School Meals, which could create significant turbulence in funding from year-to-year;
 - iii. For both primary and secondary the allocation to Low Prior Attainment was much less than for deprivation factors.

Make changes to transitional formula

- 42 This would mean making choices as to which elements of the NFF to implement and the rate at which they were implemented. For example, increasing the speed at which the changes in the relative allocations to pupil-led factors are implemented, but delaying further changes to the lump sum.
- 43 This would increase the differences between the factor values in the local formula and the NFF and it is likely to increase turbulence when the NFF replaces local formulas.

Vary the Minimum Funding Guarantee

- 44 Local authorities are permitted to increase the MFG from -1.5% to up to 0.5%. This is to allow authorities to partly replicate the increases in funding included in the overall DSG allocation at national level, which provides for an increase in the notional funding per pupil in the DSG calculations of at least 1% from 2017-18 to 2019-20. This increases the amounts per pupil used for the DSG allocation, but this does not necessarily mean that each school's allocation through the local formula increases.
- 45 This would not be an option for Durham's local formula unless there was no transfer to the HNB, because it would lead to a negative ceiling.

Proposed Transfer to the High Needs Block

- 46 The High Needs Block of the DSG funds provision for pupils and students with Special Educational Needs, including those in mainstream and special schools and out-of-county placements.
- 47 Funding for High Needs is provided through the High Needs Block (HNB) of the DSG. The HNB funding is determined by a national formula.
- 48 Funding has been included in a separate High Needs Block since 2013-14. From 2013-14 to 2017-18 the allocation was largely based on historic patterns of budget allocation in Durham. From 2018-19 the HNB is based on a national formula, which takes account of special school pupil numbers, historic patterns of spending and proxy indicators for additional, including population, deprivation, health and disability and low prior educational attainment. The

2018-19 allocation is £0.6 million more than it would have been had the 2013-14 allocation been increased in line with inflation.

- 49 For 2019-20, Durham's provisional allocation has increased by 2.84% (£1.42 million). The current rate of inflation is around 3.4% and the allocations for 2019/20 do not address the real terms cuts in schools per pupil funding over recent years, where successive allocations have failed to keep track with the demographic and inflationary pressures in this area.
- 50 Members will recall that in 2017/18 there was an overspend against the DSG High Needs Block of £4.652 million. This was the net outturn position and took into account an overspend of £5.851 million against budgets for top-up funding for mainstream schools and for special schools provision, and an underspend of £1.199 million against centrally provided services. In terms of the current year, there is a forecast overspend of £5.129 million in these budgets.
- 51 In 2017/18 the overspend was covered by centrally held DSG Reserves and in 2018/19 an element of the overspend can be absorbed by the DSG reserves, however, there is insufficient DSG reserves to cover this in total and on this basis the Council's DSG reserve will be in deficit by the end of the financial year.
- 52 The pressures on the High Needs block are driven by increasing demand to meet the requirement of young people with special education needs and disabilities. This is a demand driven volatile area of activity for which the authority has a statutory duty to provide. The key reasons for increasing cost pressures in this area are set out below:

(a) Numbers of children and young people with SEND

There has been a significant increase in the number of children with SEND who require high needs support due to:

- The extension of support to young people up to the age of 25. Recent changes mean that local authorities are now supporting young people aged 19-25 for which they have received no additional funding. The number of young people with complex needs engaging in further education has increased from 166 in 2015 to 833 currently.
- Early identification of additional needs, particularly in the early years, has also increased the size of the cohort of children who are receiving support. EHCP requests for pre-school children increased from 90 three years ago to 250 last year.

(b) Complexity of need

The needs of children with special educational needs and/ or disabilities are becoming more complex and this is driving increased financial pressures across the system. Demand for specialist placement is greater than the places available, particularly in relation to ASD and SEMH. This is resulting in increased specialist placements with independent providers, some of which are located outside of the local area. Durham and other

authorities are also seeing increased demands for top-up funding across all settings.

(c) Inclusiveness of the system

Many mainstream schools are facing financial pressures, have difficulties with capacity to provide additional support and are not always able to gain parental preference, especially when planning for complex needs or challenging behaviour. This is driving up the demand for more specialist education services, which is legally difficult to contest due to the weight given to parental preference.

In parallel with the SEND pressures there has been an increase in the number of students being at risk of or permanently excluded, this has significantly increased the number of young people placed in the Pupil Referral Unit or in alternative provision. Pupil Referral Unit numbers have almost doubled in the last three years from 58 to 94.

