

School Funding Reform Consultation

2013/14

London Borough of Lewisham

Schools Forum

Index

<u>Page</u>	<u>Section</u>	<u>Heading</u>
3		Forward
4		Introduction
6	1a	New funding formula
10	1b	Conversion of our current formula factors into the new DfE funding factors
28	2	High needs pupils
35	3	Central services budgets to be delegated to schools
38	4	Early years single funding formula
39	5	Minimum Funding Guarantee
42	6	Funding outcomes for schools
43	7	Responding to the questionnaire
44	8	Consultation meetings and booking form

Forward

The Government desire is to see funding reach pupils and schools that need it most. It believes that good, popular schools should find it easier to expand in response to demand from parents and that school leaders should have greater certainty over their budgets so they can plan ahead. In doing this they wish to see a funding system that is simple, transparent and fair. Of course there is a fine balance between simplicity and fairness. As you make funding systems simpler there is a compromise with what is fair.

The proposals in this document reflect the tight regulations that schools funding will operate under in the future. Local discretion is largely limited to setting the funding rates attached to each formula factor. In coming up with these proposals the Schools Forum had two overriding principles that, wherever possible, they wished to adhere to

- To keep the total primary funding level and total secondary funding levels unchanged, by preventing transfers between phases where possible
- To minimise turbulence in individual school funding levels.

Accepting there is no formula based funding system that is completely fair we believe that if the current system was replicated as far as possible it would ensure that the new simpler system was as fair as possible. While it has not always been possible to keep to these principles due to the tight regulations being imposed it is hoped the proposals in this document represent a reasonable compromise, but we do wish to hear your views on the matter and any alternatives you may have.

These reforms are planned to go ahead in April 2013. The timetable for the consultation is not ideal but I hope this document will improve your awareness of the changes ahead and help your planning for next year. Looking further ahead the Government wish to have a national funding formula in place by April 2015, with similar pupils being funded on similar funding rates across the country. What this means and the impact for London with its high cost base is an unknown. When we hear further proposals will keep you informed.

The consultation closes on the 18th September

Introduction - Reform of the Schools Funding Formula

The DFE wish to make the school funding system fairer and more transparent. The DFE has asked Local Authorities to work with their Schools Forum during June to draw up plans to implement their new funding formula. This was despite the fact the consultation ended on the 21 May and the final outcome was not notified to Local Authorities until the 28 June.

Some of these changes are planned for next year and some from 2015/16. The logic behind this is that the changes in April 2013 will see local authorities funding formulae converge into a similar but not identical format. This will lay the groundwork for the operation of national funding formula from April 2015 which raises the possibilities of movement of funding between different authorities. The proposals represent a radical change to the way schools are funded and some schools will see significant changes in their funding levels.

The Schools Forum, at their meeting on the 17 May, discussed the changes and agreed to set up a small sub-group to look at the way the DFE proposals could be implemented. The sub-group reported back to the Forum on the 12 July and it is these proposals that the Forum wish to seek your views on.

The Forum will take account of your views at the meeting on the 20th September as they will need to agree the funding formula, this will allow the required return to be sent to the Education Funding Agency in October. Funding rates will be provisional until the pupil numbers from the October census are confirmed. The actual rates will then need to be finally confirmed to the EFA by mid-January 2013. The Local Authority will also need to agree the Special Schools and Resource Bases planned numbers during September.

The DFE require that the schools funding formula should be both simple and transparent. They stipulate the 11 factors which can be used in the funding formula and supply all the data which we have to use. It is only the funding rates applied to these factors that are set locally. The DFE are also requiring that various central budgets are delegated to schools, but allow in some instances for schools to hand these budgets back to the Local Authority to manage. This document explains the new funding formula and discusses possible options for managing the budgets that are now required to be delegated to schools. This document also allows you to make comments and respond to the consultation.

All the comments will be analysed and will considered by the Schools Forum at the meeting on 20 September.

The information on the funding reforms provided by the Department for Education can be found on

<http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/a00205567/school-funding-reform-and-arrangements-for-2013-14>

Section 1a . New Funding formula

The following table shows the proposed funding formula for Lewisham. The column headed “**Factor**” details the funding factors that are allowed by the Department for Education. The second column headed “**Lewisham Proposal**” are the funding rates that the Schools Forum would now like you to consider to see whether you feel the proposed rates are appropriate. The final column allows you to make any observations or comments.

Ref	Factor	Lewisham Proposal	Do you agree with the proposal?
1.	<p>Basic Entitlement</p> <p>There will be a single unit for primary aged pupils and a single unit for secondary pupils (It is possible to have a separate funding rate for KS3 and KS4)</p> <p>The pupil numbers will be taken from the October census</p>	<p>Primary £ 3,600</p> <p>Secondary £ 4,950</p>	
2	<p>Deprivation</p> <p>The only factors available to fund deprivation are</p> <p>a) FSM data (which could be straight FSM or Ever 6 as with the Pupil Premium);</p> <p>b) IDACI data; or,</p> <p>c) both.</p> <p>The IDACI is the Income Deprivation Affecting Children Index. It is an area based (post code area) measure that shows the proportion of children aged 0-15 living in income deprived</p>	<p>Free school meals ever 6</p> <p>Primary £ 805</p> <p>Secondary £ 1,140</p>	

