



Schools Forum Meeting Agenda

Thursday, 4 July 2013 at 9.00 am
to be held in Board Room, Town Hall, Torquay, TQ1 3DR

Membership

Jeanne Cook
James Evans
Russell Green
Roger Hughes
Jessica Humphrey

Colin Kirkman
Mike Lock
Daneian Rees
David Theobald
Frances Ward

1. **Apologies**
2. **Minutes** (Pages 1 - 4)
To confirm as a correct record the minutes of the meeting held on 7th March 2013.
3. **Matters Arising**
4. **2012/13 Dedicated Schools Grant Out turn position** (Page 5)
School Forum to note position and decide on under spend.
5. **2012/13 Maintained School Balances** (Pages 6 - 10)
School Forum to note the position
6. **Formula Allocations Review Group(FAR 7)** (Pages 11 - 17)
School Forum to note the work of the group and discuss recommendations.
7. **Torbay School Funding Formula 2014/15** (Pages 18 - 63)

For information relating to this meeting or to request a copy in another format or language please contact:

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School Forum to note guidance

8. School Forum membership to reflect Post 16 provider.

9. Future Meeting Dates

17th October 0900-1130 Boardroom Town Hall

5th December 0900-1130 Boardroom Town Hall

9th January 0900-1130 Boardroom Town Hall

6th March 0900-1130 Boardroom Town Hall



Minutes of the Schools Forum

7 March 2013

-: Present :-

Roger Hughes (Chairman), Sue Foot, Jessica Humphrey, Mike Lock and David Theobald

(Also in attendance: Councillor Chris Lewis, Lisa Finn, Rob Parr, Matt Redwood, Suzie Franklin and Susan Moses)

1. Apologies/Changes to Membership

Apologies were received from Frances Ward

2. Minutes

The Minutes of the meeting of the Schools' Forum held on 10th January 2013 were amended and noted to be a true record

3. Matters Arising

The Chair asked the School Forum to note the actions brought forward from the last minutes on 6th December 2012.

2(i) Behaviour support services have not been delegated

3(i) & (ii) Governor representation: The Chair asked that the regulations be checked before considering a decision by the Local Authority to nominate a representative from the 14-19 partnership and an Academy governor (MR)

5(ii) & 7(i) Special School and PRU funding and Independent SEN placements on agenda today

The Chair asked the School Forum to note the actions from the minutes 10/1/13.

4. Funding for Induction for Newly Qualified Teachers (NQTs): The Head of Schools Commissioning informed the School Forum that this funding had already been delegated to schools through the per pupil entitlement.

The School Forum considered the implications for Oldway School if schools decide not to buy into their Induction Programme for NQT's. It was agreed that this information should be alerted to schools through the TAPS newsletter and copied to TASH to establish an agreed long term NQT support programme for 2014/15

The Chair asked the School Forum to consider an additional item on the agenda – "Nominations for a Vice Chair".

The Chair asked for nominations around the table – Mike Lock asked to be nominated and was seconded by Sue Foot. The School Forum agreed to the nomination for the Vice Chair

Actions:

- i) **Chair of TASH to inform schools of the changes and implications to funding for NQT induction in Torbay Schools (RH)**

4. Independent Special school Places 2012/13 (MR)

The Head of School Commissioning outlined a paper giving more details about High Costs SEN placements, previously raised at School Forum on 6th December 2012.

The School Forum considered and challenged the:-

- high costs for 11 pupils in residential placements currently being jointly funded between Education, Social Care and Health
- Independent Special Schools: numbers of secondary age pupils placed in out of area specialist schools

The School Forum recognised the need for high costs out of area placements and asked for an updated report at School Forum in October 2013.

Action

- i) **High Costs SEN placements: report to October School Forum (MR)**
- 5. Full cost recovery for exclusions (MR)**

The Head of Schools Commissioning informed School Forum on the budget changes for excluded pupils 2013/14 as specified by the Schools and Early Years Finance (England) Regulations. He reported that Torbay has relatively low levels of permanent exclusions. However, support arrangements are changing from September 2013 and tuition is very costly.

The 2013/14 exclusions adjustments will be:-

- Exclusion adjustment will be based upon the appropriate AWPU, deprivation, SEN and FSM funding factors
- Where a pupil is in receipt of top up funding the top up funding will end and the reduction for the SEN prior attainment factor will be adjusted to reflect the full £6,000 contribution from the school for the appropriate period of the year
- Schools will also have any pupil premium removed
- Schools admitting a pupil following permanent exclusion will receive these additional resources pro rata

The School Forum agreed with the proposal that the adjustment of the allocation of resources is better aligned with the exclusion of pupils and that schools are informed of the financial implications of permanent exclusions

Action

- i) **Head of Schools Commissioning to inform schools about the financial implications of permanent exclusions and investigate the issues with Special Schools (MR)**

6. Recoupment protocol (MR)

The Head of School Commission asked the School Forum for their views on the proposed protocol for cross border working regarding admissions and top up between Devon, Plymouth and Torbay including the protocol for commissioning places in special schools.

The School Forum supported both proposals – Protocol for Cross Border working Admissions and Top-Up between Devon, Plymouth and Torbay and the Commissioning of places in special schools (Appendix 1 and 2).

7. School Allocations 2013/14 and comparisons with 2012/13 (LF)

The Children's Service Finance Manager, briefed School Forum on the Schools funding Allocations 2013/14 which will be issued to schools (including Academies) on 13th February. A spreadsheet outlining comparisons using data from allocations in 2012/13 was discussed.

The School Forum considered the comparative analysis and recommended that schools/Forum members should contact Children's Finance Team with any queries they may have.

Action

- i) **School Forum members to email Chair any feedback on the proposals outlined in Appendix 1 and 2**

8. 2012/13 DSG Update on forecast end of year position.(MR)

The Head of Schools Commissioning informed School Forum of the projected outturn for 2012/2013 will be a breakeven or zero position although this reflected some significant overspends and underspends within the budget. He highlighted the budget pressures in SEN provision.

Action

- i) **Head of Schools Commissioning to report on final out turn figures for the DSG in July 2013**

9. 2013/14 review consultation (MR)

The Head of Schools Commissioning asked the School Forum to note the processes and data relating to the review of the funding changes for the 2013/14 School Funding Arrangement. The Chair asked members to feedback any comments by Monday 11th February 2013.

Actions

- i) **School Forum to feedback any comments by 11 February (ALL)**

- ii) FAR 7: two meetings to be arranged in June/July and September (MR)

10. Future Meeting Dates

The Forum agreed the future meeting dates for School Forum:

4 th July 2013	0930-1130	Townhall, TQ1 3DR	Boardroom,
17 th October 2013	0930-1130		
5 th December 2013	0930-1130		
9 th January 2014	0930-1130		
6 th March 2014	0930-1130		

DRAFT

School Forum 4th July 2013

Out turn position for the Dedicated School Grant (DSG) March 2013

The outturn for 2012/2013 is that the DSG outturn was £126k under spent. This reflects some significant overspends and under spends within the budget.

The education other than at school (EOTAS) budget was projecting an overspend all year although with some late variations the final position was that EOTAS under spent by £50k.

Whilst the pressures on EOTAS was less than previously reported the SEN pressure has increased.

SEN statementing contingency was overspent by £130k. Joint Funded placements and Independent Special School fees as reported at the last Forum meeting out turned at £290k overspend and £210k overspend respectively. Recoupment for SEN statemented pupils in other LAs was overspent by £120k.

These overspends are offset by a NNDR under spend and some small under spends in other lines totalling £854k. The majority of this was the £784k NNDR refund from when Torquay Community College changed its status from a maintained school to a foundation school. Foundation and voluntary aided schools pay lower rates than maintained schools. The funding formula allocates actual costs of rates to schools so there has been no detriment to the school and this refund should now legitimately accrue to the overall DSG.

Recommendations.

1. School Forum note the 2012/13 outturn position
2. School Forum decide how to treat the £126k underspend in the 2013/14 financial year..

Agenda Item 5

SCHOOL BUDGET RETURN 1 ANALYSIS 2013/14

As part of the requirements of the Scheme for Financing Schools, all schools have to complete a budget return by the end of May each financial year.

This return must detail how schools plan to spend any unspent balance from the previous financial year, set a Governor approved budget (providing evidence to Finance) and present a forecast year end position for the current year.

The table below identifies the unspent balance from 2011/12, 2012/13 and the forecast balances for 2013/14.

Please note the balances exclude those schools that became an academy since 2010/11, namely Torquay Grammar School for Girls, Torquay Boy's Grammar, Churston Ferrers Grammar, St Margarets Primary, Shiphay School, Hayes School, Ilsham Primary, Eden Park Primary, Ellacombe Primary, Brixham College, Barton Primary, Curledge Street Primary, Kings Ash Primary Torquay Academy and Paignton and Community and Sports College and Combe Pafford Business and Enterprise School.

School Phase	2011/12 Unspent balance	2012/13 Unspent Balance	2013/14 Forecast Unspent Balance
	£'000	£'000	£'000
Primary	1945	1,588	947
Secondary	1,267	1,297	1,087
Special	395	620	136
Net Total	3,607	2,964	2,194
Deficit Balances	382	0	0
Gross Total	3,989	2,964	2,194

Included within the 2012/13 balances is one special school that has converted to academy status from 1st April 2013. As at 31st March 2013 the school had an advance of funding of £299k to assist in the expansion of a vocational centre thus making the true unspent balance in 2012/13 for the Special phase a total of £321.

	£'000
Combe Pafford Funding Advance	299

There are currently no schools with deficit balances.

Excluding the funding advance, the overall balance position represents a significant decrease of £1m when compared to the 2011/12 unspent balances largely due to the high number of academy conversions.

Devolved Formula Capital balances have again been stripped out where funding has been drawn forward (this only affects a handful of schools that have draw down DFC funding which they have not spent).

Although there is no longer a requirement for Local Authorities to scrutinise excessive school balances, the LA is still reviewing those schools whose balances are significant as

a percentage of their revenue allocation. The 5% and 8% rules are considered as guidance levels.

The table below demonstrates for each phase the number of schools in surplus, deficit and those schools with balances in excess of the guide percentage levels as per the Scheme for Financing Schools.

Primary and Special		Secondary	
	Number		Number
In Surplus	24	In Surplus	2
In Deficit	0	In Deficit	0
Excessive Surplus > 8%	8	Excessive Surplus > 5%	2

Using the guidance level percentages the following schools have unspent balances that are greater than these percentages as a percentage of their total revenue allocation.

School	12/13 Balance £	12/13 Balance %	11/12 Balance %
White Rock Primary	171,057	11.68	9.65
Homelands Primary	83,460	8.34	6.71
Roselands Primary	83,244	8.03	6.41
Brixham C of E Primary	91,421	9.15	8.45
Upton St James	81,954	15.07	15.48
St Margaret Clitherow	69,269	12.38	6.48
St Marychurch	107,027	8.68	9.50
Collaton St Mary	95,310	12.35	10.19
Westlands	789,561	9.47	14.07
St Cuthbert Mayne	507,153	9.36	5.86

White Rock Primary

The school has been asked by Torbay Council to expand in order to place additional pupils from September 2013. There have been a significant number of new building developments in the area and children from this housing will need school places in the near future - over 400 houses planned in the local area alone. The school is having to fund part of the cost itself and has therefore allocated funds for this purpose.

Homelands Primary

The school are committing £29k to cover increased cost of change of teacher; additional 0.6 FTE teacher; additional Teaching Assistant to support higher than average intake with special needs in September 2014. The school are also committing £27k relating to historic PFI issues with the LA and also £8k to cover ongoing Variation revenue costs. The remainder of the surplus is to cover additional curriculum initiatives and budget inconsistencies throughout the year.

Roselands Primary

The school has allocated £18k to cover additional funding for IT, Curriculum activities and expansion of the staff room, the remaining £65k is being used as an operational contingency.