- 53 Durham is not unique in experiencing these pressures and over the past year this has been highlighted across the country by a number of local authorities and education leaders. Recent data published by the County Councils Network (CCN) indicates that 22 county councils are projecting an over spend in 2018-19.
- 54 There is an ongoing review into this area of service delivery, reviewing how the needs of these young people are met and routes to secure additional funding continue to be explored.
- 55 However, it is clear that there is a significant shortfall in funding for pupils with Special Educational Needs (SEN). To help alleviate some of these continuing pressures in 2019/20 it is proposed to apply to the Secretary of State, DfE to transfer funding from the mainstream primary and secondary funding formula to the HN block to help address this shortfall.
- 56 Local authorities can apply for permission to transfer funding from the Schools Block of the DSG to the HNB. Transfers of up to 0.5% of the Schools Block must be approved by the Schools Forum. Transfers in excess of 0.5% must be approved by the Secretary of State, DfE. Any agreement to transfer funding between these blocks is reconsidered on an annual basis. Officers in Children and Young Peoples Services are preparing the supporting information required for an application to the Secretary of State, DfE for a transfer from 2019/20 onwards.
- 57 A transfer of 0.5% would be around £1.5 million, which is less than the amount required to offset the significant pressures in the HN DSG block, so it is likely that if the recommendation to apply for a transfer is approved by Cabinet, it will have to be in excess of the 0.5% threshold and therefore the request will have to be made to the Secretary of State, DfE for consideration and approval.
- 58 Modelling of options for the mainstream formula indicates that the maximum amount that can be transferred is between 1.3 and 1.5%. The limit on transfers is the amount required to fund the Minimum Funding Guarantee

(MFG), which ensures that schools do not see a reduction in funding per pupil of more than 1.5% per year.

- 59 The amount required for the MFG increases as the amount transferred to the HNB increases and more schools come within the scope of the MFG, (i.e. their formula funding per pupil is more than 1.5% less than in the previous year). This happens because the amounts allocated through the formula reduce as the amount transferred increases.
- 60 The MFG is funded by imposing a ceiling on increases in funding per pupil for other schools, but statutory regulations require that the ceiling cannot be negative. As the amount transferred to the HNB increases, the amount required for the MFG increases and this means that the ceiling has to be lowered, so that more funding can be recovered. Eventually the point is reached where the ceiling cannot be reduced further.
- 61 The table below summarises the position in respect of each of the options under consideration, including the maximum transfer with a positive ceiling:

Option	Transfer to HNB	Transfer to HNB		Ceiling
		%	Value (£)	
OPTION 1: Implement the NFF as closely as possible from 2019-20	No transfer	-	-	3.729%
	Maximum transfer	1.304%	£3,979,460	0.001%
OPTION 2: Continue with the transitional formula to converge in 2020/21	No transfer	-	-	3.887%
	Maximum transfer	1.462%	£4,461,634	0.002%
OPTION 3: Continue with the transitional formula, but at a slower rate – converge 2021/22	No transfer	-	-	3.717%
	Maximum transfer	1.514%	£4,620,324	0.001%
OPTION 4: Using existing formula, with no further transition	No transfer	-	-	3.403%
	Maximum transfer	1.333%	£4,067,960	0.001%

- 62 The figures including in the modelling at this time are indicative only and will change once the final funding and schools data is confirmed in December.
- 63 For the purposes of an application for a transfer, Cabinet is being asked to support the principle of a transfer and to agree whether to apply for a transfer to the maximum permissible amount that would avoid a negative ceiling.
- 64 In view of the shortfall in funding, Cabinet is recommended to agree to an application for a transfer of funding from the Schools Block of the Dedicated Schools Grant of the maximum permissible without a negative ceiling. This in itself will not fully address the overspend in the HN block currently being experienced or the forecast deficit in the DSG reserve at 31 March 2019.

Comparison of Options

65 All comparisons included in this report are based on a HNB transfer at the maximum permissible amount for each option and are a comparison with net formula funding for 2018-19.

66 Changes in funding are broadly consistent across the options. Changes in funding are mainly driven by changes in pupil numbers and this is the main determinant of whether schools see their funding reduce or increase in 2019/20 when compared to 2018/19. The overall impact on schools is summarised in the tables below:

Impact of 2019-20 formula options compared to 2018-19 net formula funding - schools with <i>reduced</i> funding		OPTION1: NFF in 2019/20	OPTION2: Existing Transitional formula	OPTION3: Transitional formula slower rate	OPTION4: 201819 formula updated
Primary	No. of schools	127	126	124	126
	Average reduction (£)	-24,000	-23,000	-23,000	-21,000
Secondary	No. of schools	10	10	10	9
	Average reduction (£)	-172,000	-169,000	-166,000	-171,000

