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Council  
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**please ask for** Leslie Manning  
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**date** 23 August 2012

## NOTICE OF MEETING

### CENTRAL BEDFORDSHIRE SCHOOLS FORUM

Date & Time

**Monday, 3 September 2012 at 4.30 p.m.**

Venue at

**Committee Room 2, Watling House, High Street North,  
Dunstable**

Richard Carr  
**Chief Executive**

To: The Chairman and Members of the CENTRAL BEDFORDSHIRE SCHOOLS FORUM:

School Members:

Anne Bell, Headteacher, Willow Nursery School  
David Brandon-Bravo, Headteacher, Parkfields Middle School  
Paul Burrett, Headteacher, Studham CofE Lower School and Pre-School  
Shirley-Anne Crosbie, Headteacher, Chiltern School  
James Davis, Governor, Leighton Middle School  
Angie Hardy, Headteacher, Clipstone Brook Lower School  
Richard Holland, Governor, Harlington Upper School  
Sue Howley MBE, Governor, Greenleas Lower School  
Sharon Ingham, Headteacher, Hadrian Academy  
Jim Parker, Headteacher, Manshead Upper School  
John Street, Academy Middle School Representative  
Stephen Tiktin, Governor, Linslade Lower School

Non School  
Members:

Martin Foster, Trade Union representative  
Bill Hamilton, Roman Catholic Diocesan  
representative  
Caroll Leggatt, PVI Early Years Providers  
representative  
Jon Reynolds, Church of England Diocesan  
Representative  
Robert Shore, Local Authority 14-19 Partnership  
representative

Observer: Cllr Mark Versallion

Please note that there will be a pre-meeting starting **half an hour before** the Forum meeting begins to enable technical aspects of the reports to be discussed with officers.

# AGENDA

## 1. **Apologies for Absence**

To receive apologies for absence and notification of substitute Members.

### Proposals

<b>Item</b>	<b>Subject</b>	<b>Page Nos.</b>
2	<b>Dedicated Schools Grant (DSG)</b>	* 5 - 44

To consider an update on the Dedicated Support Grant (DSG) arrangements and Funding Reform Consultation.

(Note: Appendix E to the report is to follow).

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**Meeting:** Schools Forum  
**Date:** 3rd September 2012  
**Subject:** Dedicated Schools Grant (DSG)  
**Report of:** Deputy Chief Executive/Director of Children's Services  
**Summary:** To note the update on the DSG arrangements and Funding Reform Consultation

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Contact Officer: Dawn Hill, Technology House  
Public/Exempt: Public  
Wards Affected: All  
Function of: Council

**RECOMMENDATIONS:**

- 1. To note the deployment of the 2012/13 DSG**
- 2. To note the update on the School Funding Reform Consultation**

**Background**

1. Since the beginning of the financial year 2006/07 local authorities (LA) have received allocations of DSG to finance the Schools Budget in each authority. The full DSG received must be applied to the Schools Budget in each authority; although authorities may provide additional resources in support of the Schools Budget should they decide to do so.
2. The Schools Budgets, as set out in the Statutory Section 251 budget, comprises the following:
  - a) Individual Schools Budgets (ISB), delegated to individual schools, by phase (also known as School Budget Shares). These allocations are delegated via the local Fair Funding Formula, which the Local Authority (LA) sets, in conjunction with its Schools' Forum.
  - b) Central Expenditure. This is the amount held back centrally for expenditure on pupils and includes:
    - o Expenditure to fund Nursery Education in non-maintained settings (Private, Voluntary and Independent Sector)
    - o School Specific Contingency
    - o Special Education Needs - provision for statemented pupils, pupil referral units, behaviour support units
    - o Termination of Employment costs