Brixham C of E Primary

The school has identified £17k for upgrade to ICT, £8k for SEN /1-1 support, £10k for the shelter at The Arc forest School delayed due to planning and change of use and the remaining £11k for curriculum based initiatives. The remaining £45k is uncommitted.

Upton St James Primary

The school has allowed a contingency of £40k (8% as recommended) to take into account staffing issues. Devolved Formula Capital expenditure is planned for IT improvements. Improvements in premises and facilities earmarked for new flooring in reception class and public areas of the school, radiator upgrades in Yr 1/2 and Reception classes, canopies for outdoor play areas and parent shelter. Curriculum initiatives are earmarked for additional outdoor learning resources, ICT software to support numeracy and literacy and additional RE resources.

St Margaret Clitherow

The school has allocated the entire surplus of £69k as an operational contingency for the following reasons

- to provide for increased staffing in the next 3 years
- to cover the anticipated overspend in 2013/14 and 2014/15.
- to cover a shortfall in statement/SEN budget.

St Marychurch Primary

The school is planning a large scale capital build over the summer period 2013. Most of the funds required have been received through funding applications and devolved capital held by the Diocese, however, the school will need to contribute in the region of £25k towards this same project and this has been carried forward for this purpose. Further to this, the three year budget plan is showing a reduced carry forward with it being only 2.17% at the end of 2015/16.

Collaton St Mary

The School has allocated £32k for investment in curriculum, £6k for improvements in premises, £6.5k for repairs and maintenance and the remainder of £51k is an operational contingency

Westlands School

The school is retaining a significant balance to (a) undertake a programme of investment in premises improvements linked to curriculum initiatives and (b) to provide a safety net as the school deals with changes in funding and changes to the workforce. With regard to (a) in 2012-13, the school invested around £300k from reserves to make improvements and further changes are planned for the summer of 2013. The school retains ambitions to develop a major project to cover an external play area, a project that would cost up to £1 million. With regard to (b) the school is experiencing a fall in roll and recovery is not expected for a few years. The retention of balances gives the school the option to set a deficit budget if governors decide that this is more desirable than, say, making staff redundant. It is expected that the financial settlements over the next few years will be difficult and post 16 transitional funding will end in July 2014.

St Cuthbert Mayne

The surplus is held to support the budget in years 1&2 as the school is subject to a falling roll. Operational contingency to support 13/14 & 14/15 budgets £383,138, Pupil Premium

to support disadvantaged students £81,520, 16-19 Bursary to support disadvantaged students £9,137 and Various other grants/initiatives to support curriculum 23,358

2013/14 Forecast Balances

The school forecast balances at the end of 2013/14 are considerably lower than those actual balances at the end of 2012/13. Whilst this seems a significant drop in the balances the 2012/13 academy convertors are now excluded and several of the forecast balances look unrealistic given the balances as at 31st March 2013.

Schools are inherently pessimistic when forecasting and this information is less reliable. This makes it difficult for the LA to forecast where there are pressures and take appropriate action with the schools.

The forecast balance for 2013/14 shows a £770k decrease when compared to the 2012/13 confirmed balances

Amanda Haley
Principal Accountant – Schools
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SUMMARY REPORT 2013/14 SCHOOLS' BUDGET RETURNS - SBR1 BUDGET PLAN / STATEMENT OF FUNDS

DIES No.	School Name	CALC				CALC												CALC	CALC	CALC	CALC				
		4	5	6	7	8	9	10	12	13	14	15	16	17	18	19	20					21	22	23	24
		SBR1 Return - Section A				Analysis of predicted SBS												SBR1 - Section B - Assignment of 2011/12 Carry Forward (column 5)							
		2012/13 End of Yr LA Budget Allocation	Confirmed 12/13 carry forward Schl Budget	Total Initial LA Budget allocation	Significant recurring Disposable income	Total Forecast Income	Total Forecast Expenditure as per Budget Plan	Forecast Balance at end of 13/14 + = surplus/ () = deficit	Revised Forecast Budget Balance at end of 13/14 + = surplus/ () = deficit	School Budget Share	Devolved Formula Capital	Other Capital	Balances held for other schools	Total Predicted Year End Balance 2013/14	Investment in Curriculum Initiatives	Improvements in Premises & Facilities	Improvements in Premises & Facilities - Other Capital	Repairs & Maintenance	Operational Contingency	PFI Related Items	B02 Uncommitted revenue balances	Total assigned balances	Unexpired carry forward col 5 of 2013		
2407	Furzeham Primary	1,193,840	74,897	1,031,979	0	1,106,876	1,090,489	16,387	16,387	74,897	8,545	0	0	83,442	74,897	0	0	0	0	0	0	74,897	0	0	
2438	Oldway Primary	2,329,312	82,263	2,283,571	0	2,365,834	2,323,996	41,838	41,838	82,263	0	0	0	82,263	40,000	12,263	10,000	0	20,000	0	0	82,263	0	0	
2439	White Rock Primary	1,464,923	171,057	1,364,908	0	1,535,965	1,450,036	85,929	85,929	171,057	0	0	0	171,057	47,965	27,964	0	10,000	85,128	0	0	171,057	0	0	
2453	Cockington Primary	1,822,925	93,252	1,742,576	19,600	1,855,428	1,842,176	13,252	13,252	93,252	0	0	0	93,252	4,252	59,000	0	0	30,000	0	0	93,252	0	0	
2455	Homelands Primary	1,000,783	83,460	958,361	0	1,041,821	1,007,811	34,010	34,010	83,460	0	0	0	83,460	35,350	0	0	0	13,110	35,000	0	83,460	0	0	
2460	Watcombe Primary	1,231,999	62,892	1,108,569	0	1,171,461	1,170,130	1,331	1,331	62,892	0	0	0	62,892	62,892	0	0	0	0	0	0	62,892	0	0	
2464	Preston Primary	1,255,688	27,369	1,251,777	6,384	1,285,530	1,279,716	5,814	5,814	27,369	0	0	0	27,369	24,969	0	0	0	2,500	0	0	27,369	0	0	
2469	Sherwell Valley	2,258,724	123,435	2,210,548	0	2,333,983	2,317,196	16,787	16,787	99,477	0	0	23,958	123,435	53,650	5,500	23,000	7,500	30,000	0	0	123,435	0	0	
2473	Roselands	1,037,131	83,244	1,120,855	0	1,204,099	1,120,058	84,041	84,041	83,244	0	0	0	83,244	10,000	8,000	0	0	65,244	0	0	83,244	0	0	
3103	Brixham C of E Primary	999,250	91,421	942,415	0	1,033,836	980,101	53,735	53,735	91,421	0	0	0	91,421	19,000	27,000	0	0	0	0	0	45,421	91,421	0	
3120	Upton St James	543,918	81,954	508,599	0	590,553	508,597	81,956	81,956	1,987	9,967	0	0	81,954	3,803	27,496	0	0	40,688	0	0	81,954	0	0	
3121	Warberry	1,159,400	40,392	1,287,682	23,281	1,331,355	1,303,307	28,048	28,048	40,392	0	0	0	40,392	24,000	0	0	0	16,392	0	0	40,392	0	0	
3600	Galmlton	728,569	23,305	752,460	0	775,765	771,520	4,245	4,245	23,305	0	0	0	23,305	12,000	7,000	0	0	4,305	0	0	23,305	0	0	
3601	St Margaret Clitherow	559,622	69,269	498,978	0	568,247	500,723	67,524	67,524	69,269	0	0	0	69,269	0	0	0	0	69,269	0	0	69,269	0	0	
3613	Sacred Heart	960,841	69,309	867,751	0	937,060	871,934	65,126	65,126	69,309	0	0	0	69,309	25,200	0	0	0	44,109	0	0	69,309	0	0	
3614	Queensway	866,818	38,911	811,122	5,148	855,181	848,277	6,904	6,904	38,911	0	0	0	38,911	0	0	0	0	38,911	0	0	38,911	0	0	
3615	Babbacombe	806,494	28,168	776,610	0	804,778	756,038	48,740	48,740	28,168	0	0	0	28,168	2,137	21,031	0	0	5,000	0	0	28,168	0	0	
3616	St Marychurch	1,233,578	107,027	1,186,381	0	1,293,408	1,226,598	66,810	66,810	107,027	0	0	0	107,027	10,000	25,000	0	0	72,027	0	0	107,027	0	0	
3617	Priory RC Primary	844,059	64,233	745,390	0	809,623	775,226	34,397	34,397	64,233	0	0	0	64,233	38,538	0	0	0	25,695	0	0	64,233	0	0	
3618	Torre Primary	986,732	76,965	434,231	14,000	525,196	448,798	76,398	76,398	32,762	0	0	44,203	76,965	44,203	22,197	10,565	0	0	0	0	76,965	0	0	
3619	Collaton St Mary	771,768	95,310	729,746	0	825,056	710,991	114,065	114,065	76,810	0	0	18,500	95,310	32,000	6,000	0	6,500	50,810	0	0	95,310	0	0	
4100	Totals - Primary	23,856,374	1,588,133	22,594,509	68,413	24,251,055	23,303,718	947,337	947,337	1,491,505	18,512	0	86,661	1,596,678	564,756	248,451	43,565	24,000	613,188	59,173	0	1,588,133	0	0	
4101	Secondary Schools	8,340,499	789,561	7,218,359	0	8,007,920	7,200,837	807,083	807,083	798,561	279,865	0	0	1,078,426	0	157,000	0	20,000	150,000	0	0	789,561	0	0	
4601	St Cuthbert Mayne	5,415,578	507,153	5,074,661	0	5,581,814	5,301,406	280,408	280,408	507,153	0	0	0	507,153	114,015	0	0	0	393,138	0	0	507,153	0	0	
4602	Totals - Secondary	13,756,077	1,296,714	12,293,020	0	13,589,734	12,502,243	1,087,491	1,087,491	1,305,714	279,865	0	0	1,585,579	114,015	157,000	0	20,000	543,138	462,561	0	1,296,714	0	0	
1106	Pupil Referral Unit	948,218	59,166	924,865	0	984,031	961,865	22,166	22,166	59,166	0	0	0	59,166	37,000	22,166	0	0	0	0	0	59,166	0	0	
7042	Mayfield	2,485,059	100,654	2,332,807	0	2,433,461	2,332,807	100,654	100,654	90,831	0	9,823	0	100,654	33,182	0	9,823	0	57,649	0	0	100,654	0	0	
7046	Torbay EBD	1,194,769	13,313	1,146,914	0	1,160,227	1,146,914	13,313	13,313	0	0	0	0	0	0	3,500	0	0	9,813	0	0	13,313	0	0	
	Totals - Specials	4,628,046	173,133	4,404,586	0	4,577,719	4,441,586	136,133	136,133	149,997	0	9,823	0	159,820	70,182	25,666	9,823	0	67,462	0	0	173,133	0	0	
	Overall Total	42,240,497	3,057,980	39,292,115	68,413	42,418,508	40,247,547	2,170,961	2,170,961	2,947,216	298,377	9,823	86,661	3,342,077	748,953	431,117	53,388	44,000	1,223,788	521,734	0	3,057,980	0	0	

School Forum 4th July 2013

Covering note for agenda item on far 7 – formula review group

Attached are the notes of the 2 meetings that took place on 16th May and 11th June.

The purpose of the self selecting group of School representatives (including Academies) was to review the 13/14 formula and then debate the EFA 14/15 formula changes and make recommendations for any changes. The group were presented with modelling on Mobility and Looked After Children.

Recommendations.