Impact of 2019-20 formula options compared to 2018-19 net formula funding - schools with <i>increased</i> funding		OPTION1: NFF in 2019/20	OPTION2: Existing Transitional formula	OPTION3: Transitional formula slower rate	OPTION4: 201819 formula updated
Primary	No. of schools	88	89	91	89
	Average increase (£)	24,000	22,000	21,000	21,000
Secondary	No. of schools	21	21	21	22
	Average increase (£)	233,000	210,000	202,000	205,000

67 Appendix 2 shows the estimated funding for each option by school and compares this to the 2018-19 funding levels currently received. The change in pupil numbers for each school is also provided in this appendix for reference as overall reductions in pupil numbers on roll year on year will inevitably result in reductions in overall funding regardless of the impact of the changes to the formula factors.

68 The table below summarises the impact of the transfer to the HNB compared to formula options with no transfer. The schools with no change in funding are those that qualify for MFG in all options.

<i>Reduction in funding with the maximum transfer of funding to HNB without a negative ceiling</i>		OPTION1: NFF in 2019/20	OPTION2: Existing Transitional formula	OPTION3: Transitional formula slower rate	OPTION4: 201819 formula updated
Primary	No. of schools with no change in funding	54	28	22	10
	No. of schools with reduced funding	161	187	193	205
	Average reduction (£)	-21,000	-17,000	-16,000	-11,000

Reduction in funding with the maximum transfer of funding to HNB without a negative ceiling		OPTION1: NFF in 2019/20	OPTION2: Existing Transitional formula	OPTION3: Transitional formula slower rate	OPTION4: 201819 formula updated
Secondary	No. of schools with no change in funding	19	5	4	-
	No. of schools with reduced funding	12	26	27	31
	Average reduction (£)	-54,000	-47,000	-60,000	-61,000

69 Appendix 3 shows the impact of the HNB transfer for each school.

70 The table below summaries the proportions of funding allocated to each type of factor in the formula and Appendix 4 provides the formula values and the proportions of funding allocated to each factor for each of the options.

% allocated through formula 2019-20 options are with the maximum transfer to the HNB	2018-19 formula	OPTION1: NFF in 2019/20	OPTION2: Existing Transitional formula	OPTION3: Transitional formula slower rate	OPTION4: 201819 formula updated
Pupil-led factors					
Basic amount per pupil	70.34%	70.55%	70.33%	70.26%	70.07%
Deprivation	11.96%	12.59%	12.26%	12.16%	11.94%
English as an Additional Language	0.06%	0.17%	0.11%	0.09%	0.06%
Low Prior Attainment	3.49%	5.23%	4.55%	4.33%	3.89%
Minimum per-pupil funding	0.01%	0.17%	0.06%	0.01%	0.01%
School-led factors					
Lump Sum	11.90%	8.98%	10.41%	10.89%	11.81%
Sparsity	0.04%	0.12%	0.08%	0.07%	0.04%
Premises-related factors					
Rates	1.59%	1.56%	1.56%	1.57%	1.56%
Split-site	0.13%	0.11%	0.11%	0.11%	0.11%
PFI	0.47%	0.49%	0.49%	0.49%	0.49%
Joint-use Leisure	0.02%	0.02%	0.02%	0.02%	0.02%

Evaluation of options

OPTION 1: Accelerate the pace of change and move to implement the NFF as closely as possible from 2019-20

71 This option would be appropriate if no significant changes are anticipated in the NFF in future years or if the NFF was seen as the most appropriate formula for schools in Durham or if a shorter transition was preferred.

72 In respect of the future of the NFF, this will be determined by the outcome of the next Spending Review, in 2019 and it would not be prudent to assume that there would be no changes to the NFF in the future at this stage.

- 73 As a formula, the NFF emphasises pupil-led funding, which can be an issue for smaller schools, particularly primary schools and this is of concern to the Council, because of the number of small primary schools in the County. There are also concerns over the eligibility criteria for sparsity funding based on current NFF proposals.
- 74 In other respects, the NFF does improve on the old local formula, in respect of the broader range of criteria used to determine deprivation funding and the increased provision for Low Prior Attainment - which recognises that some pupils have not achieved a satisfactory standard earlier in their school education and are likely to need additional support in their current school.
- 75 There is a view amongst some headteachers that transition periods are destabilising for schools and that a short transition allows schools to make adjustments to staffing and other expenditure quickly and then move on with more certainty about their futures.