	<p>households. This is defined as with an income (excluding housing benefits) below 60% of the national median before housing. The index runs from 0 to 1.</p> <p>The IDACI must be funded on the following basis</p> <table border="1" data-bbox="271 612 656 991"> <thead> <tr> <th>Band</th> <th>IDACI score lower limit</th> <th>IDACI score upper limit</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>0.20</td> <td>0.24</td> </tr> <tr> <td>2</td> <td>0.25</td> <td>0.30</td> </tr> <tr> <td>3</td> <td>0.30</td> <td>0.40</td> </tr> <tr> <td>4</td> <td>0.40</td> <td>0.50</td> </tr> <tr> <td>5</td> <td>0.50</td> <td>0.60</td> </tr> <tr> <td>6</td> <td>0.60</td> <td>1.00</td> </tr> </tbody> </table> <p>Separate rates can be used for primary and secondary schools</p>	Band	IDACI score lower limit	IDACI score upper limit	1	0.20	0.24	2	0.25	0.30	3	0.30	0.40	4	0.40	0.50	5	0.50	0.60	6	0.60	1.00	<p>IDACI Banding</p> <table border="1" data-bbox="902 612 1352 1018"> <thead> <tr> <th>Band</th> <th>Primary Funding Rate</th> <th>Secondary Funding Rate</th> </tr> </thead> <tbody> <tr> <td></td> <td>£</td> <td>£</td> </tr> <tr> <td>1</td> <td>63</td> <td>109</td> </tr> <tr> <td>2</td> <td>94</td> <td>164</td> </tr> <tr> <td>3</td> <td>118</td> <td>205</td> </tr> <tr> <td>4</td> <td>123</td> <td>215</td> </tr> <tr> <td>5</td> <td>123</td> <td>215</td> </tr> <tr> <td>6</td> <td>123</td> <td>215</td> </tr> </tbody> </table>	Band	Primary Funding Rate	Secondary Funding Rate		£	£	1	63	109	2	94	164	3	118	205	4	123	215	5	123	215	6	123	215	
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3	Looked after children	No funding allocated																																														
4	<p>Low cost, high incidence special educational needs (SEN)</p> <p>Primary Schools – The indicator used is those pupils who have a score lower than 78 or 73 points on EYSFP.</p> <p>Secondary schools – The indicator will be</p>	<p>Primary £ 1,580 for scores less than 78%</p> <p>Secondary £ 3,984</p>																																														

	KS2 test results attainment below level 4 in both English and mathematics.		
5	English as an additional language (EAL) Funding is allowed for up to a maximum of 3 years only after the pupil enters the compulsory school system;	Primary £ 631 Secondary £ 1,144	
6	Lump sum This has to be a standard rate for all primary and secondary schools and a maximum limit of £200k is set	Funding rate £130,900	
7	Split Sites	We are proposing a simplified allocation which awards £33,000 to schools with a site split by more than 400m or £45,400 to schools with more than 2 year groups on their subsidiary site	
8	Rates	Actual costs which replicates the current arrangements	
9	Pupil Mobility This has been calculated using the school start date for each pupil from the October School Census. It will include pupils who started in the last three academic years, but did not start in August or September (or January for Year 1).	The DfE only added this factor on June 28 th and has not yet provided the data to calculate what the Lewisham rate will be. An update will be provided when available	
10	A pupil factor for post 16 students	It is proposed not to use this	

		factor.	
11	PFI	It is proposed not to use this factor..	
12	<p>Requested exceptions</p> <p>In addition, there is discretion to have exceptional circumstances if approved by the Education Funding Agency relating to premises such as listed buildings, buildings that are rented or boarding provision. Applications must:</p> <ul style="list-style-type: none"> a) Apply to less than 5% of the schools in the local authority; and, b) Account for more than 1% of the budget of the school or schools affected 	<p>We would like to use this factor but our rents do not fall within the category of being more than 1% of a schools budget. We will apply for exceptional circumstances but it is unlikely to be approved</p>	

Section 1b – Conversion of our current formula factors into the new funding formula

The tables that follow look at our current formula factors that are no longer allowable under the new regulations. It takes each one in turn and selects one of the following

Allowable Data –

- Primary Roll Number
- Secondary Roll Number
- FSM Or FSM Ever 6
- IDACI (Income Deprivation Affecting Children Index)
- Looked After Children
- Early Years Foundation Stage Profile Scores Below 78 Points
- KS2 Results Of Less Than Level 4 In English And Maths
- EAL For Up To 3 Years After Entering School System
- Lump Sum (Single Rate Across Primary & Secondary Up To £150k)
- Split Site
- NNDR (Rates)
- PFI Contracts
- Pupil Mobility (Casual Joiners)
- 6th Form Roll Number

When considering this the Schools Forum sub-group felt that the proposals below are not necessarily the best way to allocate the funding, but as they were constrained by the Department for Education into using one of the factors in the above list, they selected the most appropriate one from this limited choice.

The principles adopted

- Turbulence – Minimise the changes made to those required by regulatory changes in order to maintain principles previously agreed by Schools Forum and to avoid unjustifiable transfer of funding between schools. Achieved by mimicking existing allocation methods as much as possible.
- Sector Ring-fences – Avoid movement of funds between nursery, primary and secondary sectors where appropriate.