3. Central expenditure must not increase as a proportion of the overall Schools Budget. This mechanism is known as the Central Expenditure Limit (CEL) and can only be breached in exceptional circumstances and with the specific approval of the Schools' Forum. In the case of Schools' Forum refusal the LA can ask the Secretary for State to approve the breach. The final Schools' Budget depends on the January PLASC count and is determined by the units of funding (no of pupils - FTE) multiplied by the Guaranteed Unit of Funding (GUF).
4. After taking advice from the Director of Children's Services, the Chief Finance Officer (CFO), must sign two statements annually: the Actual deployment (out-turn) and Budgeted Allocation of the DSG, confirming that it has been fully deployed in support of the School's Budget in accordance with the condition of the grant and the School Finance Regulations.
5. The DfE will continue with the current funding system for schools for 2012/13. For DSG, this means a continuation of the "spend plus" methodology and is subject to the School Funding consultation. For 2013/14, the Government will introduce a simpler and more transparent funding system. This should help reduce the funding differences between similar schools in different areas

### Deployment of DSG 2012/13

6. The budget allocation of DSG for 2012/13 has now been confirmed and is the full time equivalent (FTE) number of pupils as at Jan 12 of 37,336 multiplied by the GUF £4,658 to give £173.915M. The School Forum agreed at the meeting of the 5<sup>th</sup> March 2012 that unspent DSG in 2011/12 to be distributed to schools as a one-off payment based on degree of incidence of low level needs (HILLN). The sum of £309K has been added to the 2012/13 DSG allocation. The table below represents the distribution of the 2012/13 DSG based on the current number of academies.

DSG	Academies		Revised DSG	ISB	Central Spend
	ISB	LACSEG			
£'000	£'000		£'000	£'000	£'000
174,224	62,571	482	111,171	98,532	12,639

7. Academies receive a Local Authority Central Spend Equivalent Grant (LACSEG) deducted from the DSG for those services that are the responsibility of the Academy but are retained centrally e.g. behaviour support, practical learning etc. It was agreed at the School Forum meeting on the 5<sup>th</sup> March 2012 that the cost of LACSEG up to £550K would be funded from DSG, the remainder funded by the Authority.
8. The LACSEG deductions attributable to 32 converted schools as at July 2012 is £482K. It is anticipated that a further 26 schools will convert by the end of this financial year.
9. The Schools Finance Regulation 2012 governs the operation of the Central Expenditure Limit and ensures central spend does not increase as a proportion of the overall Schools Budget. The CEL can only be breached in exceptional circumstances and with the specific approval of the Schools Forum. The proposed allocation of DSG for Central services has reduced from 2011/12 reflecting services increasingly being commissioned to be run through schools. The CEL has not been breached.

## Consultation on School Funding Reform

10. On the 26<sup>th</sup> March 2012, the Department for Education (DfE) launched a third Consultation 'Next steps towards a fairer system' which ended on the 21<sup>st</sup> May 2012. The final arrangements for 2013/14 were announced on the 28<sup>th</sup> June 2012.
11. From 2013/14 the DSG will be split into three notional blocks; Schools (£142.5M), Early Years (£10.5M) and High Needs (£20.9M). Authorities are free to move funding between the blocks provided that they comply with the requirements of the Minimum Funding Guarantee (MFG) and central expenditure. The entire Schools block must be delegated to Schools with a few exceptions.
12. There will be no additional funding before at least 2015. The DfE have confirmed they will introduce a national funding formula in the next Spending Review period. The 2013/14 settlement will be based on 2012/13.
13. In order to support the movement towards a national funding formula, all local authorities are required to simplify local arrangements for distributing funding to schools and other providers. The current School Funding Regulations allow authorities to use up to 37 funding factors within their formulae. Central Bedfordshire's local arrangements operate with 27. From 2013/14 only 12 factors will be permitted, two of which are not applicable to Central Bedfordshire.
14. Funding will be now based on October pupil census, uplifted to reflect the difference between October and January counts. Early Years will be calculated based on three January counts e.g. 13/14 estimates based on Jan 12, updated for Jan13 in the summer 2013 and adjusted at year end for Jan 14 count.
15. The Minimum Funding Guarantee (MFG) is set at negative 1.5% per pupil for both 2013/14 and 2014/15. There will be a separate Early Education MFG for all providers for the first time but only for the base rates.
16. At the 25th June 2012 School Forum meeting it was agreed to form a Technical Funding sub group to work with the local authority on matters arising from the Consultation on the Schools Funding Reforms. The members of the group representing all phases are:
  - Ann Bell (Nursery and Early Years)
  - Sue Howley MBE (Lower Maintained)
  - Stephen Tiktin (Lower Maintained)
  - David Brandon-Bravo (Middle Maintained)
  - John Street (Middle Academy)
  - Richard Holland (Upper Academy)
  - Shirley-Anne Crosbie (Special Maintained)
  - Martin Foster(Trade Union)
17. The LA and Technical Funding sub group have met (Appendix A and B – Minutes of meetings) and discussed the factors in the current formula which are not compliant under the new system. The Consultation document (Appendix C) includes the proposals for allocating all funding through factors which are allowable and the balance between those factors. A Frequently Asked Question document has been produced to help with initial questions and will be updated periodically (Appendix D).