OPTION 2: Continue with the strategy implemented with effect from 2018/19: a transitional formula which moves schools to a NFF based allocation from 2020/21

- 76 This option is consistent with the strategic decisions made last year and allows flexibility to make changes in following years to take account of any changes in the NFF, whilst following the general direction of travel of the NFF in respect of increased pupil-led funding and less lump sum funding. This option also gives schools more time to adapt to anticipated changes in future funding.
- 77 As noted, there is uncertainty about the future of the NFF, but although it would not be prudent to assume that the NFF will not change, it would also not be prudent to assume that the underlying policy in respect of increased pupil-led funding will not continue, particularly as many local authorities are already either using the NFF or transitioning towards it. When local formulas are increasingly aligned to the NFF there is less likelihood of significant changes, because of the potential disruption that this would cause.
- 78 This option is also consistent with the DfE's expectation that local authorities will manage the transition to the NFF.

OPTION 3: Continue with a transitional formula approach, but at a slower rate than currently planned i.e. aim for a NFF equivalent formula from 2021/22 instead of 2020/21

- 79 This option would further extend the transition period. This could be seen as an advantage through giving schools more time to adapt to anticipated changes. It would also allow more flexibility to make changes to take account of changes in the NFF.
- 80 Slowing down the rate of transition would however go against the DfE's expectation that local authorities will continue to align local formulas more closely with the NFF to smooth the transition to the NFF. It is not clear what, if any, the consequences would be of going against the expectation, particularly if Durham was an outlier in this respect.

OPTION 4: Retain the 2018/19 formula factors and halt the transition to the NFF in 2019/20

- 81 This option would maintain existing differences from the NFF and is likely to lead to a shorter transition in the future. As with the previous option, this would go against DfE expectations.

Equality Impact Assessment

- 82 An Equality Impact Assessment screening has been undertaken on the options set out in this report and is attached at Appendix 5, which is summarised as follows:

- a. There is evidence of actual or potential impact on some/all of the protected characteristics and a full Equality Impact Assessment will be undertaken on the final proposals and will be included with the Cabinet report in December when the final formula is agreed.

- 83 A full Equality Impact Assessment will be undertaken on the final proposals and will be included with the Cabinet report in December when the final formula is agreed.

Further Consultation

- 84 The final decision on the 2019-20 funding formula for mainstream primary and secondary schools will need to be made by Cabinet in December, following further consultation with schools and the Schools Forum.
- 85 In the meantime, Cabinet is recommended to consider the proposals to seek permission from the Secretary of State, DfE, to transfer funding from the schools block to the HN Block and to consider the options available and provide comments on its recommended option, for feedback to the Schools Forum at its meeting on 5 November 2018.

Conclusions

- 86 This report considers the Council's approach to setting a funding formula for mainstream primary and secondary schools for 2019/20, which would apply to maintained schools from 1 April 2019 and academies from 1 September 2019
- 87 The report provides Cabinet with details of the options available in terms of the mainstream primary and secondary school funding formula for 2019-20, in light of the National Funding Formula announcements made by Government in July 2018, together with details of the ongoing consultation with individual schools and through the Schools Forum across the autumn 2018.
- 88 The report proposes that an application is made to the Secretary of State, DfE for permission to transfer funding from the schools block to supplement High Needs funding in response to the significant budget pressures being experienced in this area. Officer from CYPS are preparing the detailed business case to support this request, which will need to be submitted to the Secretary of State, DfE by 30 November, 2018.
- 89 This transfer would impact on the funding formula for mainstream primary and secondary schools for 2019/20 and full details of the forecast impact on individual schools is included within the report and supporting appendices.

90 At this stage Cabinet are being asked to support the direction of travel in terms seeking to transfer funding to the DSG High Needs Block and to consider the options set out in this report in terms of the funding formula for mainstream primary and secondary schools for 2019/20.

Recommendations

91 Cabinet is recommended to:

- (a) Note the indicative financial modelling that has been undertaken to date and the timetable for decision-making for the 2019-20 mainstream primary and secondary funding formula;
- (b) Authorise the Corporate Director of Resources and Corporate Director of Children and Young Peoples Services, in consultation with the relevant Cabinet members, to submit an application for a transfer of funding from the Schools Block of the Dedicated Schools Grant of the maximum permissible, without creating a negative ceiling.
- (c) Consider the options available in terms of the 2019-20 mainstream primary and secondary funding formula and to provide comments for feedback to the Schools Forum at its meeting on 5 November 2018.

Contact: Paul Darby

Tel: 03000 261 930

Appendix 1: Implications

Finance

The Dedicated Schools Grant (DSG) is a specific earmarked grant provided by the Government which provides the major source of funding for schools and the provision of support to them. It is notionally split into four 'blocks': Early Years, High Needs Central School Services and Schools.

All DSG funding must be spent on schools or support to them.