Allocation Name – AWPU (Re-named Basic Entitlement by DfE)	
Purpose – Funding for costs that vary in line with pupil numbers (principally classroom costs)	Current Allocation Method – Amount per pupil dependent on national curriculum year group
Proposed Allocation Method – Amount per pupil; one rate for primary and one for secondary.	Issue – Additional funding for a Nursery Nurse in Reception Year and Infant Class Size funding in Reception to Year 2 means that a single primary rate will cause a fall in the funding for infant schools (with a gain in junior schools)
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Curriculum Protection	
Purpose – Provide sufficient additional AWPU funding to cover 7 teachers in primary schools and 20 teachers in secondary schools.	Current Allocation Method – Additional AWPU amount for each additional pupil needed to bring a primary roll up to 210 and a secondary roll up to 600.
Proposed Allocation Method – Per pupil (Basic Entitlement).	Issue – None of the allowable formula factors would be able to recreate this factor. The DfE is seeking to maximise the link between pupil numbers and funding
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Overhead Protection	
Purpose – Ensure a minimum amount of funding for Headteacher, Deputy/Assistant Head (non-teaching time), SENCO, Admin staff and Premises staff	Current Allocation Method – Tops up a per pupil allocation in the AWPU to an amount based on bands of roll numbers.
Proposed Allocation Method – Basic Entitlement per pupil amount and a lump sum.	Issue – The amounts will be calculated to distribute no less than the total level of funding as at present and set to ensure the smallest schools do not face a reduction in funding. The DfE reforms allow only a single lump sum amount for both primary and secondary schools.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Irregular Admissions	
Purpose – Reflect unfunded classroom costs resulting from half form entry	Current Allocation Method – Provides AWPU for 15 additional places to schools with a half form intake. (Only 15 pupils as remaining year groups are expected to vertically group)
Proposed Allocation Method – Per pupil (Basic Entitlement).	Issue - None of the allowable formula factors would be able to recreate this factor. The DfE is seeking to maximise the link between pupil numbers and funding
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Upper Pay Spine Teachers	
Purpose – Contribution towards the additional costs of UPS staff	Current Allocation Method – Flat rate amount per FTE UPS staff member (no differentiation between UPS spine points)
Proposed Allocation Method – Per pupil (Basic Entitlement).	Issues – Of all the allowable formula factors, it is pupil numbers that has the greatest correlation with UPS numbers; the more pupils, the more teachers. Ring fenced by phase initially to reduce turbulence. However, teaching element of AWPU based on average teaching cost per phase. UPS to be subsumed within this calculation in subsequent years.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Advanced Skills Teachers	
Purpose - Contribution towards the additional costs of AST staff	Current Allocation Method – Flat rate amount per FTE AST staff member (no differentiation between AST spine points)
Proposed Allocation Method –Per pupil (Basic Entitlement).	Issues – Ring fenced by phase initially to reduce turbulence.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – NQT Induction	
Purpose - Contribution towards the induction costs of NQT staff	Current Allocation Method – Flat rate amount per term of NQT induction (pro rata by FTE)
Proposed Allocation Method – Per pupil (Basic Entitlement).	Issues – Ring fenced by phase initially to reduce turbulence.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Premises Officer Rent	
Purpose – Cover the rent costs of Premises Officers with residential contracts in schools without tied accommodation	Current Allocation Method – Actual cost
Proposed Allocation Method – Per pupil (Basic Entitlement).	Issue - Too small to apply for an exception to the formula
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Salary Safeguarding	
Purpose – Cover additional costs of staff taken on after school closures	Current Allocation Method – Actual cost
Proposed Allocation Method – No current allocation, so no action required.	
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – AEN – Protection	
Purpose – Provides an additional allocation to schools whose data does not result in an AEN allocation above a minimum level.	Current Allocation Method – A top up to the AEN allocation to reach the minimum level per pupil on roll.
Proposed Allocation Method – Free School Meals “Ever 6”.	Issue - None of the allowable data will target funding to schools with a lack of pupils with AEN
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – AEN – By Percentage	
Purpose – Reflect the additional costs associated with higher percentages of pupils with AEN (as opposed to higher pupil numbers)	Current Allocation Method – Numbers of pupils with FSM eligibility, poor test results on entry or mobility status is calculated as a percentage of roll. Funding allocated when the percentage is above a threshold.
Proposed Allocation Method – Merge into FSM eligibility, prior attainment and mobility allocations.	Issue - Old allocation used weightings for each of the three indicators, these will be used to calculate the split.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – AEN – Mobility – Per Pupil	
Purpose – To reflect the costs of pupils with additional needs.	Current Allocation Method – An allocation per pupil that joins or leaves outside the normal timeframe or has attended 3 or more schools in current phase.
Proposed Allocation Method – Allocate on the basis of DfE Casual Admissions data	Issue – The DfE has yet to make data for this formula factor available
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name - AEN – EAL – Per Pupil	
Purpose - To reflect the costs of pupils with additional needs.	Current Allocation Method – An allocation to pupils whose exposure to English is limited, banded by length of exposure.
Proposed Allocation Method – EAL using prescribed DfE data	Issue – The choice of whether to fund on the basis of the first, first and second or first to third years in the school system has been left to LA's. The existing allocation uses three year average data in order to provide stability to allocations, so it is proposed that funding be provided for all three years.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name - AEN – Prior Attainment – Per Pupil	
Purpose - To reflect the costs of pupils with additional needs.	Current Allocation Method – In Primary, an allocation for each pupil on roll whose FSP score puts them in the bottom 15% across the authority. In Secondary, an allocation for each pupil on roll with a Primary/Secondary transfer test result in Band 3.
Proposed Allocation Method – Prior Attainment using prescribed DfE data	Issue – The DfE is allowing LA's a choice of the FSP score below which funding will be allocated; either 78 or 73. The 15% threshold currently used has given a score which has been rising consistently, to the point where the option for a score of 78 is most in line with current funding
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name - AEN – FSM Eligibility – Per Pupil	
Purpose - To reflect the costs of pupils with additional needs.	Current Allocation Method – An amount per pupil eligible for FSM.