18. A clear record has been kept of how any changes have been made, showing movement within the total Individual Schools Budget (ISB) between factors and phases. The consultation with all maintained schools and Academies must be open and transparent and should show the effect for each school and recoupmnt Academy of moving from the existing formula to the new formula, including the effect of protection (Appendix E).

**High Needs Block**

19. Special Schools and specialist units will no longer have delegated budgets on the same basis as Primary and Secondary Schools. They will be funded on £10k per place pre-16, plus top up funding for each pupil they have. Alternative Provisions will be based on £8k per place.
20. There will be a condition of grant in the first year in that total funding for 2013/14 will be no more than 1.5% below that received in 2012/13. Number of places will be set initially on the current number of funded places, thereafter, any changes to number of places will be agreed between the provider and commissioners, and a case put to the Education Funding Agency (EFA) as part of a standard annual process.

**Early Years Block**

21. The DfE are not proposing major changes to the main elements of the Early Years Single Funding Formula (EYSFF). Different base rates for different types of provision and specific factors for quality, flexibility and sufficiency will still be permitted. There will be a mandatory deprivation factor based on child level definitions of eligibility.
22. Factors allowed in the main formula are also allowed in the EYSFF but without prescribing the datasets that should be used. LA's are required to review their formulas and remove factors which are no longer allowed.
23. The MFG will apply to the EYSFF for all providers for the first time, but only for the base rates.
24. Local Authorities are responsible for funding all Academies for their early years provision.

**Timeline**

3 <sup>rd</sup> September 2012	Schools Forum to consider initial consultation to schools
4 <sup>th</sup> September 2012	Consultation document and Frequently Asked Questions issued to schools
20 <sup>th</sup> September 2012	Surgeries for specific school queries (two locations, venues to be advised from 1pm – 3pm and 4pm – 6 pm)
28 <sup>th</sup> September 2012	Consultation deadline – collation and analysis of responses from schools
October 2012	Consideration of responses by LA and School Forum Executive Approval
22 <sup>nd</sup> October 2012	Schools Forum considers responses from schools Schools Forum approval of new formula
31 <sup>st</sup> October 2012	2013/14 pro-forma submitted to EFA for approval

**Appendix A:** Minutes of 18<sup>th</sup> July 2012 Technical Funding Group Meeting

**Appendix B:** Minutes of 30<sup>th</sup> July 2012 Technical Funding Group Meeting

**Appendix C:** School Funding Consultation 2013/14

**Appendix D:** School Funding Consultation 2013/14 - Frequently Asked Questions

**Appendix E:** Impact on Schools (to follow)



## Minutes of 18<sup>th</sup> July 2012 Technical Funding Group

### Present:

#### Officers:

Sally Dakin  
Helen Redding  
Gezim Leka  
Rob Parsons  
Dawn Hill

#### School Forum Members:

Stephen Tiktin (Lower Maintained)  
Sue Howley (Lower Maintained)  
Richard Holland (Upper Academy)  
John Street (Middle Academy)  
Ann Bell (Nursery and Early Years)  
Martin Foster (Trade Union )