1. Schools Forum note the views in the FAR 7 papers

Agenda Item 6

Appendix 1



Meeting Title	NOTES OF FORMULA ALLOCATION REVIEW GROUP NO 7 – 2nd meeting
Venue	Mezz, Tor Hill House, Torquay
Date	11 th June 2013
Present	<p>Lisa Finn (LF) – Finance Manager Torbay Council – 01803 208283 Roger Hughes (RH) – Chair Schools Forum David Theobald (DT) – Headteacher White Rock Primary Claire Shiers (CS) – Business Manager Oldway Primary Jessica Humphreys (JH) – Curledge St Primary Daneian Rees(DR) – Business Manager St Cuthbert Mayne Carolyn Andrews (CA) – Business Manager Homelands Primary School Amanda Haley (AH) – Principal Accountant – Schools/Children’s Services Rob Parr (RP) – Principal Accountant – Children’s Services</p>
Apologies	<p>Matt Redwood (MR), Gill Gribbins (GG) - PC&SC Rob Breeze (RB) – St Margarets Primary Helen Brown (HB) -Sacred Heart Primary Jessica Humphreys (JH) – Curledge St Primary Sue Foot (SF) – Business Manager Churston Ferrers Grammar School Sharon Wallwork (SW) – Business Manager Torquay Girls Grammar School Sean Hindle (SH) – Business Manager Hayes Primary School Sandy Dorrell (SD) – Finance Officer Hayes Primary School</p>

1.	Matters arising	Action
	<p>MR is absent so LF chaired the meeting</p> <p>None</p>	All to note
2.	Notes from the previous meeting 16th May 2013	
	No comments/amendments	All to note
3.	Review of the DfE findings of the School Funding Reform consultation (June 2013)	
	<p>LF went through the document’s findings to establish the changing DfE requirements including changes to the factors.</p> <p><u>Pupil Led Funding</u></p> <p>A minimum of 80% of delegated funding is to be allocated using pupil led factors. Torbay allocates 94% so we are well above the minimum.</p> <p>The AWPU rate has to be at least £2,000 for Primary (Torbay £2,739) and Key Stage 3 & 4 £3,000 (Torbay KS3 £3,824; KS4 £4,005). Therefore we are well within the range for both phases.</p> <p><u>Prior Attainment</u></p>	All to note

Early Years Foundation Stage Profile (EYFSP) will be retained as the main indicator for prior attainment for primary pupils but that qualification will be where they have not achieved a good level of development which in turn translates into all those pupils who have not achieved the expected level of development in all 12 prime areas as well as maths and English.

For KS 2 prior attainment, the factor has changed to those pupils who fail to achieve a level 4 or higher in Maths or English. For Torbay the current data suggests that there will be very little change to funding as a result.

Deprivation

The amount of funding allocated using deprivation is around 8%; Torbay allocates 11% so again we are above the average which does reflect our decision-making over the previous years.

There are no changes to this allowable factor

Looked After Children LAC

The definition of a LAC for funding purposes will change to include all those pupils who have been termed looked after for one day or more. Torbay does not currently use this factor but it has been modeled and presented to the meeting who agreed that given the number of pupils and the unit value the impact was not significant enough to warrant a change and therefore should not be used in 14/15.

Pupil Mobility/Transience

This factor was not used by the majority of Councils in 13/14 including Torbay. The main reason cited was that it did not allow Councils to target funding to schools with high volumes of mobile pupils.

For 14/15 a threshold of 10% mobility will be applied, so those schools with at least 11% mobility will receive funding which will be for mobility above 10%. This factor has been modeled and presented to the group. The importance of this particular model is that a comparison with 13/14 and 12/13 is misleading as it does appear that the changes to “right a wrong” to some extent as it effectively reverses the impact of not using mobility in 13/14. However, when actual funding and the impact of any minimum funding guarantee (MFG) is taken into account, a number of schools who are protected by MFG and gain from the changes demonstrated in the modeling will not actually see any cash change to their overall funding. It was agreed that implementing this change would not make a significant change and therefore should not be used in 14/15.

Lump Sum

Funding allocated via the lump sum varied widely. The average lump sum was £174k, Torbay's is £71,897. The purpose of the lump sum is to provide sufficient funding to support small schools which could not operate on the basis of per pupil funding alone. The definition of a small school is that which has 100 or fewer pupils based on the annual October pupil census. Torbay has one school in this category.

For 14/15, the maximum lump sum will be £175,000 plus there can be a different lump sum for each phase up to this cap. To increase the lump sum would reduce the amount allocated via pupil led factors which is possible given the fact that Torbay is well above the minimum on this (see Pupil Led Funding above). The group agreed that the current £72k was agreed at previous meetings and should be left unchanged.

Schools with Falling Rolls

Council will be able to top-slice DSG to create a small fund to support falling rolls in exceptional circumstances.

High Needs Funding

Although the DfE recognise that changes to pupils to statements of educational needs have been challenging but it was too early to make any further changes at this stage.

Minimum Funding Guarantee (MFG)

The DfE has again set this at minus 1.5%. The following allocations will continue to be excluded from MFG:-

lump sum
post 16 funding
allocations from high needs block incl SEN named pupils
Early Years Single Funding formula
Business Rates

2014/15 Timing/Deadlines

Allocations to schools need to be made by 28th February 2014. This is 2 weeks early than 13/14. In Torbay we issued 13/14 school allocations on 8th February 2013.

4 Future Meetings

It was agreed that a further meeting is no longer required given the views of the group on mobility, LAC and Lump Sum. LF thanked the group for their participation and stated that MR will consider the views of the group and consult with all partners in the Autumn term. All to note

Recorded by

Lisa Finn – Finance Manager Financial Services



Meeting Title	NOTES OF FORMULA ALLOCATION REVIEW GROUP NO 7
Venue	Mezz, Tor Hill House, Torquay
Date	16 th May 2013
Present	<p>Lisa Finn (LF) – Finance Manager Torbay Council – 01803 208283 Roger Hughes (RH) – Chair Schools Forum David Theobald (DT) – Headteacher White Rock Primary Claire Shiers (CS) – Business Manager Oldway Primary Jessica Humphreys (JH) – Curledge St Primary Sue Foot (SF) – Business Manager Churston Ferrers Grammar School Sharon Wallwork (SW) – Business Manager Torquay Girls Grammar School Daneian Rees(DR) – Business Manager St Cuthbert Mayne Sean Hindle (SH) – Business Manager Hayes Primary School Sandy Dorrell (SD) – Finance Officer Hayes Primary School Carolyn Andrews (CA) – Business Manager Homelands Primary School Amanda Haley (AH) – Principal Accountant – Schools/Children’s Services Rob Parr (RP) – Principal Accountant – Children’s Services</p>
Apologies	Matt Redwood (MR), Gill Gribbins (GG) - PC&SC, Rob Breeze (RB) – St Margarets Primary, Helen Brown (HB) -Sacred Heart Primary

	Matters arising	Action
1.	MR is absent so LF chaired the meeting	All to note
2.	Welcome and Introductions Group introduced themselves	All to note
3.	Representatives from Primaries/Secondaries including Academies Terms of Reference of FAR 7 The purpose of the group is to :- a. Review the newly implemented funding formula for 2013/14 b. Discuss the DfE 13/14 funding comparative analysis (BAR charts) and Torbay’s position c. Consider where changes can be made which have to be within the confines of the DfE imminent release of the 2 nd phase of the school funding formulae proposals d. Report to Schools Forum in the Autumn on the group’s recommendations This group is not a decision making body	All to note
4	Review of Changes in 2013/14 LF led the group through the DfE Schools Block funding formulae 2013/14 – Analysis of the L.As’ schools block funding formulae. For the majority of sub formulae, Torbay’s per pupil amount was similar to the majority of other Council’s.	All to note

	<p>Those sub formulae where we were not similar are as follows;-</p> <ol style="list-style-type: none"> 1. AWPU KS 4 – per pupil amount £4k-£4.3k whereas the majority of L.As had higher per pupil amounts 2. Deprivation - % of funding allocated via deprivation factors – Torbay is in the upper half of the table and this reflects the work we have been doing over the last few years and targeting more funding using FSM/Transience/IDACI etc. 3. Looked After Children – Torbay did not use this factor whereas 53% of Councils did use it but it accounted for a very small % of overall funding. 4. Mobility (Transience) – Torbay does not use this factor whereas the majority of Councils are allocating approx £200 per eligible pupil however the total funding allocated via mobility accounts for less than 2% of their overall funding so it is not significant issue. 5. Lump Sum – Torbay’s amount of £72k per school (Prim & Sec) is significantly lower than the majority of other Councils where the average lump sum is £150k. 6. Primary: Secondary funding ratios – Torbay’s is 1:1.31 which is very close to the national average of 1:1.27. 	
5	<p>Impact of the Changes on Torbay Schools</p> <p>JH stated that the absence of a mobility factor does have a negative effect on those schools who previously received significant funding via this route. LF circulated the modeling that was carried out by FAR 6 when the mobility factor was considered. Due to its “blunt” nature, the new funding method for mobility would have gone to all schools which had any pupil leaving early or arriving later in the term. This had the effect in the modeling to spread the same level of funding across more schools and thus take it away from those schools which has very high levels of pupil mobility.</p> <p>Changes to statementing – it was acknowledged by the group that parents were expressing their concern that a statement of SEN does not in the main generate specific funding for that statement. There is unlikely to be any change in this approach however, the Council does have discretion to fund those schools whose specialism does attract pupils with certain statements of SEN. MR is the lead on this.</p>	All to note
6	<p>DfE consultation and Potential Changes for 2014/15</p> <p>The DfE consultation on School Funding Reform: Next Steps towards a fairer system closed on 26th March 2013. The results of this have not yet been released.</p> <p>It is likely though that the DfE will consider changes to lump sum, mobility, LAC.</p>	
7.	<p>Potential Areas of Review within Torbay’s formula</p> <p>The group agreed that LAC should be modeled for the next meeting and if there are any other changes then these can also be modeled and sent out ahead of that meeting.</p> <p>There weren’t at this stage any other areas that the group considered modeling but that this may change after the results of the DfE consultation are considered.</p>	All to note
8.	<p>Date and Time of Future FAR 7 Meetings</p> <p>Meeting no 2 - 11TH June 2pm Mezz Room 3 Tor Hill House Torquay</p> <p>Meeting No 3 - 27th June 9.30am Mezz Room 3 Tor Hill House, Torquay (pay & display car park in Castle Circus)</p>	All to note

9. **AOB**
AH to speak with JH concerning funding issues as a result of conversion to Academy
DT to email LF letter about pupil growth SEPT 13

AH
DT

Recorded by

Lisa Finn – Finance Manager Financial Services

Agenda Item 7

School Forum 4th July 2013

2014/15 School Funding

The DfE have issued revised guidance for the 2014/15 financial year. The full guidance is attached.

There are a number of directives contained within this guidance such as on page 8 'a minimum of 80% of delegated schools block funding is allocated through an appropriate and locally determined combination of pupil led factors ' and 'we will require all local authorities to set an AWPU rate wghich is at least £2,000 for primary and at least £3,000 for KS3 and 4'.

The Torbay School Funding formula does not need any further change for 2014/15 to be compliant with the directives within this guidance.

The guidance enables local authorities to make local changes within the nationally prescribed boundaries. However, when the values in the Torbay funding formula (circulated at the Forum meeting on 7th March) were benchmarked against other local authorities nationally there were no obvious anomalies that suggested immediate action was needed. FAR 7 did look at a range of potential areas but did not recommend further action for 2014/15.