Proposed Allocation Method – FSM using prescribed DfE data for FSM Ever 6 and IDACI bandings	<p>Note – The DfE has provided LA’s with a choice of using one year’s worth of FSM data, FSM Ever 6 data or no FSM eligibility data. In keeping with the principal of minimising changes to the formula, the LA proposes (1) to continue using FSM data and (2) to use Ever 6 FSM data as the current allocation uses 3 years worth of data to provide stable allocations.</p> <p>Issue – The DfE has also provided LA’s with a choice over whether to use IDACI data to fund Social Deprivation/Low Level SEN costs. The data provided shows into which band of deprivation pupils’ home postcodes fall. The information is provided at school level. LA’s are free to allocate a separate rate per band. As this replicates the former AEN By Percentage allocation to some extent; the LA is therefore proposing to split the former FSM allocation between Ever 6 FSM and IDACI in the proportions 75:25 respectively.</p>
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Premises/Repairs & Maintenance	
Purpose – Site running costs and repairs and maintenance costs	Current Allocation Method – Amount per square meter of internal area
Proposed Allocation Method – Per pupil (Basic Entitlement)	Issue – Schools with large premises in relation to their pupil numbers will lose funding.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Energy	
Purpose – Energy costs	Current Allocation Method – Amount per square meter of internal area with an uplift for schools with higher than average usage
Proposed Allocation Method – Per pupil (Basic Entitlement)	
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Split Site	
Purpose – To reflect the additional costs of schools split over more than one site	Current Allocation Method – An allocation dependent upon distance between sites, how busy roads are dividing the sites and number of year groups on subsidiary site.
Proposed Allocation Method – An allocation based on the distance between the sites and the number of year groups on the subsidiary site.	Issues – The allocation based on how busy the roads between the sites are has been deleted as this is data that is not readily available. The funding made available will be recycled within the remaining split site allocations.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Split Site Travel	
Purpose - To reflect the additional costs of schools split over more than one site	Current Allocation Method – Based on the number of travel between sites of each teacher (based on individual teacher timetables submitted by schools)
Proposed Allocation Method – Deleted	Notes – The amounts allocated have proven immaterial and it is proposed that the available funding be recycled within the remaining split site allocations.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Special Facilities	
Purpose – Reflect the additional costs of special facilities	Current Allocation Method – An allocation for schools with swimming pools and for a school with exceptionally large grounds.
Proposed Allocation Method – Per pupil (Basic Entitlement)	Issue - Too small to apply for an exception to the formula.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Playing Fields	
Purpose - Reflect the additional costs of playing fields	Current Allocation Method – An amount per hectare.
Proposed Allocation Method – Per pupil (Basic Entitlement)	Issue – Unlikely to be agreed as an exception to the formula.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – NNDR (Business Rates)	
Purpose – Meet the costs of NNDR	Current Allocation Method – Actual Cost
Proposed Allocation Method – Actual Cost as per current system	
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name - Rent	
Purpose – Meet the costs of properties that school rent	Current Allocation Method – Actual Cost
Proposed Allocation Method – Rent is not an allowable factor under the current reform proposals	Issue - It would be possible to apply to the DfE for an exceptional factor but it is likely to be turned down. Three of the four schools currently receiving a rent allocation have benefited from the amalgamation of premises/R&M/energy into the AWPU by an amount greater than the rent. This is not unexpected given that the schools' smaller sites will no longer be reflected in their funding
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Buildings Insurance	
Purpose - Meet the costs of insuring school premises	Current Allocation Method – An allocation based on the rebuild value of the school.
Proposed Allocation Method – Per pupil (Basic Entitlement)	
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Catering Contract	
Purpose - Meet the costs of free school meal subsidies.	Current Allocation Method – Pupil numbers and free school meal eligibility (not meal provision)
Proposed Allocation Method – Pupil numbers and FSM Ever 6.	
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Staff Related Insurance	
Purpose - Meet the costs of staff related insurance premiums.	Current Allocation Method – Per pupil.
Proposed Allocation Method – Per pupil (Basic Entitlement)	
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – New And Expanding Schools	
Purpose – Provides additional funding for schools undergoing planned expansion or taking bulge classes.	Current Allocation Method – An amount per bulge class or an amount per additional place in a permanently expanding school.
Proposed Allocation Method – Removed from ISB and managed through Schools Forum controlled contingency (see section 3 of this document.	
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Residual Standards Funds	
Purpose – Funds formerly distributed via School Standards Grant, School Development Grant, School Lunch Grant, Ethnic Minority Achievement Grant	Current Allocation Method – Pupil Numbers and FSM Eligible Pupil Numbers
Proposed Allocation Method – Delete	Note- We will no longer be able to abate the formula allocation for schools with 6 th form provision. This will lead to an increase in the level of funding for those schools. Deleting the Residual Standards Funds allocation will offset some (but not all) of this increase.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – 6th Form Abatement	
Purpose – Adjust for allocations where double funding occurs between ISB and 6 th form grant	Current Allocation Method – Removes a proportion of funding equal to the proportion of 6 th form pupils in the school from allocations whose data cannot be adjusted to exclude 6 th form costs.
Proposed Allocation Method – Delete no longer under regulations	Notes – The deletion of the 6 th form abatement will create some double funding in schools for with sixth forms. For example Business Rates – the post 16 element will be funded by the EFA also by ourselves.
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Transitional Protection	
Purpose – Protect schools from material cash reductions in their ISB allocations.	Current Allocation Method – Schools with a year on year fall of over 5% receive 2/3 ^{rds} of that excess in the year of the reduction and 1/3 rd in the subsequent year.
Proposed Allocation Method – Per pupil (Basic Entitlement).	Issue - None of the allowable formula factors would be able to recreate this factor. The DfE is seeking to maximise the link between pupil numbers and funding
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – Minimum Funding Guarantee	
Purpose – To protect schools from excessive budget reductions.	Current Allocation Method – DfE prescribed methodology. Guarantees no more than a 1.5% loss of funding per pupil.
Proposed Allocation Method – DfE prescribed methodology	Issue – The DfE have made some changes to the calculation which have led to significant increases in the amount of MFG being allocated. A decision will need to be taken with regard to any exceptional exclusions that should be applied to the DfE for, in order to avoid excessive and inappropriate MFG protection – see Section 5
Do you agree with the proposal? - Yes / No	
Comments	