### Apologies:

David Brandon-Bravo  
Shirley Ann Crosbie

*Meeting commenced at 9.00 a.m. and concluded at 12.15p.m.*

### Handouts provided:

Slides  
Individual School Budget breakdown for each phase  
Impact of Modelling (22 Models)

### Discussions:

#### 1. Key Points

The session started highlighting the key points from the decision document-

- Implementation from 2013/14, with no National Formula until the next CSR. 2013/14 being based on 2012/13 values.
- Based on October census, with uplift to reflect difference between October and January counts
- Changes to Special Schools, Special Units and Provisions
- DSG (£173.92M) split into 3 funding blocks, High Needs (£20.59M), Early Years (£10.50M) and Schools Block (£142.83M), with ALL schools block to be delegated with a few exceptions
- De-delegation of certain S251 lines permitted
- LAs permitted to create a Growth fund prior to allocating Schools Budgets, for purpose of supporting growth in pre-16 pupil numbers to meet Basic Need and additional classes to meet infant class size regulations
- 12 Factors with additional factor permitted if relating to exceptional circumstances within set criteria
- Early Years calculated based on 3 January counts, using any of the school factors as well as early year's specific factors such as flexibility and quality.
- MFG set at minus 1.5% per pupil for both 2013/14 and 14/15. LAs with School Forum agreement ability to 'cap' gains.
- Academy budgets continue to be based on the local formula, LACSEG from DSG no longer applicable
- DfE Consultation expected mid July relating to Finance Regulations, School Forum Regulations Consultation ended 11<sup>th</sup> July, Replacing LA LACSEG launched 17<sup>th</sup> July, awaiting separate consultation on 2 year old funding transferring into DSG.

- Timetable
- Consultation process

## 2. Permitted Factors

All 12 permitted factors were discussed-

- **Single unit rate for AWPU for Primary, KS3 and KS4**

DfE have set no threshold as a minimum however they will review after considering impact in LAs nationally from new simplified formula. LAs will be notified where they sit in the range nationally. A discussion took place on how CBC's current ratio for the amount paid through the AWPU is within the range suggested in the consultation 60% and within the range for pupil-led factors of 80%.

The DfE at this stage are not prescribing constraints on the Primary/Secondary ratio but LAs should be aware of where they are in the range in case this is limited from 2014/15. Middle Schools are to be apportioned between the phases. Average across the country is currently 1:1.27 (range from 1:1.1 to 1:1.5). CBC's current ratio is 1:1.21.

- **LAC**

LAC is not currently a factor in CBC School budgets.

- **Prior Attainment as a proxy measure for SEN**

(Notional SEN can also include funding allocated through other factors such as pupil numbers and Deprivation). Primary schools; either ALL pupils who do not achieve 78 points OR 73 points or more in the EYFSP and Secondary; All pupils who fail to achieve Level 4 or above in both English and Maths at Key Stage 2. The amount funded through this factor should take account of the High Needs Block and the strong recommendation from the DfE that schools AWPU (assumed approx £4k) plus the first £6k of a high needs pupil needs would be funded by the schools from the Notional SEN.

- **Deprivation**

Currently based on ACORN data and targeted to those schools with pupils categorised as 4 (Moderate Means) and 5 (Hard Pressed). Pupils in category 4 weighted 1/3 of category 5. Funds are only allocated to schools if more than 15% of pupils in the school are deemed as category 4 or 5.

The new regulations are only allowing FSM and IDACI (with the option of banding) as the two deprivation indicators. The data will be taken from the October census at pupil level and aggregated to school level. To reflect concerns raised by LAs with high levels of deprivation the Department have introduced a 6<sup>th</sup> band.