Starting in 2018-19, funding allocations to each local authority's Schools Block of the DSG are based on notional funding for each school using the National Funding Formula, which is determined by the DfE. Individual local authorities use the Schools Block funding to set a local formula using the available funding and in accordance with funding regulations, which limit the discretion of authorities.

Local authorities will continue to set local formulas until at least 2020-21. DfE policy is that in the longer term local formulas will be replaced by the NFF, which will determine allocations to individual schools. The Government are encouraging local authorities to align their local formula with the NFF.

The NFF puts more funding into pupil-led factors than school-led factors, which could create longer-term challenges for smaller schools, because the increase in pupil-led funding will be of less benefit to schools with smaller numbers of pupils. The NFF will include minimum funding levels which may reduce the amount that can be allocated through factors such as deprivation.

Estimated funding for 2019-20 is £305.2 million.

There was an overspend against the DSG High Needs Block of £4.652 million in 2017/18 and in the current year, there is a forecast overspend of £5.129 million in these budgets.

In 2017/18 the overspend was covered by centrally held DSG Reserves and in 2018/19 an element of the overspend can be absorbed by the DSG reserves, however, there is insufficient DSG reserves to cover this in total and on this basis the Council's DSG reserve will be in deficit by the end of the financial year.

Staffing

There are likely to be consequential restructuring and potential redundancies in schools where funding is reduced.

Risk

The National Funding Formula increases the proportion of funding allocated on pupil based factors, by reducing the amounts of funding allocated through schools led factors such as lump sums. The NFF also distributes deprivation linked funding differently to the current local formula arrangements, with greater proportions of funding being distributed on the basis of low Prior Attainment. Small schools and those schools receiving a proportionately higher proportion of deprivation linked funding currently distributed via the existing local formula will face a greater financial challenge as a result of the move towards a National Funding Formula for schools.

The long-term policy of replacing local formulas with the NFF requires local authorities to consider the implications for schools when local formulas are replaced by the NFF.

There is a risk of significant turbulence for schools if there is a 'cliff-edge' change in funding when their funding changes to the NFF.

Equality and Diversity / Public Sector Equality Duty

An Equality Impact Assessment screening has been undertaken on the options set out in this report and is attached at Appendix 5, which is summarised as follows:

There is evidence of actual or potential impact on some/all of the protected characteristics and a full Equality Impact Assessment will be undertaken on the final proposals and will be included with the Cabinet report in December when the final formula is agreed.

Accommodation

None

Crime and Disorder – none

None

Human Rights

None

Consultation

The Council must consult with schools and the Schools Forum. The latter is a statutory consultative body, mainly consisting of representatives of headteachers, governors and academy trusts.

The Schools Forum received a report about these issues in June and initial consultation with Schools Forum Working Groups took place in July. A more detailed consultation with working groups took place in September and a consultation document was made available to schools through the Schools Extranet. Further consultation with schools will take place in November and December at scheduled Schools Forum meetings, (5 November and 5 December).

Procurement

None

Disability Issues

None

Legal Implications

Schools are largely funded by Dedicated Schools Grant (DSG) and the amount of DSG made available for this purpose is largely based presently on historic allocations dating back to the mid-2000s.

The Dedicated Schools Grant is issued by the Department for Education, with the terms of grant given governed by section 16 of the Education Act 2002, which states that it is a ring-fenced specific grant that must be used in support of the schools budget as defined in the School and Early Years Finance (England) Regulations.

Local authorities are currently responsible for establishing a local formula for distributing the funding to individual schools. This is subject to national regulations and statutory restrictions established by the Education and Skills Funding Agency.

Since 2013/14, local discretion over the funding formulae that can be applied has been significantly restricted, with local decision making limited to the application of a relatively small number of formula factors, most of which are pupil-led, with the rest being either school-led or relating to specific premises related costs.

The funding framework governing schools finance, which replaced Local Management of Schools, is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998. Under this legislation, the council is required to publish a Scheme of Financing for Schools.

The scheme sets out the financial relationship between the authority and the maintained schools that it funds, including the respective roles and responsibilities of the authority and schools. Under the scheme, deficits of expenditure against budget share (formula funding and other income due to the school) in any financial year are charged against the school and deducted from the following year's budget share to establish the funding available to the school for the coming year.

Appendix 5: Durham County Council Equality Impact Assessment

NB: The Public Sector Equality Duty (Equality Act 2010) requires Durham County Council to have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people from different groups. Assessing impact on equality and recording this is one of the key ways in which we can show due regard.