Allocation Name – 6th Form Grant	
Purpose – To fund 6 th form provision.	Current Allocation Method – Lewisham passports the allocations calculated by the Education Funding Agency.
Proposed Allocation Method – No Change.	
Do you agree with the proposal? - Yes / No	
Comments	

Section 2 – High needs pupils.

2a General

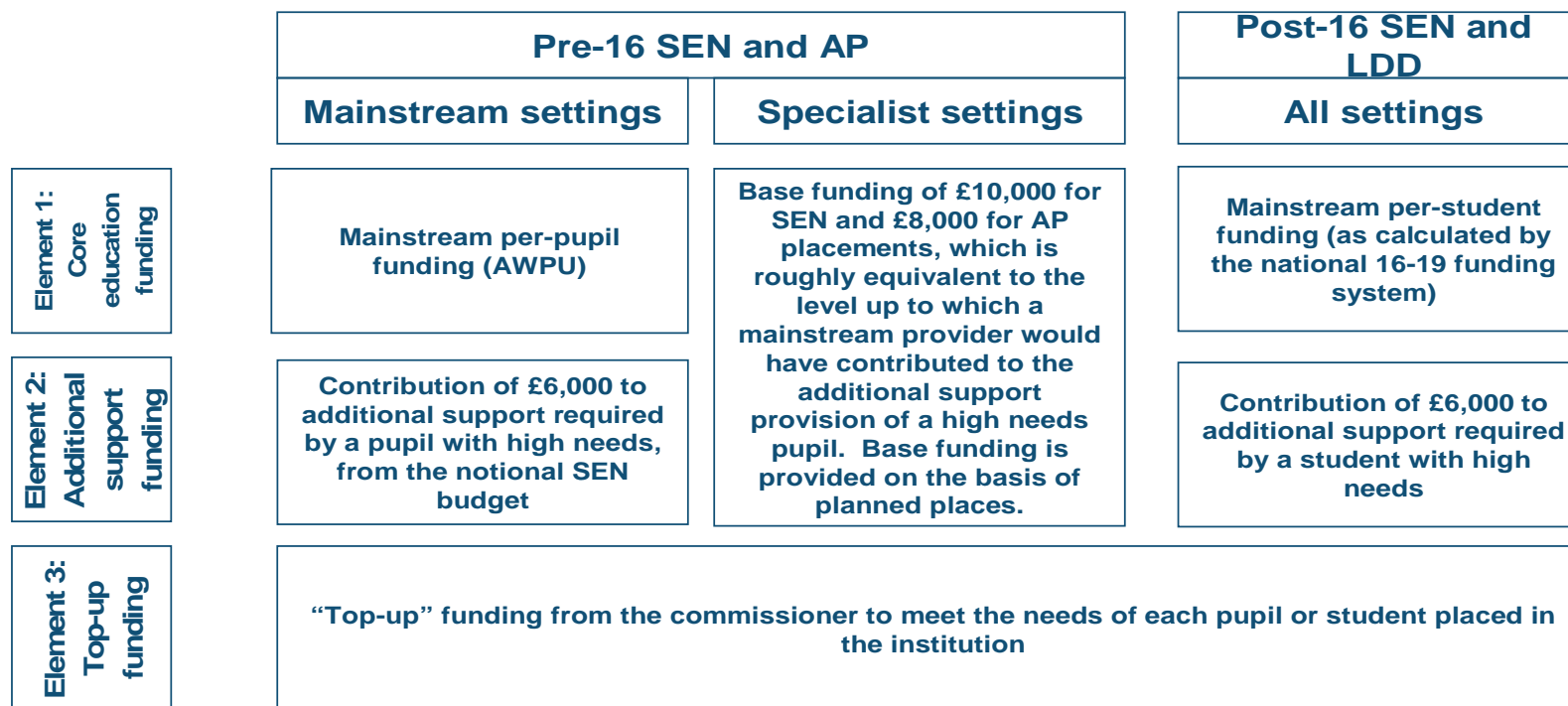
The DFE wish to see the funding of special educational needs pupils in Local Authority maintained schools based more on actual pupil numbers rather than planned places and to combine this with a base level of funding to offer specialist providers some stability. The new approach will see provision for high needs pupils and students funded on a mixture of a place- and a pupil-led basis. For this reason, they have called this approach “place-plus”. This place plus approach covers SEN matrix children, special schools, resource bases in mainstream settings and pupil referral units. Although within these settings the funding streams are slightly different, the principles are the same.

Under a place-plus approach high needs funding will comprise three elements, which can be applied across all provision for high needs pupils and students.

- Element 1, or “core education funding”: the mainstream unit of per-pupil or per-student education funding. In the school sector for pre-16 pupils, this is the age-weighted pupil unit (AWPU), while for post-16 provision in schools and in the FE sector this is the mainstream per-student funding as calculated by the national 16-19 funding system.
- Element 2, or “additional support funding”: an identified budget for providers to provide additional support for high needs pupils or students with additional needs up to an agreed level.
- Element 3, or “top-up funding”: funding above elements 1 and 2 to meet the total cost of the education provision required by an individual high needs pupil or student, as based on the pupil’s or student’s assessed needs.

Under a place-plus approach, all mainstream providers will receive elements 1 (core education funding) and 2 (additional support funding) as part of their standard school funding. This will mean that, in addition to mainstream per-pupil or per-student funding (element 1), providers will also receive a clearly-identified budget from which they will be expected to contribute up to a specified level for the provision required by high needs pupils or students placed with them (element 2). The following is a DFE slide on how the funding should operate.

Overview: Reform of high needs funding



Department
for Education

This diagram appeared as Figure 1 (p.43) of *School funding reform: Next steps towards a fairer system*.

7

2b Special Schools and Resources Bases

Currently special schools and resources bases are funded on the number of planned places they will have during the financial year. Each place has a pre-determined need which is funded according to a funding matrix. For specials schools further funding is provided to reflect the characteristics of their premises and other specific unique circumstances. This gives an element of certainty to their budgets

The new DFE funding proposals are very tightly defined and there is little scope for local discretion. These settings will be funded on the number of planned places at a rate of £10,000. So if the setting has 100 places they will receive 100 places funded at £10,000 or £1,000,000 at the start of the year. The funding will be topped up depending on the actual number of pupils within the setting and the needs of those children. There will be no count dates but the funding will follow the pupil in real time. Longer term the DFE feel there will be a need for banded funding frameworks with local tariffs in it to ensure the effective operation of the place-plus funding approach. As such they encourage authorities to work with maintained and state-funded providers, as well as with other authorities that commission provision from the same settings, to develop effective, transparent banded funding frameworks with local tariffs. We already have some form of local banding frameworks in relation to high-level SEN provision in schools but not the fullest sense the DFE now suggest, but we would need to develop local banding frameworks in areas such as Alternative Provision (AP) and learning difficulty and disability (LDD) settings.

Do you wish to see a banding framework operate from April 14

Do you have any comments?

Do you think the pupil led element should be calculate on either of the following basis

Monthly, Half termly or Termly

Do you have any comments?