The IDACI score has been matched to pupil records where the pupil's postcode is known, and this has been placed into 6 bands as shown below. Only pupils with an IDACI score above 0.2 can be assigned deprivation funding through this factor, which can be given different unit values for Primary and Secondary phase pupils.

The IDACI bands have now been set as follows:

Band	IDACI score lower limit	IDACI score upper limit	Lower	Middle	Upper
			Pupil Numbers		
1	0.2	0.25	979	959	603
2	0.25	0.3	498	455	295
3	0.3	0.4	1,169	788	573
4	0.4	0.5	531	371	245
5	0.5	0.6	26	19	18
6	0.6	1.0	New Band 5 will be split into 5 and 6		

○ **EAL**

This will be calculated using the National Pupil Database (NPD) which provides data for pupils who have been in the system up to 1, 2 and 3 years. Currently funding is held centrally (£118k).

○ **Pupil Mobility**

This will be based on the number of pupil entering schools at non-standard entry points (did not start in August or September and January for Year 1). The data will be provided by the Department separately for primary and secondary age pupils so that a separate unit value can be applied to each phase.

○ **Lump Sum**

A standard lump sum for each school, with an upper limit of £200,000

○ **Split Site**

The allocations must be based on objective criteria, both for the definition of a split site and for how much is allocated. Where existing factors have been used for some years and the rationale is unclear, these should be reviewed.

○ **Rates**

Must be at actual cost

○ **PFI**

PFI Contracts

○ **Per Pupil Factor post 16**

A per pupil factor which continues funding for post-16 pupils up to the level that the authority provided in 2012/13, either through directly allocating per pupil funding, or indirectly through premises and other factors. This is not applicable to CBC.

○ **Last allowable factor only applicable to 5 fringe Authorities**

Schools within the London fringe area

**3. High Needs**

Alternative Provision will be based on £8,000 per place, DfE will review this in light of future data returns. Providers and Commissioners will use ½ termly rates for short-term placements and daily rates for part-time placements. Mainstream schools and Academies will be required to pay AWPU back to the LA when placing pupils in AP for fixed term exclusion, early intervention or off-site direction BUT will still pay top up funding to the AP. Permanent exclusions AWPU will be repaid to LA.

LA must decide on the level up to which mainstream schools and Academies will contribute to the needs of high needs pupils – DfE strongly recommend £6k (need to be considered in the setting of notional SEN within mainstream budgets).

Inter Authority recoupment will be replaced by direct funding between commissioner and provider. From 2013/14 the LA is to take greater responsibility for funding post-16 high needs pupils.

Special Schools will no longer have delegated budgets on the same basis as Primary and Secondary. They will be funded on £10k per place pre-16, plus top-up funding for each pupil they have. The principle of the new system is to make cost comparable between schools. There will be a condition of grant in the first year in that total funding for 2013/14 will be no more than 1.5% below that received in 2012/13. Number of places will be set initially on the current number of funded places, thereafter, any changes to number of planned places will be agreed between the provider and commissioners, and a case put to the EFA as part of a standard annual process.

Outreach will be funded separately through the High Needs Block (unless there are local arrangements for mainstream schools to pay the Special School).

Special Units in mainstream schools will be funded like Special Schools with base funding and top-up funding.

#### **4. Early Years**

Calculated based on 3 January counts, e.g. 13/14 estimates based on Jan 12, updated for Jan 13 in the summer 2013 and adjusted at year end for Jan 14 count. LAs may use any of the school factors as well as early years specific factors such as flexibility and quality. The requirement for a deprivation factor remains based on circumstances of child rather than the setting. Lump Sums can be applied to some providers.

There will be a separate Early Education MFG for ALL providers for the first time but only for the base rates. Authorities should therefore, ensure that their proposed base rates per hour for 2013/14 do not fall by more than 1.5% compared to 2012/13. LAs may apply to the Department to opt out of MFG, particularly in order to improve parity of funding across different provider types.

Free early education in Academies will be funded directly by the LA.