Section One: Description and Screening

Service/Team or Section	Financial Services, School Funding Team
Lead Officer	David Shirer
Title	Mainstream Primary and Secondary Formula Funding 2019-20 and Transfer to High Needs Block
MTFP Reference (if relevant)	
Cabinet Date (if relevant)	17 October 2018
Start Date	1 April 2019
Review Date	

Subject of the Impact Assessment

Please give a brief description of the policy, proposal or practice as appropriate (a copy of the subject can be attached or insert a web-link):

The Council is required to set a formula to distribute funding to mainstream primary and secondary schools, including academies and will continue to set a local formula for at least the next two years. Government policy is to replace local formulas set by local authorities with the National Funding Formula (NFF). For 2018-19, the Council set a transitional formula, intended to reduce the differences between the local formula and the NFF over a three-year period, culminating in 2020-21 when the NFF was expected to replace local formulas.

At the end of July 2018, the DfE announced that the replacement of local formulas was being delayed and that local authorities would set local formulas for 2020-21. The Council is considering options for the local formula for 2019-20 and is consulting schools and the Schools Forum during the autumn term, prior to taking a final decision in December.

The options under consideration are:

- Option 1: Implement the NFF as closely as possible from 2019-20
- Option 2: Continue with the transitional formula to converge in 2020/21
- Option 3: Continue with the transitional formula, but at a slower rate – converge in 2021/22

- Option 4: Using existing formula, with no further transition

At the same time, Cabinet will be recommended to approve an application to transfer funding from the Schools Block of the Dedicated Schools Grant (DSG), to the High Needs Block.

The Schools Block provides the funding for the mainstream primary and secondary formula, so a transfer will reduce the amount distributed through the formula.

The High Needs Block provides the funding for provision for pupils and students with Special Educational Needs and there is a substantial shortfall in funding for this provision.

A national EIA for the NFF is available through the gov.uk website:

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

This is relevant, because the option that is recommended for the formula is the transitional option, which is partly based on the NFF.

Transition to the NFF will increase the funding allocated to pupil-led factors and reduce the lump sum provided to all schools, which could create longer term challenges for smaller schools which is relevant to the County due to its semi-rural nature. Pupil-led factors include factors linked to deprivation, English as an Additional Language and Low Prior Attainment. The transition to the NFF will reduce the amount allocated to deprivation, albeit using a wider range of measures, and will significantly increase the funding allocated to Low Prior Attainment.

Who are the main stakeholders? (e.g. general public, staff, members, specific clients/service users):

Pupils, their families and school-based staff. Also affected are the Council, which is responsible for maintaining schools, academy trusts and Roman Catholic and Church of England diocese, in respect of voluntary controlled and voluntary aided schools.

Screening

Is there any actual or potential negative or positive impact on the following protected characteristics?

Protected Characteristic	Negative Impact Indicate: Y = Yes, N = No, ? = unsure	Positive Impact Indicate: Y = Yes, N = No, ? = unsure
Age	?	N
Disability	?	Y

Marriage and civil partnership (workplace only)	N	N
Pregnancy and maternity	N	N
Race (ethnicity)	N	?
Religion or Belief	N	N
Sex (gender)	?	N
Sexual orientation	N	N
Transgender	N	N

Please provide **brief** details of any potential to cause adverse impact. Record full details and analysis in the following section of this assessment.

The impact on schools is varied and for those that lose out financially there are potential negative impacts for both pupils and staff. In relation to staff there may be greater potential impact in terms of age (older) and gender (women).

How will this policy/proposal/practice promote our commitment to our legal responsibilities under the public sector equality duty to:

- eliminate discrimination, harassment and victimisation,
- advance equality of opportunity, and
- foster good relations between people from different groups?

The formula includes factors which act as proxy measures for pupils who are likely to need additional support to achieve the expected level of attainment, which will contribute to increasing equality of opportunity.

The formula does not differentiate between pupils from different groups and allocates funding on the basis of factors that are likely to be relevant to their educational needs.

Evidence

What evidence do you have to support your findings?

Please **outline** your data sets and/or proposed evidence sources, highlight any gaps and say whether or not you propose to carry out consultation. Record greater detail and analysis in the following section of this assessment.

NFF EIA (see link above)

Report to Cabinet on 13.12.17 details the factors considered in determining the transitional formula recommended to Cabinet to approve. The report appendices contain detail on how each school in the County will be financially impacted by all

three implementation options. This EIA is based on the recommended transitional model.

Consultation

Feedback from the Schools Forum working groups (Oct/Nov 2017) has been mixed but overall has tended to favour a transitional option.

On 7th Nov 17, Children's and Young People's Overview and Scrutiny committee received a report and presentation on the schools funding formula options and the impact of NFF. The committee recognised that the impact on schools varied and that change would inevitably be to the benefit of some schools, but to the detriment of other schools. They also recognised that no moment towards the NFF would potentially create significant challenges for a number of schools in 2020/21. In conclusion the committee was supportive of the proposals to use a transitional model recognising this was something the Education and Skills Funding Agency was encouraging and this seemed the fairest solution to a difficult issue.