2c SEN Matrix

Funding for pupils with Statements Of Special Need is delivered in two main ways. For those children who are regarded as having high incidence but low SEN needs the funding is provided via the collaboratives. The amounts are calculated using a formula. The factors used are Free School Meal Eligibility, Prior Attainment and Mobility. This funding under the new regulations will need to be given to each school and then it will be up to individual school whether they would like the funding managed by their collaborative. Statements where the pupil is deemed to have high needs (defined as Matrix 6 and above) will have built into their school budget the funding to provide for the staffing needs stated in the statement. The funding is provided on a term by term basis and the funding follows the pupils so can go up or down during the financial year.

Under the new proposals Schools will be expected to meet out of their budget the initial costs of the SEN support, this will be the pupil's basic entitlement of £4,000 plus a sum of £6,000. The sum of £6,000 has been established from a statistical analysis undertaken by PriceWaterhouseCoopers of schools' budgets and expenditure and represents the average level of support identified in their study. It is not an activity based costing of the support that might be expected to be put in place for a pupil with SEN. A local authority would then top up this sum if the assessed cost of the SEN support is greater. The assessment of costs of support may or may not be based upon a statement depending on local arrangements.

The Schools Forum considered two ways to fund schools

Current Method	Revised Method 1	Revised Method 2
AWPU £4,000	Basic Entitlement £4,000	Basic Entitlement £4,000
AEN + Collab. £6,000	Deprivation & Lo Need SEN £6,000	Deprivation & Lo Need SEN £6,000
School Contribution £10,000	School Contribution £10,000	School Contribution £20,000
Matrix 15,700	Matrix 15,700	Matrix 5,700
Total Funding £25,700	Total Funding £25,700	Total Funding £25,700

Method 1 is almost a “do nothing” approach in that it is saying the proposed funding system is in fact already in place. Schools use their basic entitlement (or AWPU) as part of the core funding for the children and like wise with their current funding for Deprivation and low needs SEN as it is assumed this provides mostly whole classroom support, for example it allows a teacher assistant in the class to provide general support. This method causes the least turbulence in school funding

Method 2

This method takes the first £10,000 of the matrix funding and delegates it to schools in order to provide schools with some funding to meet the top-up. This could cause problems as it might not end up in the school where the stated child is.

The sub-group felt that method 1 was the most appropriate.

Do you agree with the above proposals?

Section 3 Central services budgets to be delegated to schools

The DFE wish Local Authorities to delegate as much funding as possible to schools. The DFE defined the current central budgets that now have to be delegated to schools but some of these could be de-delegated and handed back to local authority if the Schools Forum and schools wish. The Schools Forum were concerned that a number of these budgets act as an insurance scheme for schools and avoids schools from being exposed to financial risk. The Forum in these cases has proposed setting up a mutual fund for schools. This will operate by the Forum holding the funding on the behalf of schools and will agree allocations to schools, at the end of each financial year the balance on the fund will be either passed to schools if it is in surplus or charged to schools if it is in deficit .

If schools are supportive of this approach the exact terms of the mutual fund will be agreed at the Schools Forum in the Autumn Term (November meeting)

The proposals are shown below

Budget	Brief description	£'000	Proposed delegation	Schools Forum recommendation to hold centrally	Management of central budget
14-16 practical learning	NEET reduction strategy and place planning	312	Secondary pupil numbers	NO – not permissible under the regulations	
Support for schools in financial difficulties	This fund exists to support schools that found themselves in financial difficulty and could not manage the circumstances in the short term without detrimentally affecting the standards within the school. It acts as a contingency fund.	500	Pupil numbers	Yes	Management through a mutual fund operated by Schools Forum(SF).
Allocation of contingencies	The general contingency is allocated out to schools when an unexpected event occurs that has a significant financial effect that it would not be possible for the school to manage the	2751	Pupil Numbers	Yes	Management through a mutual fund operated by SF

School Funding Reform Consultation 2013/14

Schools Forum
12 July
Item 4 Appendix 3

	financial consequences of without causing damage to the curriculum delivery. The element allocated to collaboratives for the former extended schools standards funds will be delegated to all schools . Bulge class funding will be de-delegated and treated as separate mutual called a "growth fund"				
Free school meals eligibility;	This is the funding for officers who check whether a pupil is entitled to a free meal	66	Free meals	Yes	
Licences/subscriptions;	Cost of group subscriptions and licences.	138	Pupil numbers	No	Central service within the SLA booklet
Staff costs - maternity	This provides financial support to schools to help them meet the cost to schools maternity and public duties	675	Pupil numbers	Yes	Management through a mutual fund operated by SF
Staff costs – trade unions	This budget allows trade union officials to be employed to work on behalf of school staff to manage collective agreement. This supports management of employee relations.	156	Pupils Numbers	Yes	Centrally managed service
Support for minority ethnic pupils or underachieving groups;	The current funding supports the 'Lens' groups and the Pupil Ambassadors programme (including the Awards ceremony) and also covers some of development work on the links with Oxbridge, career aspiration, the lecture series and other partnerships	190	EAL	Yes	Centrally managed service
Behaviour support services	The budget has two elements 1. The cost of outreach work at New Woodlands Special School (£640K). 2. Social worker at Abbey Manor Pupil Referral unit (£100k) There is a choice of how this can be treated, it can either be allocated out to	740	Free meals	Yes	Transferred To high needs block

School Funding Reform Consultation 2013/14

Schools Forum
12 July
Item 4 Appendix 3

	schools who then buy the service direct from the provider or it can be held in the High Needs funding block and then passed to the outreach				
Miscellaneous	Tutors for looked after children	200		Pupil numbers	Transferred To high needs block

Do you agree with the above proposals?

Section 4 - Early Years Single Funding Formula

The only change proposed is with regard to the quality factor.