#### **5. Minimum Funding Guarantee**

MFG being set at minus 1.5% per pupil was discussed as this has been simplified with reduced exclusions allowed. The exclusions will also take account of previously centrally funded services being delegated in 2013/14 for the first time. The 2012/13 budget will also need to be rebased for October 2011 pupil number which 2013/14 budget will be compared against. The group wanted to ensure that those schools needing protection were not disadvantaged by the impact of new delegations.

**6. Questions**

Before the questions were tackled an email that had been circulated by F40 was read out which described the approach East Riding are currently following for modelling and consultation purposes.

- 1) To keep the split of primary and secondary funding the same
- 2) To try and allocate approx the same amount of funding through similar indicators. The balancing act to meet principle 1 above is to adjust the basic per pupil entitlement between primary and secondary
- 3) The lump sum will be decided on the basis of trying to minimise turbulence but not to over egg it to the benefit of small schools and the detriment of large schools.

East Riding stated that most LAs that they have contacted are taking the same approach.

This followed with the main part of the session debating principles and questions to refine the modelling that has already taken place:

○ **Should funding be identified per phase and remain within that phase (excluding Deprivation, Early Years and High Needs)?**

The handout relating to Individual School Budget breakdown for each phase was referred to; this reflected the total amount of funding that is currently paid to each phase:

Table 1

	<b>Early Years (excl MFG)</b>	<b>SEN (excl MFG)</b>	<b>School Block</b>	<b>MFG</b>	<b>Total</b>
PVI	5,838,265		0	0	5,838,265
Nursery	1,193,515	6,254	0	155,387	1,355,156
Lowers	2,303,945	1,827,201	56,665,279	155,839	60,952,264
Middle	115,203	1,731,705	42,968,205	179,534	44,994,647
Upper	0	1,470,756	40,836,453	140,323	42,447,532
Special	0	8,453,982	0	162,947	8,616,929
<b>Total</b>	<b>9,450,928</b>	<b>13,489,898</b>	<b>140,469,937</b>	<b>794,030</b>	<b>164,204,793</b>

The debate continued as to whether the starting point was right as in the current amounts paid to the different phases. It was concluded that as the ratios of Primary/Secondary are within those guideline prescribed by the DfE that this was not the time to look at the cost of educating the different age groups but to direct the same amount of funding currently passed through the School Block per phase as near to previous years as possible to help avoid turbulence. The group added that individual schools should not expect the same level of funding as in previous years.

○ **Should all disallowed factors be converted into AWPU?**

The amounts totalling the disallowed factors that are currently paid to each phase were considered and agreed to be in line with those in the decision document.

Table 2

<b>Phase</b>	<b>Total of disallowed factors</b>
PVI	465,186
Nursery	428,478
Lower	6,590,343
Middle	2,804,313
Upper	1,952,886
<b>Total</b>	<b>12,241,206</b>

It was agreed that after allocating a revised lump sum that the remainder of the dis-allowed factors would be added to the AWPU funding for each phase as the starting point. It was accepted that this decision may need revisiting if it is later decided that additional factors not currently in use are included.

○ **Should the current Deprivation 'pot' remain at 12/13 levels?**

The funding directed through the Deprivation factor is £3,598,629 and is allocated across all phases based on ACORN data. Funding is only directed at schools currently that have more than 15% of pupil deemed 'Moderate Means' or 'Hard Pressed'.

It was agreed that as the direction of travel is allocating more funding through the basic entitlement, that all additional funds through de-delegation or disallowed factors would be passed through the AWPU in the first instance. Should a pressure emerge for deprived schools once all factors have been considered and modelled, this decision could be revisited.

○ **Deprivation FSM (Ever 6) versus IDACI**

The data provided by the DfE allocated pupils in bandings from 1 to 5 for IDACI, and pupils per phase registered as FSM or Ever 6.

The group debated the use of FSM as an indicator for deprivation and the correlation to education attainment. Modelling had been carried on IDACI and applying both a single rate for FSM and Ever 6 and a separate Primary and Secondary rate, this was then compared against existing deprivation funding for each school.