Recommendation

School Forum to note guidance



Department
for Education

School Funding Reform:

**Findings from the Review of 2013-14
Arrangements and Changes for 2014-15**

June 2013

Contents

Introduction	5
Chapter 1 - Review Findings and Approach for 2014-15	7
Introduction	7
Findings from the Review and Approach for 2014-15	7
Pupil-led Funding	7
Prior Attainment	9
Deprivation	11
Looked After Children	13
Pupil Mobility and Service Children	14
Sparsity	16
Lump Sum Funding	19
Schools with Falling Rolls	22
Schools Forums	23
Chapter 2 – High Needs Funding	25
Notional SEN budget	27
Pre- and Post-16 Arrangements and Dissemination of Good Practice	28
Chapter 3 – Next Steps	29
Introduction	29
Formula Factors for 2014-15	29
Minimum Funding Guarantee	30
Presumption of Delegation	30
Pro-forma and Timing	31
Role of the EFA	32
Annex A	33

Introduction

1. We started a process in 2012 to reform the school funding system, so that it is fairer, more consistent and transparent and so that funding intended for education reaches schools and the pupils that need it most. Last year we set out how the system would start to change ahead of introducing a national funding formula in the next spending review period.
2. Local authorities, working with their Schools Forums, developed new local formulae for 2013-14, using simplified and consistent formula factors. Schools across the country are now funded using a number of clearly defined factors which represent the circumstances under which we believe schools should attract funding, and using the small number of exceptional factors which were in place last year.
3. Many schools and local authorities have welcomed these changes and look forward to the fairness and transparency a national funding formula will bring. We recognise that changing a historic system will inevitably create some turbulence so we are introducing these reforms gradually and with funding protections in place through the minimum funding guarantee.
4. We undertook a short review in February this year to understand to what extent we needed to make small changes in 2014-15 in order to move closer to a national funding formula. We also wanted to understand whether any unintended consequences had arisen as a result of the arrangements for 2013-14.
5. During the review we visited a number of areas across the country and talked to members of Schools Forums, governors, head teachers and local authority officers. We also published a short document which sought to understand more about the concerns we had heard and to consider how we might address those concerns. This document sets out the findings from our review.
6. Most of the arrangements we put in place for 2013-14 will remain in place next year. We will however make a number of changes which will move us closer to a national funding formula and which will address the unintended consequences which arose as a result of the 2013-14 reforms.
7. Operational guidance describing these changes will be published alongside this document and made available on the Department's website. A copy of the Equalities Impact Assessment can also be found in the House of Commons and House of Lords libraries.

8. We will be making the necessary regulations that will give effect to these changes in 2014-15. Draft finance regulations and Dedicated Schools Grant (DSG) conditions of grant will be issued for consultation shortly.

Chapter 1 - Review Findings and Approach for 2014-15

Introduction

1. We began the review of funding arrangements for 2013-14 in February this year. This sought to understand whether the changes put in place for 2013-14 are moving us towards our goal of national consistency and greater transparency of school budgets.
2. The review also sought to understand more about any unintended consequences which have arisen as a result of the changes. In a move towards a pupil-led system, there will be changes to schools' budgets and some degree of re-allocation of funds between schools. We clearly stated at the start of the review that this is a necessary, and not unintended, consequence of the reforms.
3. This chapter covers the areas we wanted to learn more about during the review. It sets out a summary of the review's findings and, where relevant, the changes we intend to make in 2014-15.

Findings from the Review and Approach for 2014-15

Pupil-led Funding

Approach in 2013-14 and Review Findings

4. In June 2012, we stated that we would not set a minimum threshold for the pupil-led factors in 2013-14 but that we would review this decision for 2014-15. Our view was that we should see what the 2013-14 data and feedback told us before deciding whether to set a statutory threshold. We now know that all but two local authorities allocated 80% or more of their delegated DSG (schools block) funding in 2013-14 through the pupil-led factors. This represents significant progress towards our goal of a pupil-led funding system.
5. We asked in the review whether there should be a minimum percentage of funding allocated through the pupil-led factors.
6. Responses to this question were varied. The majority of responses suggested there should not be a minimum level or proportion of funding allocated through the pupil-led factors and the most frequently cited reason was that this would limit local discretion and flexibility.

7. A significant minority of responses said there should be a minimum threshold and reasons mainly centred on this being a sensible approach in the move towards a national funding formula.

Approach for 2014-15

8. We have been clear that we want to move towards a position where a much greater proportion of a school's funding is allocated on a per-pupil basis, reflecting the needs of the pupils attending that school. We feel that a number of the changes set out in this document will go a long way to addressing any concerns in relation to small schools and the lump sum, and will provide solutions to the problems where respondents have legitimately felt local flexibility is needed. Under a national funding formula it will not be possible to maintain the same level of local flexibility provided by local funding formula. .
9. In the majority of local authority areas there has been significant progress in moving towards a pupil-led funding formula and a positive step towards a national funding formula. We want to ensure all local authorities allocate the vast majority of funding next year on a per-pupil basis. **We will therefore be requiring in 2014-15 that in all local authority areas (with the exception of the Isles of Scilly), a minimum of 80% of delegated schools block funding is allocated through an appropriate and locally determined combination of the pupil-led factors¹.**
10. In keeping with our aim of moving towards a nationally consistent funding system which is led by the needs of pupils, we have also been looking at the differential rates set for the Age Weighted Pupil Units (AWPUs). For small schools and large schools alike, the number of pupils on roll and the rate set for the basic entitlement will be the main determinant of their budget. Our analysis shows that the lowest primary rate is currently £2,122 and the lowest secondary rate (Key Stage 3 and Key Stage 4) is £3,178. Local authorities will be required to review their local formula for 2014-15 in light of the changes we have set out here. For some this review will be fairly limited but for others there may be some substantial changes required. As authorities make these changes, we therefore want to ensure that any revised formulae do not compromise the AWPU rates. In 2014-15 therefore **we will require all local authorities to set an AWPU rate which is at least £2,000 for primary and at least £3,000 for KS3 and KS4.**

¹ The pupil-led factors are: the Age Weighted Pupil Unit (AWPU), deprivation, prior attainment, looked after children (LAC) and English as an additional language (EAL).

Prior attainment

Approach in 2013-14 and Review Findings

11. In 2013-14, local authorities were able to target funding to schools for pupils with low cost, high incidence special educational needs (SEN) partly through the optional prior attainment factor. We acknowledged that there was no perfect way of identifying pupils with low cost SEN but that prior attainment provided us with a reasonable proxy for some kinds of SEN. As prior attainment will not identify all low cost SEN, we invited local authorities to use this factor alongside other factors (such as deprivation, for example) in order to identify a notional SEN budget for all mainstream schools in the local authority area.
12. The previous Early Years Foundation Stage Profile (EYFSP) came to an end last year and the new framework has been introduced. During the review, we asked whether we should continue to use EYFSP data as an indicator of prior attainment and if not, what alternatives we should consider.
13. A significant majority of those who responded to the consultation question agreed that the EYFSP is the best proxy indicator available for primary school pupils. The most popular alternative to EYFSP was for schools to use KS1 data. There were also a small number of respondents who suggested combining the two to create a new proxy. A number of respondents, both expressing a preference for retaining or for removing the measure, agreed that any possible alternative would have its own drawbacks.
14. We also asked the local authorities we visited as part of the review what alternative proxies we could consider. Some of those local authorities were concerned that the EYFSP measures development rather than attainment and could be an unreliable measure to identify children who would need additional support to attain well. A number of authorities however recognised the absence of a better measure and felt using a combination of factors (prior attainment, deprivation and the AWPU) to determine the low cost SEN budget could mitigate some of the potential issues in relation to the prior attainment proxy.
15. A number of responses highlighted potential problems with the introduction of the new EYFSP including what impact a new threshold would have on the number of pupils identified as needing additional support. There were concerns that the banding for the new EYFSP would be too wide to provide a precise indicator.

Approach for 2014-15

16. Although we recognise that the current prior attainment indicators are not perfect, for 2014-15 **we will be retaining the EYFSP as the main indicator for prior**

attainment for primary aged pupils. On balance, this proxy provides the best solution for identifying those children who do not achieve a good level of development. Continuing to use the EYFSP in 2014-15 will avoid any turbulence that introducing a new measure may cause. We will continue to look at what else we can do longer term to provide a more reliable measure for assessing children's abilities as they enter primary school.

17. Due to the new EYFSP, we will need to change the measure used to identify children who might need additional support. In 2014-15, for the cohort who are moving into KS1, **pupils will qualify for the prior attainment factor, where they have not achieved a good level of development.** This will include all those who have not achieved the expected level of development in all 12 prime areas of learning as well as maths and literacy.
18. We have also looked again at the measure used for secondary-aged pupils. We want to ensure that it identifies pupils who are at risk of not attaining well at KS4 and that it is compatible with the new KS2 English assessments.
19. Currently, pupils qualify for the prior attainment factor at KS2, if they fail to achieve a level 4 or higher in English and maths. This measure picks up around 10% of pupils. We want to ensure that the prior attainment measure identifies pupils who are less likely to go on and attain well at KS4. We have reviewed attainment data, which shows that currently only 20% of pupils who achieved a level 4 in English or maths went on to achieve the 5 (A*-C) GCSEs including English and maths. In light of this, we will be changing this measure so that in 2014-15, **pupils will be identified as having low prior attainment, if they fail to achieve a level 4 or higher in English or a level 4 or higher in maths.** We expect such a change to mean that this revised measure would identify around 21% of pupils.
20. In 2012 the KS2 English assessment methodology was changed and now includes a reading test, a new grammar, punctuation and spelling test and teacher assessed writing. The Department will publish the results for each of these components separately and will not publish an overall English level as has been the case in the past. This will mean we will not have the same data available for use with this measure as has historically been the case.
21. For those assessed at Key Stage 2 up to 2012, local authorities will be able to use the KS2 data as published to determine the number of pupils failing to achieve a level 4 in English. For pupils assessed at Key Stage 2 from 2013 onwards, the English element of the KS2 measure will identify those that do not achieve a level 4 in either the reading or teacher assessed writing elements. We are excluding the grammar, punctuation and spelling test results for now. This brings the prior attainment measure in line with the new KS2 floor standards.

Deprivation

Approach in 2013-14 and Review Findings

22. Last year we required all local authorities to ensure that deprived pupils attracted additional funding, in addition to the pupil premium. We have always been clear that it is not acceptable that deprived pupils are penalised as a consequence of local authorities seeking to maintain the status quo in their area and not exploring the full range of options open to them.
23. In the review, we wanted to understand more about how the proportion or quantum of deprivation funding had been determined by local authorities and Schools Forums.
24. Overwhelmingly, consultation evidence has suggested that the proportion or quantum of funding for deprivation was determined based on historic approaches or a combination of the historic approach and an approach which minimised turbulence. This included using previously developed models and analysis and mapping old formula factors to the new allowable factors. Most felt a status-quo approach was taken because existing arrangements worked and were widely accepted as appropriate and fair. A small number of responses suggested there was a need to review the proportion for deprivation in their area and do more analysis but timing had not permitted this.
25. In a significant number of consultation responses the main approach cited was to minimise turbulence. A very small number of respondents went further, and felt that the allocation for deprivation was a balancing figure, or a figure determined after the lump sum had been set at an appropriate level for schools in the local authority area.
26. There were a small number of responses where the respondent described the local authority or Schools Forum developing a new approach, considering afresh the deprivation distribution and needs in the local authority and redeveloping the evidence base.
27. During the review, we also wanted to understand more about why some local authorities told us they were unable to use the allowable deprivation indicators to prevent significant losses to schools with a high number of deprived pupils.
28. We received a range of responses in relation to this question. A small majority (56%) of those responding did state that in their area there had been difficulties in preventing significant losses to schools with a high number of deprived pupils. Of those that stated this was the case, the majority of responses related to issues in

using the allowable measures (free school meals, ever FSM and Income Deprivation Affecting Children Index) and included:

- not being able to use measures such as Index of Multiple Deprivation or other place-based deprivation measures which had historically been used and which were considered to better identify where there are small pockets of deprivation in rural areas;
- problems in applying the national bandings for IDACI and the limiting of bands to 1-6; *and*
- schools which had received high levels of funding for deprivation through historic grants failing to recoup this funding through either an FSM measure (because of low take up) or IDACI (because of spatial masking of small pockets of deprivation) or a combination of both.