Update October 2018

The final decision on the 2019-20 funding formula for mainstream primary and secondary schools will need to be made by Cabinet in December, following further consultation with schools and the Schools Forum on 5 November, after which this EIA will be updated.

Screening Summary

On the basis of this screening is there:	Confirm which refers (Y/N)
Evidence of actual or potential impact on some/all of the protected characteristics which will proceed to full assessment?	Y
No evidence of actual or potential impact on some/all of the protected characteristics?	N

Sign Off

Lead officer sign off: David Shirer	Date: November 2017
Service equality representative sign off: Research and Equality Manager	Date: November 2017 Updated October 2018

If carrying out a full assessment please proceed to section two.

If not proceeding to full assessment please return completed screenings to your service equality representative and forward a copy to equalities@durham.gov.uk

If you are unsure of potential impact please contact the corporate research and equalities team for further advice at equalities@durham.gov.uk

Section Two: Data analysis and assessment of impact

Please provide details on impacts for people with different protected characteristics relevant to your screening findings. You need to decide if there is or likely to be a differential impact for some. Highlight the positives e.g. benefits for certain groups, advancing equality, as well as the negatives e.g. barriers for and/or exclusion of particular groups. Record the evidence you have used to support or explain your conclusions. Devise and record mitigating actions where necessary.

Protected Characteristic: Age		
What is the actual or potential impact on stakeholders?	Record of evidence to support or explain your conclusions on impact.	What further action or mitigation is required?
<p>Public authorities do not have to comply with the Public Sector Equality Duty in relation to age for the provision of education and services to pupils in schools.</p> <p>In relation to potential impact on staff for schools experiencing funding reductions there could be implications for older staff.</p> <p>Following agreed HR procedures will ensure fair treatment.</p>	<p>Basic funding per pupil increases from primary (reception to Year 6) to KS3 (Years 7 to 9) to KS4 (Years 10 to 11). This is in line with normal practice in most authorities and the NFF and recognises the increasing cost per pupil as they get older: <i>As pupils progress through key stages, the breadth and complexity of the curriculum increases, requiring more subject experts, specialist teaching facilities and examination fees expenditure. (NFF EIA, paragraph 19, DfE).</i></p> <p>The table below shows the allocations in the 2018-19 formula and those for the options for 2019-20, assuming that the maximum amount permissible is transferred for each option.</p>	<p>Where funding reduces from year-to-year schools are supported to understand the implications, to forecast any budget shortfall and to identify appropriate savings that can be made to balance the budget. Where a staff restructuring is necessary schools are supported through this process.</p>

2019-20 options are with the maximum transfer to the HNB	% allocated through formula				
	Option 1 2018-19 formula	Option2 NFF	Option 3 Transi- tional formula	Option 4 Transi- tional formula slower rate	1819 formula
<i>Pupil-led factors</i>					
Basic amount per pupil	70.34%	70.55%	70.33%	70.26%	70.07%
Deprivation	11.96%	12.59%	12.26%	12.16%	11.94%
English as an Additional Language	0.06%	0.17%	0.11%	0.09%	0.06%
Low Prior Attainment	3.49%	5.23%	4.55%	4.33%	3.89%
Minimum per-pupil funding	0.01%	0.17%	0.06%	0.01%	0.01%
<i>School-led factors</i>					
Lump Sum	11.90%	8.98%	10.41%	10.89%	11.81%
Sparsity	0.04%	0.12%	0.08%	0.07%	0.04%
<i>Premises-related factors</i>					
Rates	1.59%	1.56%	1.56%	1.57%	1.56%
Split-site	0.13%	0.11%	0.11%	0.11%	0.11%
PFI	0.47%	0.49%	0.49%	0.49%	0.49%
Joint-use Leisure	0.02%	0.02%	0.02%	0.02%	0.02%

Protected Characteristic: Disability		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
<p>Limited positive impact.</p> <p>The transitional formula will increase the proportion of funding allocated to Low Prior Attainment (LPA), which is one of the DfE's proxy indicators for Special Educational Needs (SEN).</p> <p>Increasing the proportion of funding provided through LPA should increase the</p>	<p>Most funding to meet the needs of children with disabilities is provided separately to this formula.</p> <p>The proportion of funding allocated for LPA will increase from 3.49% in the 2018-19 formula to at least 3.89%. Schools contribute the first £6,000 of the cost of SEN provision and receive targeted support to offset these costs if the contributions for High Needs SEN pupils (those whose provision costs more</p>	As above