Current allocation - The quality factor in itself is quite simple if a setting has a good or outstanding OfSTED judgement the setting has an enhanced basic rate of funding. The enhancement is £0.27p for primary schools and £0.83p for PVI settings per hour. For a primary school with 25 FTE places this would mean funding of £7,695 per year and for a PVI with 16 part time pupils the equivalent figure would be £7,570. OfSTED inspections have generally been every three years so the enhancement will be for the next three year period starting at the next financial year.

Some settings have found that their OfSTED judgements have changed from good or outstanding to satisfactory. Consequently the funding is reduced and happens at the start of the following financial year. This is more difficult for setting to manage if the OfSTED judgement is late in the financial year as there is a sudden drop in funding. If the judgement is made in the Summer Term then the setting would have two terms in which to manage the situation

To avoid this disparity it is proposed to allow the provider to have the higher funding level to the end of the next full term following the OfSTED judgement, then it would reduce to the lower level

For example

Spring Term - Ofsted Judgement – setting is judged Satisfactory rather than Good

Summer Term – Funding still based on good judgement and setting in receipt of quality factor

Autumn term – Funding changes to remove the quality factor funding

Do you agree with the above proposals?

Section 5 Minimum Funding Guarantee

The minimum funding guarantee (MFG) protects the per-pupil funding of schools from one year to the next against significant changes in funding formulae or changes in data not directly related to pupil numbers. The MFG has been set at minus 1.5% per pupil for 2013-14 and 2014-15.

The DfE accept that the new funding system will cause considerable turbulence in the funding system and have agreed that in order to make any formula changes affordable schools gains can be capped or scaled back. The DfE feel this would avoid a situation where schools inevitably take time to incur extra expenditure if they have a large increase in funding, and balances rise as a result. At present, transitional arrangements can be applied to changes in specific factors, but there is no general equivalent to the MFG to limit gains. They believe that setting a prescribed maximum gain should be a local decision, taking into account the affordability of protection.

The danger we have is that under the current MFG calculations there are so many schools losing it reduces the funding per pupil and then the protection become unaffordable. On the current proposed formula the protection needed is £2.4m. If this were met by reducing the basic entitlement, the level of protection required would subsequently increase.

It would seem some form of capping is needed to prevent schools from losing too much too soon. It is of course another subjective decision as to what level gains should be capped at. That judgement is helped by seeing the final set of figures but of course with many outstanding issues that is not quite possible.

We had a similar scenario when we merged the former standards funds into the Dedicated Schools Grant, the way the calculation worked is no school gained more than 4% and it was this figure that was built into the funding models.

Do you agree the those schools that are gaining should have their funding reduced to fund the cost of the MFG which protect those schools that are losing?

Exclusions from the Minimum Funding Guarantee (MFG)

There would be an opportunity to request exclusions from the MFG although they will only be approved for exceptional cases and on a much more limited scale than in previous years.

The guidance explains exclusions will only be considered if there is a significant change in a school's circumstances or pupil numbers for example, if there has been additional funding in a school's 2012-13 formula budget for pupil number growth in the following academic year. In this case, the pupil numbers to whom the funding relates are not included in the count on which the MFG is based.

The EFA will only consider applications where the inclusion of a factor in the MFG will lead to significant inappropriate levels of protection.

The examples that we are consulting on are as follows

- 1) Transitional Protection – By definition, a temporary allocation which we are seeking to avoid the MFG making permanent.
- 2) Curriculum Protection – Whilst we are in favour of the support this allocation provided to small schools, the growth in pupil numbers has led to a year on year reduction in this allocation. The MFG will effectively freeze the allocation at current rates and result in places being funded as empty even though they will actually have been filled.
- 3) Expanding Schools – This allocation provides funding for pupils that are not yet at the school. The MFG divides the funding by actual pupil numbers (not the future pupil numbers) and protects this level. The Expanding School allocation will artificially inflate the per pupil funding level which the MFG will seek to protect even after the period of expansion has come to an end.

Do you agree with the above proposals

FUNDING IMPACT PER SCHOOL - to be tabled at the School Forum meeting

Return of the questionnaire

Please indicate your responses to the questions by putting a tick or cross in the relevant box. It would be helpful to know the reasons for your response, particularly if you disagree with a proposal. If you have alternative suggestions please include them too.

Please email this response form to Hayden.Judd@Lewisham.gov.uk

Or post to: Hayden Judd
 1st Floor
 Town Hall
 1 Catford Road
 London
 SE6 4RU

Or please hand your response in at the consultation meetings.

Name:		
Position:		
Organisation:		
Type (please delete as appropriate):	Primary / Nursery School	Secondary School
	Special School	Academy
	Private	Independent
	Voluntary	Other – please specify

School Funding Reforms 2013/14 - Consultation Sessions

Booking Form

Name.....

School.....

Headteacher / Governor (please delete as appropriate)

Date	Venue	1st Preference (Please Tick)	2nd Preference (Please Tick)
10 Sep	Room 2, Civic Suite, Lewisham Town Hall		
11 Sep	Prendergast Hilly Fields College		
13 Sep	Council Chambers, Lewisham Town Hall		
17 Sep	Sedgehill School		

All sessions will start at 5.00 PM and will finish at the latest by 7.00pm

Please e-mail this form to Janita Aubun at Janita.Aubun@lewisham.gov.uk

or post it to Janita Aubun - Children & Young People Finance Team, 1st Floor Town Hall, Catford, London SE6 4RU