29. There were a small number of responses which reported that because the local authority had committed a relatively high proportion of funding through the lump sum, they were unable to afford to provide sufficient funding through the deprivation factor to avoid losses of funding to schools with high numbers of deprived children. A very small number of responses suggested this problem arose as a result of the overall approach for 2013-14 and a lack of local flexibility.

30. A number of authorities we visited and a small number of local authorities and Schools Forums responding to the consultation asked for further flexibility to use other measures of deprivation including the Index of Multiple Deprivation and other commercially developed measures. Respondents stated that this would assist in areas where there are small pockets of deprivation, particularly in more rural areas.

Approach for 2014-15

31. We are very keen that all local authorities continue to provide additional funding to schools with deprived pupils. We do not feel it is appropriate for local authorities to allocate funding for deprivation as a balancing figure or in order to minimise turbulence.

32. The review evidence shows that many local authorities have replicated old formulae approaches when allocating deprivation funding. This is only appropriate if there is confidence that this approach ensures that deprived pupils attract the right level of additional funding. Because of the variation in levels of deprivation

across the country, it would not be sensible to prescribe a minimum proportion of funding which should be allocated through the deprivation factor but **we are continuing to ask that Schools Forums and local authorities determine locally an appropriate proportion or quantum of their schools block funding to allocate through this factor.**

33. We will review how a number of other changes we are setting out in this document assist those local authorities that have experienced difficulties in this area, particularly changes in relation to the lump sum and changes which support small schools in rural areas. These changes may mean that local authorities allocate less funding through the lump sum and are able to make changes which provide additional funding to schools with high numbers of deprived pupils which may have experienced significant losses.

34. As we move towards a national funding formula we need to retain simplicity and will require consistent national measure(s) for use with this factor. We have heard a small number of calls for the introduction of new measures, but for a short period of time this could be counter-productive and lead to greater turbulence in the future. **We are not therefore changing the allowable indicators for use with this measure in 2014-15.**

Looked After Children

Approach in 2013-14

35. Currently local authorities can use one of three measures with this factor, identifying children who have been looked after for one day or more, six months or more or 12 months or more. In 2013-14 most authorities selected the one day or more measure.

Approach for 2014-15

36. Evidence shows that children who have been looked after for one day are equally likely to under-perform at KS4 as those who are looked after for 12 months or more and may have equally challenging backgrounds. Figure 1 demonstrates this point.

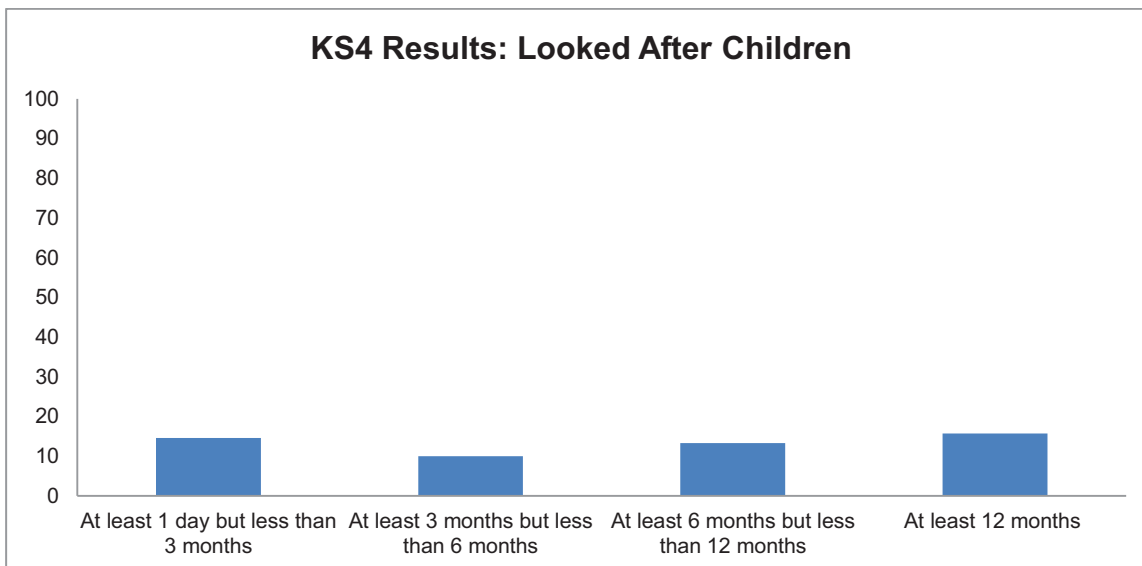


Figure 1 - Key Stage 4 results, 2009-12: % getting 5 A*-C including English and maths

37. As we move towards a national funding formula (and assuming it includes a specific factor to target support to looked after children), we will need to use one single measure for looked after children. Given the evidence above the most suitable is a one day or more measure.

38. For these reasons, **in 2014-15 we will require local authorities which use the looked after children factor, to use a single one day or more measure for both primary and secondary.**

Pupil Mobility and Service Children

Approach in 2013-14 and Review Questions

39. In 2013-14 we introduced an optional factor for pupil mobility in order to support schools with high levels of pupil mobility which incur greater costs as a result. This factor was used by 58 local authorities in 2013-14.

40. Since the 2013-14 arrangements were announced, we have heard some concerns that the current factor does not allow local authorities to target funding to schools with high volumes of mobile pupils.

41. During the review we asked whether we should adjust the factor so that it enables authorities to target funding to schools only when mobility is a significant issue. We asked whether we should set a threshold and, if so, where we should set that threshold.

42. Consultation responses largely supported this proposal. The most commonly cited level was a threshold of 10% (of pupil count). Alternative approaches suggested steps to ensure the targeting of mobility funding including: local discretion to target this according to local circumstances; better funding for in-year changes in pupil numbers; a banded approach with higher funding levels for higher bands of mobility; targeting KS4 pupils only; and looking at absolute changes in numbers in a school. Only a small number of responses suggested the use of mobility was not a helpful approach.
43. We also asked about the needs of service children. We asked whether once we account for deprivation, mobility and pastoral care through the pupil premium there is any evidence that service children require additional funding in order to achieve as well as non-service children. We also wanted to know if there were other groups of children which need additional support where local authorities were unable to target funding.
44. We received a small number of responses to this question. A large proportion of those that had considered this issue in their response felt that the pupil premium (service premium) was sufficient to meet the needs of these children.
45. Where evidence was presented that these children require additional funding, this was mainly related to the fact that for some service families, incomes could be only slightly above the level where the family would qualify for free school meals, and therefore the additional needs were similar to the needs of deprived pupils. A very small number of responses called for a specific service children factor.

Approach for 2014-15

46. The review findings provide evidence that where local authorities have used this factor, it has spread mobility funding thinly across a large number of schools in the local authority area, and has not consistently targeted funding to those schools which most needed additional support.
47. We do not intend to revise the current definition of a mobile pupil, or change the measure used to identify mobile pupils. We accept that this could mean that mobility funding will not be attracted where pupils enter and leave a school within an academic year. It would not be possible to collect efficiently the data that would be required to pick up such in-year movements. We do however intend to revise this factor so that it targets funding to schools which experience the highest levels of mobility. **Starting in 2014-15, a 10% threshold will be applied to the mobility factor, so that it will only support schools which experience a significant change in their pupil numbers.**

Sparsity

Issues in 2013-14 and Review Findings

48. Since we announced the changes for 2013-14, we have heard that the funding reforms and particularly the lump sum arrangements are causing concerns in some rural areas.
49. Having heard these concerns, we were keen to explore the issues for small rural schools in detail during the review. We therefore asked a series of questions in the review about the issues for small schools and consulted on whether to enable local authorities to use a sparsity factor. We also visited seven rural authorities to discuss in detail the issue and possible solutions.
50. We asked three questions in relation to small schools during the review:
- i. We wanted to know whether a new school level sparsity factor would avoid necessary small rural schools becoming unviable. Based on the sparsity factor we proposed, which measures how far pupils live from their second nearest school, we also wanted to know what average distance threshold would be appropriate.
51. The majority of respondents to this question supported the introduction of a sparsity factor. The supporters were mainly schools, local authorities and Schools Forums from rural areas. A small minority did not support the introduction of the sparsity factor and, exploring these responses, the majority were from urban areas.
52. Some urban schools and authorities expressed concern about this factor taking away more funding from the rest of the schools sector. Other concerns which were expressed more generally related to: the complexity of administering it, the use of crow flies distances rather than road distance or travel time; and that it does not take into account parental preference or availability of places at local schools.
53. Most responses in relation to the minimum distance threshold for use with the sparsity factor suggested a distance between two and three miles. Some suggested that this should replicate the statutory walking distances.
- ii. We wanted to explore how such a factor would work and what the interaction would be between a sparsity factor and the lump sum.
54. Most respondents were very nervous about losing the lump sum entirely, particularly urban schools and authorities that would not benefit from a sparsity factor. We agree that the sparsity factor will not address the needs of small

schools which are not in rural areas.

55. Several respondents also felt that the lump sum is intended to cover the fixed costs of all schools, while the sparsity factor provides additional money to meet the challenges that rural schools face, so they have different uses. We explain later in the document that it is not our intention that the lump sum is set at a level which covers the fixed costs of all schools. It is intended to be set at a level which provides the additional funding required by unavoidably small schools which could not operate on the basis of per pupil funding alone.

56. Very few respondents thought that there was no need for both a lump sum and a sparsity factor. The small number who thought we should have only a sparsity factor or a lump sum thought this on the basis that a lump sum is only required where pupil funding alone was not sufficient.

iii. We also wanted to understand if there were alternative sparsity measures we could use to identify small necessary schools in rural areas.

57. A number of ideas were put forward, the most popular of which were: considering the population density of the area the school was located in and the distance between schools. We have considered and modelled a number of these alternative suggestions, but have not been able to overcome a number of disadvantages in comparison to the proposed model.

58. More of the answers to this question focused on the need for the sparsity factor to measure travel distance or time, and to take into account issues beyond travel, such as catchment areas, availability of places and facilities in the local area.

Approach for 2014-15

59. We have now developed a sparsity factor which measures the distance pupils live from their second nearest school. In rural areas where schools are few and far between, pupils could face the choice of either attending their nearest school or travelling a long way to the second nearest. In some cases, the distance to their second nearest school can be unacceptably long, putting a premium on ensuring that the pupil's nearest school stays open. Therefore, we think it is appropriate to enable local authorities to target additional funding to support these schools where per pupil funding alone may not be enough to ensure their viability.

60. We will be introducing an optional sparsity factor based on the above model for 2014-15.

61. A full and detailed explanation of the sparsity factor can be found in the accompanying operational guidance but, for illustrational purposes, we can use a

hypothetical school – Sparse Primary School to demonstrate how we will identify a sparse school:

- Step 1: We identify the pupils for whom Sparse Primary School is their nearest school. There are 100 pupils for whom this is true.
- Step 2: For each of those 100 pupils, we measure the distance they live from their second nearest school. The second nearest school will include faith schools but will not include selective schools (such as grammar schools).
- Step 3: We take an average of these distances to derive the sparsity distance. For Sparse Primary School, the average is over two miles, making it eligible for sparsity funding.

62. We recognise that this solution is possibly more complex than others which have been suggested, but we believe it offers the best solution to the issue. We will perform the calculations required to determine the sparsity distance for all schools and provide this to all local authorities considering using this factor.

63. We want to give local authorities some flexibility over how they implement it during the first year, including the ability to:

- Set the distance threshold above which schools become eligible for sparsity funding, as long as it is at or above a minimum of two miles for primary, middle and all through schools and three miles for secondary schools;
- Decide on the level of cap on the size of schools eligible for sparsity funding, as long as it is at or below 150 pupils for primary schools and 600 pupils for secondary, middle and all through schools; and
- Allocate up to £100,000 per school through this factor either as a single lump sum or tapered amount related to school size.