<p>correlation between the number of pupils with disabilities and the notional SEN budget, which should improve the efficiency of the allocation of targeted support in reaching schools with the most pupils with disabilities.</p> <p>In relation to potential impact on staff for schools experiencing funding reductions there could be implications for disabled staff and reasonable adjustments will be made where required.</p>	<p>than £6,000) exceeds the school's notional SEN budget. The SEN budget is a notional share of formula funding, based on a target of £350/pupil in each phase (primary/secondary) and includes all of the LPA funding with the balance from deprivation funding.</p>	
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Protected Characteristic: Marriage and civil partnership (workplace only)		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
N/A		

Protected Characteristic: Pregnancy and maternity		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
None	This is not relevant to school funding	None

Protected Characteristic: Race (ethnicity)		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
<p>Limited positive impact.</p> <p>The transitional formula does not include a mobility factor, which is potentially relevant</p>	<p>The proportion of funding allocated for pupils recorded as having had with English as an Additional Language in the past three years increases under all options except the existing formula option, (Option 4).</p> <p>No funding is included in the funding allocation to Durham in respect of mobility because</p>	<p>Support for Gypsy/Roma pupils and pupils of</p>

<p>to Gypsy/Roma pupils and pupils of Irish traveller heritage.</p>	<p>it has not been used in the past and the data can be unreliable due to issues with recording of data on pupils' previous schools after academy conversion.</p>	<p>Irish traveller heritage is available through centrally funded service provided by the Council, which responds to specific needs, as opposed to a formula allocation based on lagged data.</p>
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Protected Characteristic: Religion or belief		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
<p>The formula is applied to Roman Catholic primary and secondary schools and Church of England primary schools (there are no Church of England secondary schools). The formula does not differentiate between schools according to whether they are faith schools or not.</p> <p>Compared to the 2017-18 formula, faith schools generally see smaller increases in funding than other schools, but this is a result of applying the formula, which takes account of additional needs (deprivation, English as an Additional Language and Low Prior Attainment), where faith schools tend to have fewer eligible pupils. Faith schools also tend to be smaller than non-faith schools, which has an effect because of the proportion of funding allocated through pupil-led factors.</p>	<p>The proportion of pupils who are eligible for funding through additional needs factors is higher for non-faith schools in all categories except English as an additional language which is predominately why faith schools will see a smaller increase in funding per pupil.</p>	<p>As above</p>

Protected Characteristic: Sex (gender)		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
<p>The formula does not differentiate between pupils on this basis and there are no single-sex schools affected by the formula.</p> <p>In relation to potential impact on staff for schools experiencing funding reductions there could be disproportionate impact on female staff especially within primary education. Following agreed HR procedures will ensure fair treatment.</p>	Higher proportions of female staff are employed within the primary school sector.	As above

Protected Characteristic: Sexual orientation		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
None	The formula does not differentiate between pupils on this basis	None

Protected Characteristic: Transgender		
What is the actual or potential impact on stakeholders?	Explain your conclusion considering relevant evidence and consultation	What further action or mitigation is required?
None	The formula does not differentiate between pupils on this basis	None

Section Three: Conclusion and Review Summary

Please provide a brief summary of your findings stating the main impacts, both positive and negative, across the protected characteristics.
With the exception of age, the formula does not differentiate according to protected characteristics. The differentiation in respect of age is in accordance with usual practice and recognises differences in the provision required by pupils of different ages. There is a small positive impact in relation to disability as the transitional formula will increase the proportion of funding allocated to Low Prior Attainment

(LPA), which is one of the DfE's proxy indicators for Special Educational Needs (SEN).

Compared to the 2017-18 formula, faith schools generally will see smaller increases in funding than non-faith schools. The formula does not differentiate between schools but does take account of additional needs and school size in calculating allocations. A comparison of faith and non-faith schools illustrates that funding differences between these types of school is a result of differences in the proportion of pupils who are eligible for additional needs funding and school size.

Will this promote positive relationships between different communities? If so how?

No impact expected

Action Plan

Action	Responsibility	Timescales for implementation	In which plan will the action appear?
Consultation with schools and the Schools Forum on 5 November			

Review

Are there any additional assessments that need to be undertaken? (Y/N)	Refresh of faith school analysis
When will this assessment be reviewed? Please also insert this date at the front of the template	November 2018

Sign Off

Lead officer sign off: David Shirer	Date: 22.11.17 Updated 24.09.18
Service equality representative sign off: Research and Equality Manager Corporate Equality and Strategy Manager	Date: 22.11.17 Updated 24.09.18

Please return the completed form to your service equality representative and forward a copy to equalities@durham.gov.uk