Venue locations and directions

Prendergast Hilly Fields College
Hilly Fields, Adelaide Avenue, London, SE4 1LE



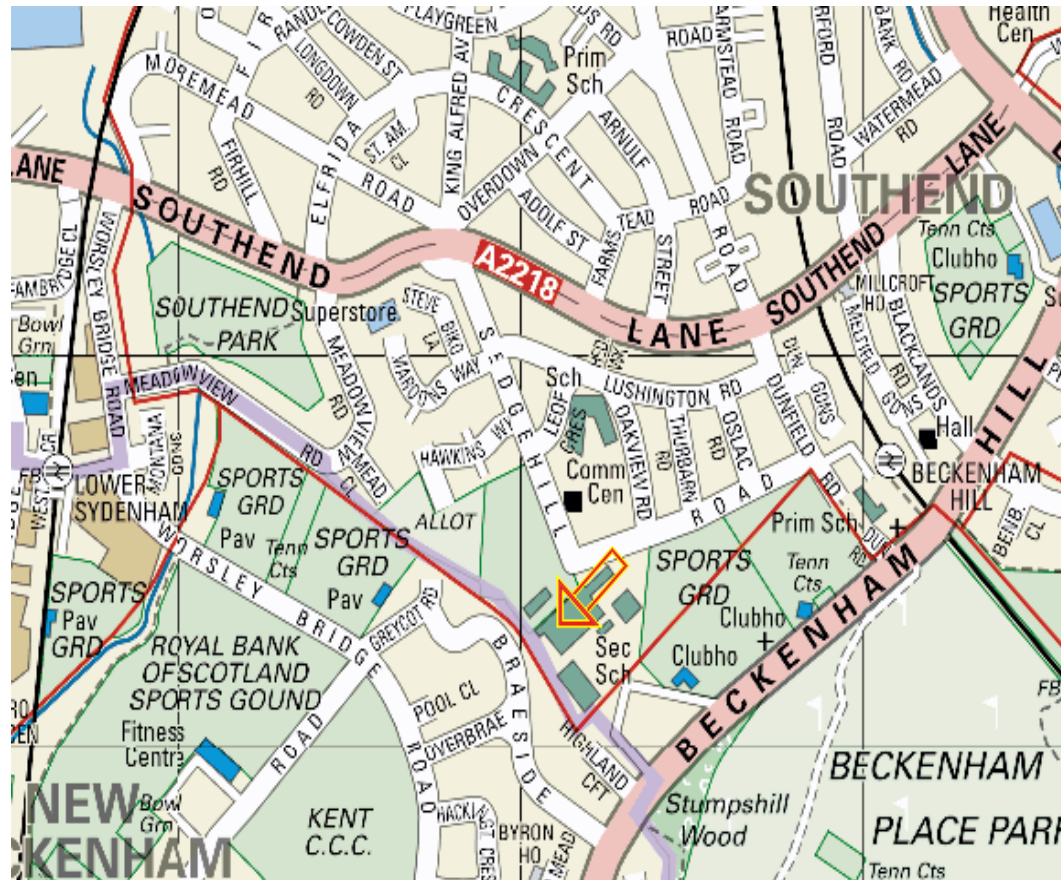
Brockley Rise : buses 171 & 172

Adelaide Avenue : bus 122

Nearest train station : Ladywell Station

Sedgehill School

Sedgehill Road, London, SE6 3QW

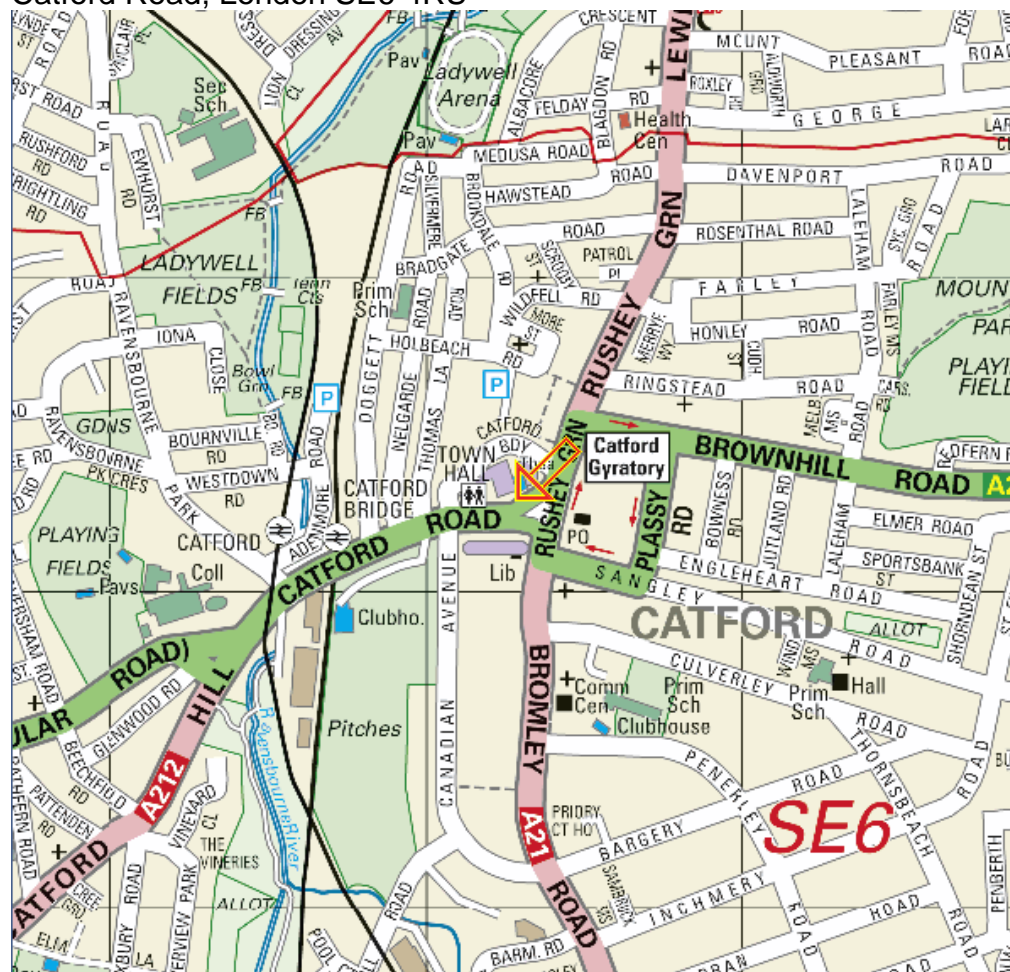


Beckenham Hill : bus 54

Southend Lane : buses 181 & 336

Nearest station : Beckenham Hill Station

Lewisham Town Hall
Catford Road, London SE6 4RU



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