64. This measure uses crow flies distances rather than actual travel distance as the Department has been unable to secure a reliable travel distance measure that would work nationally. We are however continuing to explore this for future years. Although measuring distance as the crow flies is an imperfect measure, we have tested this with some rural authorities and found that it generates a reasonable proxy for sparsity.

65. We do however appreciate the concerns that have been raised in relation to the use of crow flies distances, which is why **we are allowing local authorities to make exceptional applications for schools that have been excluded because the relevant road distance is significantly higher than the distance as the crow flies.** Again, more information about the exceptional applications process is in the operational guidance.

Lump Sum Funding

Approach in 2013-14 and Review Findings

66. In 2013-14 local authorities were able to provide a single optional lump sum to all schools up to a maximum of £200,000. We set out clearly that we would review this further for 2014-15.

67. Consultation responses expressed a range of views about the purpose and function of lump sum funding. The Department's view is that the main purpose of the lump sum is to provide sufficient funding to necessarily small schools which could not operate on the basis of per-pupil funding alone. The sparsity factor we are introducing in 2014-15 will enable local authorities to target funding more accurately to small schools in sparse rural areas.

68. Analysis of the 2013-14 pro forma returns shows that there were 32 authorities which allocated a lump sum above £150,000. The vast majority of these authorities were urban authorities.

69. We asked a number of questions during the review in relation to the lump sum which we also explored in detail in the fieldwork visits we carried out:

- i. We asked in areas with large numbers of small schools, whether problems experienced through having a fixed lump sum could be overcome by reducing the relevant AWPU.

70. In many rural areas, due to the large number of small schools, local authorities have expressed concern about being unable to allocate a large enough lump sum to support small rural schools because they have a large number of small schools.

71. The majority of respondents felt this could not be done without causing too much turbulence. A number of responses also suggested that this disadvantages larger schools and moves away from a pupil-led approach.

ii. We then asked about whether having the ability to apply a separate primary and secondary lump sum would avoid necessary small schools becoming unviable and if so, how we should deal with middle and all-through schools.

72. The majority of responses to this question thought having a variable lump sum would provide welcome flexibility, particularly as primary and secondary schools face different fixed costs.

73. On the question of middle schools, most respondents suggested that middle schools should receive a lump sum that is weighted for either the year groups they have in each phase (primary or secondary) or the number of pupils they have in each phase.

74. Of those that thought there should not be a variable lump sum the main reason cited was that the fixed costs of a school are determined more by its size rather than its phase. So a tapered lump sum related to school size would be more appropriate.

iii. We asked if we continued with one lump sum for both primary and secondary, what would be the level of cap needed to ensure the sustainability of necessary small schools. If we had a separate lump sum for primary and secondary, what would be the minimum cap needed for each in order to ensure the sustainability of necessary small schools.

75. Of those responses which cited a single lump sum value, the most frequently cited value was £200,000. The average single lump sum value was £174,000. The justifications provided for the appropriate level for the lump sum were mixed: many thought the level that was set in their area was right, others suggested that the lump sum should reflect the actual costs of schools in the area not the fixed costs, and others gave figures with no clear rationale.

76. The majority of respondents generally felt that a higher lump sum value should be provided to secondary schools, with a median level of £240,000. The median response for primary schools was somewhat lower at £150,000. Respondents felt a higher lump sum was needed in secondary because of higher fixed costs.

77. However, a significant proportion of respondents also noted that their concern about the single lump sum relates to school size rather than, or in some cases as well as, school phase. Some of these respondents suggested a tapered lump sum instead, related to school size.

iv. Finally, we asked whether the ability to retain their lump sums for one or two years after amalgamation would create a greater incentive to merge.

78. The majority of responses were in favour of there being some protection of lump sum funding for merging schools as it would incentivise and help schools through the initial costs of merging. Others however had reservations about using funding to influence decisions which should otherwise be taken in the interest of pupils.

Approach for 2014-15

79. Reducing the size of the lump sum supports our aim of moving towards a more pupil-led funding system, but we do want to ensure that small rural schools have sufficient funding to remain viable. It is clear from responses to the review that very few schools and local authorities believe that a lump sum over £200,000 is necessary.

80. **We have taken the decision that in 2014-15 the maximum lump sum will be £175,000.** Our aim is to put more money through the pupil-led factors so that funding genuinely follows pupils. Now that we have a sparsity factor (see paras 59-65 above) which will enable local authorities to target small rural schools, we think there is a strong case for lowering the lump sum cap. The analysis we have carried out suggests that a cap of £175,000 would channel more funding through the pupil-led factors without causing unmanageable turbulence in local areas.

81. We are keen to provide additional flexibility to local authorities to make the right arrangements in their local area, **so we will enable local authorities to differentiate the lump sum by phase for 2014-15, provided that for each phase the lump sum level does not exceed the £175,000 cap.** With this change, we will enable local authorities to set a lump sum value for middle schools based on a weighted average between the primary and secondary value. Such an approach for middle schools provides simplicity and generates a similar outcome to weighting by phase. For all-through schools, we will ask local authorities to set a lump sum equivalent to the secondary lump sum value.

82. We know, however, that many respondents believe that the lump sum needs to be responsive to size as well as phase. We want lump sum funding to support schools which are unavoidably small and require this support because per pupil funding alone is not sufficient. We do not want lump sum funding to offer additional funding to schools which have fewer pupils on roll because they are unpopular. We also want to avoid adding complexity to this factor. For these reasons we do not intend to allow local authorities to vary the lump sum value according to the size of the school.

83. We do not believe that the funding system should act as a barrier to schools that wish to improve their efficiency and educational offer by merging. Merging can be a better option than federating for some schools, enabling greater efficiency savings to be realised. But we understand that it will not be feasible to realise all the possible savings on day one. **We will therefore enable two merging schools to keep 85% of the two lump sums for the next full financial year following the year in which they merge.** This will afford these schools some funding protection while all efficiency savings resulting from the merger accrue.
84. For some school mergers there may be a requirement to continue to provide tapered lump sum protection beyond the first year. Depending on when a national funding formula is introduced, we will consider whether further tapered protection should be provided for merged schools for up to two further years.

Schools with Falling Rolls

Approach in 2013-14 and Review Findings

85. The changes we have made in 2013-14 are intentionally centred on the number and characteristics of pupils rather than the circumstances of schools. This is in keeping with our aim to give pupils greater choice about where they go to school and to allow successful, popular schools to expand as the demand from pupils and parents increases.
86. In fulfilling their place planning function, local authorities may find that some schools in their area are no longer required. But in some cases, they will identify that the number of places required will increase in the near future and therefore they want to ensure that required schools remain open and viable in the short term. We recognise however that a pupil-led system can cause difficulties in such circumstances and that head teachers will want to avoid the need to make expensive redundancies, only to need to recruit again in the near future.
87. During the review, we wanted to know more about what is preventing good and necessary schools staying open in cases where a population increase is imminent and to understand if there are any circumstances in which falling rolls are unavoidable in the short term.
88. The main themes from the responses received suggested some form of financial support should be provided to such schools, whether that was from the local authority or in some cases from an academy trust. A number of respondents felt that setting a longer term financial plan for schools would mean that such population changes could be better managed.

89. One solution cited a number of times was to allow the local authority's contingency fund to be used to support schools with falling rolls.

Approach for 2014-15

90. We want to ensure that good schools with short term falling rolls receive sufficient funding to deliver an appropriate curriculum and to avoid the need to take costly steps to reduce their capacity, when the demographic data shows that their capacity will need to expand again in the near future. It would be inefficient for example to make redundancies because of short term falling rolls, only to need to employ staff again when rolls increase. We therefore intend to allow some additional support for schools in this situation from 2014-15. We have developed a solution which can be simply managed and which offers a safeguard for all school types. **We will enable local authorities, using top-sliced DSG funding, to create a small fund to support schools with falling rolls in exceptional circumstances.**

91. We will expect the use of the fund to be considered at planning area level and Schools Forums will assess applications. As with the basic need growth fund, the criteria and amount must be agreed by the Schools Forum and applied fairly to academies and maintained schools. We are clear that we do not intend that this funding is provided to support schools which have falling rolls because they are unpopular or of low quality. Therefore we will ask local authorities to apply criteria which restricts use of the fund to schools that are considered by Ofsted to be good or outstanding.

92. The operational guidance sets out the criteria which will be applied to the falling rolls fund.

Schools Forums

Approach in 2013-14 and Review Findings

93. The new Schools Forum regulations came into effect on 1 October 2012. These have improved the transparency and independence of Schools Forums.

94. We asked in the February consultation document whether Schools Forums were now operating more democratically and transparently and if not, what further steps the Department could take in order to improve this.

95. The majority of responses suggested that either the changes had not altered the operation of the forum as it was already working well and in line with the new regulations, or that the new regulations had led to improvements in democracy

and transparency.

96. There were a number of concerns which were expressed. Where respondents felt their Schools Forum was not working as well as it should, this was largely due to representatives not cascading information among their constituents or not having time or a sufficient level of understanding to play an active part as a member of the forum.
97. We also heard views from institutions providing education for students between the ages of 14 and 25 (such as further education colleges) that have an interest in local decisions regarding high needs funding and funding for pupils who are educated in further education provision from age 14. They were concerned that, despite this, there is no statutory place for such institutions.

Approach for 2014-15

98. We are clear that Forums must operate transparently and fairly. We will continue to monitor Forums to ensure that they are implementing all aspects of the revised regulations. We will also re-issue the good practice guide. If we find that local authorities have not been adhering to the regulatory requirements (which include publishing papers on websites), then we will consider taking further action.
99. We will be making one change in relation to the Schools Forums regulations in 2014-15 (on which we will consult). **We will require that all Forums include one elected representative from an institution (other than from a school or academy) providing education beyond age 16 (but may also be providing education for 14-16 year olds). This will replace the current requirement for a representative from the 14-19 partnership.** We will make this change at the same time as we revise the School Funding Regulations.

Chapter 2 – High Needs Funding

Approach in 2013-14 and Review Findings

1. In March 2012 we announced a new approach to funding provision for pupils and students with high needs and we confirmed these arrangements in the 2013-14 School Funding document.
2. In preparing for these changes with local authorities, schools and other providers, we heard a number of concerns about the changes and how they were being introduced. We therefore included a number of questions in our consultation document on high needs and explored these issues with local authorities we visited during the review. The questions and responses are summarised below.
3. Currently local authorities can direct additional funding from their high needs budget to mainstream schools and academies with a disproportionate number of high needs pupils – and many authorities are choosing to do this. We could go further than this and allow authorities to include a new formula factor which would serve a similar purpose.
 - i. We wanted to understand whether such a formula factor, based on the number of pupils for whom the school receives top-up funding, would be helpful.
4. This would involve those authorities that opted to use such a factor moving funds from their high needs budget to their individual schools budget. It would also involve the use of locally collected data for 2014-15 school budget share allocations, as the new data item in the school census on numbers of pupils receiving top-up funding will first be collected in January 2014. Opinion on this was divided and the responses received reflected past local practice on the funding of pupils with high cost SEN.
5. There was strong support for a new high needs formula factor. Of those that were in favour, the main reasons cited in support of this were: that the local authority were already doing this using their high needs budget; that it allowed funding to be more closely linked to the high needs pupils in a school; and that it would better support inclusive schools which attract high numbers of pupils with SEN.
6. On the other hand there were also strong views against introducing such a formula factor. The main reason cited was that this would risk returning to the position that has existed in some local authorities, where statements of SEN were produced even for comparatively low level SEN, because schools used that process more to generate extra funding than for the purpose of identifying and meeting the child's real needs in consultation with the child's parents.