The move to a unit rate will significantly reduce the allocation to schools in the most deprived wards. It was concluded that neither FSM nor Ever 6 was an appropriate indicator and also had the greatest impact against those schools currently receiving deprivation funding.

The group asked for FSM and Ever6 to be excluded from any further modelling and any further models to be based on different unit rates per IDACI banding. One model should show no funding for bands 1 and 2 (less deprived) to see if this would help direct more to the most deprived wards as in the current formula. Regulations would need to be checked to see if this is allowable. Officers were requested to seek definitions for the bandings.

○ **Should the existing amounts in HILLN and Personalisation be added to the Deprivation' pot, or AWPU, or reclassified as Notional SEN?**

This would be looked at again once further modelling has taken place on unit rates for the IDACI bandings.

○ **Should the following new factors be considered?**

**LAC**

There are 78 Looked After Children across CBC Schools. The group discussed the needs of LAC. One member of the group related to their own school that had 2 LAC and advised that their attainment is good and do not appear in anyway to be different or have any greater needs than other pupils. The group concluded that as this has not been a factor for CBC to date then one would not be required. Schools with LAC do receive Pupil Premium.

Sally Dakin agreed to gain the views of the Virtual School Headteacher.

**EAL**

CBC do not currently have an EAL factor in their formula. A sum of £118k is centrally held to support schools to narrow achievement gaps for Ethnic Minority (EM) or EAL. The funds have been distributed on the number of EM (units) at a school as identified on the school census. Any remaining amount supported a small Travellers project at Stanbridge Lower School. The Council no longer has an EM and Traveller Achievement Service so there is now a greater emphasis on schools supporting pupils through their own resources.

The number of EAL per year and phase were presented to the group.

	Lower	Middle	Upper
Year 1	26	19	10
Year 2	124	36	19
Year 3	280	47	26

The group discussed the number of years it takes a pupil entering a school with English as a 2<sup>nd</sup> language before they are up to speed with other pupils. The group concluded that should a factor be included then 2 years should be sufficient to fund. No decision on criteria or amount was made.

**Pupil Mobility**

This factor would allow funding to be directed at pupils that enter schools at non standard dates e.g. not in Aug/Sept and January for Yr 1

The group discussed the schools that this would most impact such as those near Cranfield University, Service Bases and Traveller Sites.

No decision was made.

○ **Definition of a Split Site – objective criteria both for definition and amount to be allocated?**

There is a current factor that is based on historical data and is out of date that is included in CBC’s formula. Where existing factors have been used for some years and the rationale is unclear, these should be reviewed.

Rob Parsons agreed to look at the number of schools a split site would be applicable to and what would be deemed reasonable as criteria for a split site. Discussions continued suggesting that should a split site factor be considered it should be in the region of the lump sum payment to encourage federations and joint working. It is recognised that some schools may be adverse to giving up their DfE number and join with another school if this would lose the school the lump sum element. Rob felt that the only true split site currently in existence would be Greenleas.

○ **Is a PFI factor a consideration?**

It was agreed that this factor would be reviewed once the draft Finance Regulations are published as it is not clear if this refers to the PFI funding Gap or on the basis of protection to a variation to contract.

○ **Is a per pupil factor post 16 required?**

CBC does not use this factor and therefore it would not be permitted as this is only allowable up to the level that the authority provided in 2012/13

○ **What max level of protection for small schools in the form of the lump sum?**

The group referred to the modelling that had been carried out for lump sums for values of £100k, £120k, £125k, £130k, £135k, £140k, £150k, £175k, £200k.