- ii. We also asked how fast we should move towards a common £6,000 cost threshold. The costs of the additional support required by pupils with SEN below this threshold are expected to be met by schools from their formula budget share, plus any extra provided under the arrangements described above. Above this cost threshold the local authority responsible for the pupil would pay top-up funding. In particular, we wanted to know whether a standard £6,000 threshold should be a requirement for 2014-15.
7. The majority of responses received suggested that the £6,000 threshold should be a mandatory requirement for 2014-15. Those supporting this felt it would ensure consistency in the funding for high needs pupils, particularly when there are cross border movements of pupils.
8. There were though a significant number of respondents who were opposed to the £6,000 threshold being mandatory. They thought that this would mean losing flexibility and local discretion, that it would represent too much of a change from the local authority's current approach, and that a common threshold was not appropriate until there was a national funding formula and disparities in funding across the country were addressed.
 - iii. Aware that continuing differences between the high needs funding systems for the pre- and post-16 age groups had drawn adverse reactions, we also wanted to hear ideas about how the two systems could be brought closer together, and whether the Department should play a role in disseminating good practice in relation to top-up funding.
9. We received a number of ideas in response to this question. Many of the respondents referred to the 2013-14 allocation process and how this could be improved in the coming year. There was a plea for more consistent advice to be provided and better co-ordination in terms of communications, data collections and terminology used. Some suggested having a common funding period and others bringing together the place funding methodology, particularly for special schools (£10,000 per place).
10. A small number of respondents pointed to the inherent difference between funding statutory and non-statutory participation in education, and cited this as a reason for not trying to bring the two systems closer together.
11. There was broad agreement that it would be helpful for the Department to play a greater role in disseminating good practice, although a number of respondents cautioned against more requirements that fettered local discretion.

Approach for 2014-15

Notional SEN budget

12. In 2013-14 we are allowing local authorities flexibility to use their high needs budget to make additional allocations outside the formula to schools that have a disproportionate population of pupils with high needs. We have stipulated that authorities should develop clear criteria for such allocations to their schools and academies, and that they should be applied equally to maintained schools and academies.
13. Although a majority of those responding to our consultation thought that it was important to include a factor in the formula to reflect the incidence of high needs in a school, we have concluded that more time is needed to consider how such a factor would work. In particular, we would not want a high needs factor to create a perverse financial incentive for schools to identify high needs pupils, when the costs of their additional support can be met from their budget.
14. **We will therefore not be introducing a new high needs formula factor in 2014-15, but we will continue to consider the case for this in the future.** Local authorities will continue to be able to target funds from their high needs budget, in cases where the notional SEN budget produced by the formula is comparatively low.
15. Our operational guidance will specify that the data used for this targeted funding in 2014-15 should primarily be the data available locally on pupils for whom the school receives top-up funding in October 2013, that the distribution criteria should be decided in advance on the basis of local authorities' experience in 2013-14, and expressed as a formula that minimises the perverse incentives, and that we will collect the information about the formula to be used as part of the pro forma return from each local authority. This information will help us decide whether we include a factor in the formula in future years.
16. For the introduction of the new high needs funding arrangements in 2013-14, we strongly recommended that local authorities should delegate sufficient funding for schools to be able to pay for costs of additional support up to a threshold of £6,000. We acknowledged that for some authorities this would mean delegating more through the formula and for others it could mean delegating less.
17. Taking into account both the weight of responses and arguments in favour of moving to a mandatory £6,000 threshold in 2014-15, and the information that a significant majority of local authorities are already operating at or near that

threshold², **we intend to make the £6,000 threshold a requirement in 2014-15 through the finance regulations.** We are aware, however, that for some authorities to meet this requirement will mean a significant change in the level of delegation of SEN funding, and that in these circumstances schools will need to understand how such a change will affect their budget.

18. The continuation of the flexibility available to all local authorities to apply additional funding from their high needs budget should mean that any adverse impact is minimal. Nevertheless, **officials from the Department will be available to help local authorities make the necessary adjustments and explain them to their schools.**

Pre- and post-16 arrangements and dissemination of good practice

19. We have had some helpful suggestions on how to bring the two high needs funding systems closer together. **Operational guidance from the EFA will explain how improvements to the high needs allocations process will be implemented over the next 12 months.**

² Our analysis of returns from local authorities indicates that at least 108 are currently operating a cost threshold of £6,000 or are not far off that threshold. This is based on information from 119 authorities, so the actual number is likely to be more than that.

Chapter 3 – Next Steps

Introduction

1. In the previous chapters, we have set out the findings from our review and the changes which we will be putting in place in 2014-15.
2. These changes will require all Schools Forums and local authorities to undertake a further review and to consider again how far the local approach is moving towards a pupil-led formula.
3. Taking into consideration the changes set out in this document, local authorities, working with their Schools Forum should now develop their local formula using the two mandatory factors and the optional factors which will be in place in 2014-15, selecting if appropriate the new optional sparsity factor.
4. This chapter summarises the formula factors for 2014-15, details of the Minimum Funding Guarantee for 2014-15 and describes the exceptions we plan to have in place to the presumption of delegation. We also confirm the pro forma timing and the support which will be offered by the Education Funding Agency.

Formula Factors for 2014-15

The formula factors which will be in place for 2014-15 will be mandatory factors.

- A single per pupil amount (for primary, KS3 and KS4)
- Deprivation*

Optional factors:

- Looked after children
- SEN / prior attainment
- English as an additional language* (EAL)
- Pupil mobility
- Post-16 provision*
- Lump sum
- Sparsity (*new*)
- Split sites*

- Rates*
- PFI*
- London fringe*

(The factors above marked with are not subject to any change in relation to the measures, limits or criteria)*

Minimum Funding Guarantee

5. We have always been clear that in the move towards a national funding formula we want to protect the per pupil funding for schools from one year to the next against significant changes in funding formulae or changes in data not directly related to pupil numbers. We will continue in 2014-15 to operate an MFG set at the same level as for 2013-14 - minus 1.5%. The operational guidance provides further information about the operation of the MFG in 2014-15. We will continue to exclude from the calculation of the MFG:

- lump sum;
- post-16 funding;
- allocations from the High Needs Block, including those for named pupils with SEN;
- allocations made through the early years single funding formula; *and*
- rates.

Presumption of Delegation

6. We will continue to allow school leaders greater choice over how to spend their budget, so most services within the notional Schools Block and the funding for them should be delegated to schools in the first instance. The seven exceptions will continue to be:

- where maintained schools agree that a service should be provided centrally (“de-delegation”);
- historic commitments;
- statutory functions of the local authority;
- equal pay back-pay;
- funding of non-SEN places in independent schools;
- infant class size funding; *and*

- basic need growth fund.
7. In addition to these areas, as we set out in chapter one, we will also be introducing an option for local authorities to top slice DSG funding in order to support schools with falling rolls in a small number of exceptional circumstances.

Academies' Budgets

8. Many academies that initially receive their budgets based on estimated pupil numbers have their funding adjusted to reflect in-year pupil counts through a process called the pupil number adjustment. In line with principles of funding simplification overall, we intend to consider introducing a simplified method for calculating these adjustments to 2013/14 budgets.
9. We plan to consider options for how best to do this and involve academies and representative bodies during the summer and autumn of 2013 before finalising our approach.

Pro-forma and Timing

10. With the publication of this document and the accompanying operational guidance, local authorities will be able to re-work their local formula for 2014-15, working with their Schools Forum and consulting all schools and academies in their area. We will be issuing shortly an improved version of the pro forma which will enable local authorities to model formula changes before submission. A number of authorities have been testing the new version and we are grateful for their assistance.

Date	Action
31 October 2013	Local authorities submit provisional Schools Budget pro forma to the EFA
27 November 2013	Schools census database closed
16 December 2013	EFA confirms DSG allocations for 2014-15 (prior to re-couplement of funding for academies)
21 January 2014	Local authorities submit final data for Schools Budget pro forma
28 February 2014 ³	Local authorities confirm budget for their maintained schools. EFA confirms academies budgets.

Table 1 – Timetable for the Dedicated Schools Grant

Role of the EFA

11. The EFA will continue in 2014-15 in its statutory role on behalf of the Secretary of State to oversee the school funding system. The EFA will in the same way as set out last year:

- continue to have the right to send an observer to Schools Forums;
- review each local authority's pro forma for 2014-15 to ensure it is compliant with the new arrangements and reasonable; and
- verify any complaints in relation to potential infringements of the regulations or DGS grant conditions.

³ We will consult on the revised School Finance Regulations on bringing forward this date from 15 March to 28 February.

Annex A

Analysis of responses to the consultation Review of 2013-14 School Funding Arrangements

Introduction

1. This report is based on the 260 responses the Department received to the consultation.
2. As some respondents may have supported more than one option for questions, total percentages listed under any one question may exceed 100%. Throughout the report, percentages are expressed as a measure of those answering each question, not as a measure of all respondents. There were specific issue campaigns, responding to a single question only, as well as responses by letter rather than through the consultation template. Where possible we have included responses via letter or e-mail under the relevant question.
3. The organisational breakdown of respondents was as follows:

Local authority / Schools Forum and joint responses	119 (46%)
School / governor responses	119 (46%)
Other responses (inc. trade union, associations and parents)	22 (8%)
Total Responses	260

Questions and Responses

Question 1: Should we set a minimum threshold for the pupil-led factors, and if so at what level?

There were 220 responses to this question. Yes 76 (35%) No 117 (53%)
Maybe / Possibly 27 (12%)

There were 56 responses where a minimum threshold level was stated. The lowest level stated was 6% with the highest level stated 95%. The average (mean) value was 82% and the most frequently stated value was 85%.

Of those responses which stated there should not be a minimum threshold value there were three common reasons which included:

- Takes away local discretion and flexibility
- Will remove too much funding from the lump sum / cause issues for small schools
- Should not be done before funding inequalities are resolved across the country

Q2: On what basis did the local authority decide on the quantum or proportion of funding to target to deprived pupils?

There were 190 responses to this question. A number of respondents interpreted this question to be about the selection of the deprivation indicators. These responses are not included in this total.

The most common responses were:

Used or adapted the historic approach (or use a historic approach alongside efforts to minimise turbulence)	129 (68%)
Set a quantum in order to minimise turbulence	21 (11%)
Agreed new principles, considered new models / data, reassessed need	7 (4%)

Other reasons included: deprivation allocation was developed as a balancing figure, compared allocations made by other local authorities in areas, quantum was political decision, was set after considering pupil premium.

Q3: On what basis did local authorities decide on the per-pupil amounts for the prior attainment factors?

There were 208 responses to this question.

The most common responses were:

Used historic spend data or historic formula factors mapped as closely as possible to the new factors	119 (57%)
Used a combination of support for school action plus, low cost/high incidence statements and a share of mainstreamed grants	12 (6%)
Did not know how the per-pupil amounts had been set	14 (7%)
Set a percentage of total funding for SEN and shared this equally among all schools	2 (1%)
Actual number of statemented pupils	2 (1%)

Q4: Do you agree that local authorities should continue to use the EYFSP data as an attainment-related proxy or should we consider use of a different indicator to identify low cost SEN in primary schools? If so what indicator?

We received 212 responses to this question.

Yes 140 (66%) No 60 (28%) Undecided / Unclear 12 (6%)

For those responses that expressed a preference for an alternative, there was some consensus that using Key Stage 1 data would be preferable.

There were also a small number of respondents who suggested that the Department should use deprivation factors alone as a proxy, or that we should consider a system where schools were allocated funding based on the actual number of pupils with a statement of SEN.

Q5: Would it help to allow an additional weighting to be given if a school experiences in-year changes to pupil numbers above a certain threshold? If so where should this threshold be set?

There were 202 responses to this question.

Yes 125 (62%) No 40 (20%) Maybe 37 (18%)

Of those that stated a threshold the most frequently cited level for the threshold was 10%. The average threshold value was around 12%.

A number of responses suggested that an additional weighting was appropriate, but not using a threshold based approach set nationally. This included:

- Allow local authorities to set a threshold locally
- Support schools with mobility above the local authority average / national average
- Using a banding approach
- Find a better way to measure in year changes in pupil numbers

Of those that did not agree that an additional weighting was helpful, the reasons cited included that the factor was not used in the local authority, the respondent felt that schools should be able to manage, or in a small number of responses that the low overall funding for the authority meant that targeting funding for mobility was unaffordable.

Other responses asked whether the review question addressed the right issue, and whether a bigger issue was in relation to the impact these children have on the schools including where sudden movements of large numbers of pupils mean that schools can be exposed to highly variable funding year on year.

Q6: In areas with a large number of small schools, could the problem of having a fixed lump sum be overcome by reducing the relevant AWPU?

There were 234 responses to this question.

Yes 15 (6%) No 107 (42%) Unsure 112 (52%)

This was an unpopular suggestion. Respondents felt this cannot be done without causing too much turbulence, and reducing the AWPU disadvantages larger schools. Some also felt that it goes against the aim of pupil-led funding.

Q7: Would having the ability to apply a separate primary and secondary lump sum avoid necessary small schools becoming unviable? If so, how should we deal with middle and all-through schools?

There were 256 responses to this question.

Yes 138 (54%) No 60 (23%) Unsure 58 (23%)

Many respondents felt that the ability to vary the lump sum by phase would provide welcome flexibility, particularly as primary and secondary schools face different fixed costs. On the question of middle schools, most respondents who answered this question felt that middle schools should receive a lump sum that is weighted for either the year groups it has in each phase (primary or secondary) or the number of pupils it has in each phase.

However, a significant proportion of respondents also noted that their concern about the single lump sum relates to school size rather than, or in some cases as well as, school phase. Some of these respondents suggested a tapered lump sum instead, related to school size.

Q8: We said in June that we would review the level of the lump sum cap (currently £200,000) for 2014-15 in order to establish whether it is the minimum cap needed to ensure the sustainability of necessary small schools. If we continue with one lump sum for both primary and secondary, what would be the minimum level of cap needed to ensure the sustainability of necessary small schools? If we had separate lump sums for primary and secondary, what would be the minimum cap needed for each in order to ensure the sustainability of necessary small schools?

There were 127 responses to this question.

Responses varied on this question, but the most popular responses were:

Minimum cap of £200,000	51 (40%)
Minimum cap of £150,000	21 (17%)
Minimum cap of £100,000	15 (12%)

Respondents also offered suggestions for differently sized lump sums for primary and secondary, with the vast majority suggesting lower lump sums for primary, most in the

range of £50k - £150k for primary and £150k - £250k for secondary. A minority called for the lump sum to be scrapped altogether.

Q9: Would using a school-level sparsity measure to target a single lump sum based on distance between pupils and their second nearest school, avoid necessary small rural schools becoming unviable?

There were 247 responses to this question.

Yes 106 (43%) No 42 (17%) Unsure 99 (40%)

Rural schools and rural authorities were mainly in favour of this proposal while larger and more urban schools and authorities expressed concern about this factor taking away funding from the rest of the schools sector.

While those who responded were mostly in favour, the main concerns were:

- it is complex and could be difficult to administer
- it does not take into account travel distance or travel time
- it does not take into account parental preference or availability of places at local schools

Q10: What average distance threshold would be appropriate?

There were 46 responses to this question.

The majority of respondents to this question suggested between two and three miles, and some also suggested using the statutory walking distances as the basis for setting this threshold.

Q11: If we had a sparsity measure, would it still be necessary to have lump sum in order to ensure that necessary schools remain viable? Why? What is the interaction between the two?

There were 247 substantial responses to this question.

Most respondents were nervous about losing the lump sum entirely, particularly urban schools and authorities that would not benefit from a sparsity factor. Several respondents felt that the lump sum is there to cover the fixed costs of all schools, while the sparsity

factor provides additional money to meet the challenges that rural schools face, so they have different uses.

Both sparsity and lump sum	112
Sparsity factor only	11
Lump sum only	6
Neither	1
Unsure	117

Q12: What alternative sparsity measures could we use to identify necessary small schools in rural areas?

There were 67 responses to this question.

Population density and distance between schools were two of the more popular answers. More of the answers focused on the need for the sparsity factor to measure travel distance or time, and to take into account issues beyond travel, such as catchment areas, availability of places and facilities in the local area.

Factor based on the population density of a school's catchment	24 (36%)
Factor based on distances between schools	8 (12%)

Q13: Would the ability for both schools to retain their lump sums for one or two years after amalgamation create a greater incentive to merge?

There were 254 responses to this question.

Yes 139 (54%) No 55 (22%) Unsure 60 (24%)

While the majority were in favour, there were objections to this and even some of those who agreed this would be helpful had reservations. Some of the key points made were:

- it doesn't incentivise schools to merge as long as there is an option (federation) which achieves the same thing but allows both lump sums to remain
- the split site costs of merging are still significant, although in this case the split site factor should cover the costs rather than requiring the lump sum for longer
- merging needs to be a decision taken for long term benefit, rather than short term financial gain

Q14: If you think local authorities will be unable to use the allowable deprivation indicators in order to prevent significant losses to schools with a high proportion of deprived pupils, why do you think that is the case?

There were 159 responses to this question.

70 (44%) respondents felt that local authorities should be able to use the allowable deprivation indicators in order to prevent significant losses to school.

There were however 89 (56%) respondents who indicated that local authorities have not been able to do so. Of these responses the reasons cited were varied. The three most frequently cited reasons were:

- concerns about the appropriateness to their area of either / both of the allowable indicators (FSM and IDACI) 44 (28%)
- problems were encountered because the authority receives a relatively lower level of funding for schools and providing sufficient funding was compromised 7 (4%)
- the loss of previously allocated grants to support schools with high numbers of deprived pupils could not be compensated for in 2013-14, using the allowable formula factors 6 (4%)

Q15: Do you have any evidence that service children (once we account for deprivation, mobility and pastoral care through the Pupil Premium) require additional funding in order to achieve as well as non-service children?

There were 60 substantial responses to this question.

The nature of the responses was very varied.

There were a number of respondents who cited evidence from their area to support the case that there was a need for additional support. This mainly suggests how, in previous local formulae and via grants, there were very high levels of extra funding to support interventions which ensured that service children attained well. This was particularly the case for schools which have extremely high numbers of service children, located on, or adjacent to a military base. A small number of respondents asked for a service factor to be included.

A number of responses raised the point that for some areas, the issues facing service children can have similarities with the issues of deprivation, particularly in areas where there are high levels of service personnel at the lower military ranks.

Around 25 respondents felt that there were additional needs for service children, but that all schools should be able to identify and meet these needs without the need for further intervention or that the schools should be able to support such needs using pupil premium funding.

A comment was made by a few respondents that there is a greater issue in relation to the vulnerability of schools with high numbers of service children where they can face volatile funding levels when regiments move bases for example.

Q16: Have the 2013-14 reforms prevented local authorities from targeting funding to groups of pupils that need additional support, if so, which?

There were 154 responses to this question where the respondent suggested there were problems targeting groups of pupils that needed additional support.

The most common themes from the responses received were:

- that the local authority has been unable to provide sufficient funding for all pupils because the authority is low funded
- there are aspects of the SEN arrangements which mean there are SEN pupils who are not appropriately funded
- not being able to support a particular local circumstance and collaboration between local schools
- changes to the EAL factor mean there is not sufficient funding and /or sufficient duration of funding for EAL pupils.
- issues in supporting large numbers of traveller children attending schools.
- supporting children from families with low incomes, and a very small number cited supporting deprivation sufficiently.

Q17: In cases where a population bulge is imminent, what is preventing good and necessary schools from staying open?

There were 211 responses to this question.

The most common response to this question was to call for funding to support schools with falling rolls. Respondents felt that schools with falling rolls should be allowed to access exceptional financial support from the growth fund to mitigate schools closing short-term when a population bulge was imminent. If such funding was allowed, these schools could remain open so that they were fully functioning when the population bulge reached the entry age.

A significant number of respondents felt that schools with falling rolls could remain open if there was longer-term future planning carried out.

Q18: Are there any other circumstances in which falling rolls are unavoidable in the short term?

There were 201 responses to this question.

The four main reasons cited for unavoidable falling rolls were:

- a change of employment opportunities in the area causing domestic movement.
- regeneration projects to transform whole estates, which move children out of the area either temporarily or permanently
- a sudden drop in local birth rate This would have a knock-on effect for school participation some four to five years later, and would continue to have an impact through the system over the next 12 years or so unless local demographics changed with more people with school-age children being attracted to the area.
- changes in the outcome of Ofsted inspections which affect parental choice

Q19: Would a formula factor that indicates those pupils who receive top-up funding be a useful addition, to help deal with the funding of high needs?

There were 226 responses to this question.

Yes 125 (55%) No 54 (24%) Maybe / unclear 47 (21%)

The majority of respondents thought this would be helpful.

Responses in favour of a factor said that there was a worry among schools, particularly smaller schools that the costs of high needs pupils can erode their SEN budgets and direct funding away from other pupils.

Respondents rejecting this idea mainly cited a concern that this would lead to statements being produced for relatively low level SEN. There was also concern that adding another factor adds further complexity to the formulae and could remove local flexibility.

Q20: To address the variation in base funding between neighbouring authorities, how fast should local authorities be required to move towards the £6,000 threshold? Should it be made a requirement from 2014-15?

There were 220 responses to this question.

Yes 145 (66%)

No 53 (24%)

Maybe 22 (10%)

Of those that thought the £6,000 threshold should be moved towards more quickly, the main reason for doing so was to ensure national consistency and to make it easier for local authorities and schools to manage in areas where there are cross border movements.

Of those that were opposed to a move towards the standardisation of the £6,000 threshold this was because this did not match the way in which they currently work in their local authority areas or because they felt that more time was required to make such a change. A small number of respondents felt this should not be required until there was a national funding formula.

Q21: Should the Department play an active role in spreading good practice and model contracts / service level agreements?

There were 218 responses to this question.

Yes 192 (88%)

No 15 (7%)

Maybe/Other 11 (5%)

The vast majority of those responding thought that it would be helpful for the Department or Education Funding Agency to play a role in disseminating good practice. Some responded with a caveat that this should be soundly based and reflected the policy intention.

There was however also a view expressed by a number of respondents that this should be in the form of guidance rather than more regulation and some also suggested there should always be room for some local discretion.

Of a very small number who did not agree that the Department should play such a role, or where issues were cited, the main points were: that arrangements should be local authority led but with a role for the Department to understand where there was good practice and support the process of information sharing; some felt the first priority for the Department in this area was to consolidate and review existing guidance to make this clearer and simpler for local authorities.

Q22: Do you have ideas about how the pre and post-16 high needs systems might be brought closer together?

There were 194 responses to this question.

The most frequently cited ideas were:

- aligning the pre and post 16 funding streams to the same funding cycle – April-March.
- providing better and more co-ordinated and consistent guidance for pre and post 16 funding arrangements
- introducing one funding system that incorporates both pre and post 16 funding.
- instead of differentiating between pre- and post-16 places, with the former attracting £10,000 and the latter attracting an amount based on the 16-19 year old national funding formula, funding all places at a standard national rate.

Q23: Do you think that Schools Forums are operating more democratically and transparently? If not, what further measures could the Department take in order to improve this?

There were 212 responses to this question.

Yes: 71 (33%) No: 72 (34%) No change: 69 (33%)

There were very mixed responses to this question.

Where respondents felt there were issues remaining, this mainly related to the approach to voting and the transparency of papers and decisions. There were a small number of comments which suggested problems with the new voting arrangements by phase.

A significant number of respondents felt that their forum was already operating democratically and transparently and that the changes were not required and have not made a significant difference.

A further third of respondents felt that the changes had improved the operation of forums. A number who felt their forum was working more effectively, asked that the Department should play a role in sharing good practice across the country.



Department
for Education

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