Individual schools were discussed where loss of funding was significant. Those schools that received large sums in 2012/13 for Infant class sizes and Small School Protection were most at risk. This is not all relating to the loss of allowable factors but highlights schools where funding is received for 25+ ghost pupils. These schools from year to year are at risk of changes to pupil numbers affecting funding directed in this way. Those small schools with little ghost funding were not adversely affected by smaller lump sums. The group agreed that there is a balance to be achieved between protecting small schools to the detriment of the larger schools. Officers were asked to discount the lump sums on the fringes and focus on the range £125k - £135k, with £150k a possibility, although the group felt that if £150k was considered at consultation with school stage, may give the wrong impression. Schools need to look now at the structure of their school and whether joint working, merges, federations should be considered sooner rather than later.

○ **Is the principle of 'capping' gains accepted and at what level?**

The principle of 'capping' gains was accepted. Modelling will now be carried out as to the level this would need to be set at to afford the necessary protection through the MFG.

○ **Should the Early Years protection be set in line with schools MFG or disapplied?**

The group felt that it wasn't clear why a protection on base rate only would be required. The officers agreed to seek views of neighbouring authorities and come back to the group. This subject had been discussed at the Early Years Reference Group where the Head of Early Years advised in her opinion one was not required.

○ **Blocks are un-ring fenced, therefore**

○ should MFG be allowed to move between Blocks (Early Years and High Needs to Schools Block)?

○ Should items not de-delegated be added to the schools block if currently deemed High Needs or Early Years?

The principle of this will be covered at the next meeting

○ **What service should be de-delegated?**

The list of services currently supported by DSG was referred to:



	Grand Total	Blocks		
		SEN	EY	Schools
Central Overheads	1,817,280	1,473,972	93,373	249,935
Conf & Rev Service	-5,000	0	0	5,000
Hospital Recoupment	-91,875	0	0	91,875
Access and Inclusion	-95,655	16,589	7,398	71,668
EY Child Info Service	-69,601	25,504	0	44,097
Facilities Time	-96,902	6,157	6,914	83,831
School Specific Contingency	-514,152	0	299,172	214,980
Bed School Forum	-3,000	191	214	2,595
School Admissions	-260,486	19,092	21,438	219,956
14-19 Practical Learn DSG	-168,357	0	0	168,357
Management Support	-30,000	6,386	0	23,614
Raising Attainment	-90,000	0	7,171	82,829
Ethnic Minority	-118,104	7,504	8,426	102,174
AST	-40,000	0	0	40,000
LACSEG	-550,000	0	0	550,000
	<b>3,950,412</b>	<b>1,555,395</b>	<b>444,106</b>	<b>1,950,911</b>

Items listed under the Schools Block will need to be delegated to schools and Academies in the first instance. There are certain services where maintained schools will be able to decide that some funding should be taken out of their pre-16 formula budgets before they receive them and moved to central funding. These are:

- Contingencies (including support for schools in financial difficulty, new/closing/amalgamating schools, closing school deficits)
- Trade Union and Public Duties
- Support for Ethnic Minority or underachieving groups
- Behaviour Support Services

For each of these, it would be for the schools forum members in the relevant phase to decide whether that service should be retained centrally. Officers will clarify with DfE if centrally held DSG for Hospital Recoupment should be included in the High Needs Block and not delegated to schools.

For each service retained centrally, authorities will need to make a clear statement of how the funding is being taken out of the formula.

The group agreed to revisit this list at the next meeting.

o **Criteria for allowing Growth Funds?**

The principle was discussed and agreed it would be a requirement for CBC. Further details will be discussed at the next meeting.

**7. Consulting with Schools**

It was agreed by the group that an article should be placed in both Central and Governor Essentials before the end of the term highlighting the publication of the decision document and alerting schools to the consultation that will be launched in September on their return from the summer break.

It was also agreed that 'Finance Surgery' sessions should be made available for schools to discuss their individual concerns and Head teacher and Governor Sessions should also be informed.

### Glossary of Terms

CSR	Comprehensive Spending Review
S251	Statutory Statistical Return relating to Children's Services
AWPU	Age Weighted Pupil Unit
KS3	Key Stage 3
KS4	Key Stage 4
DfE	Department for Education
CBC	Central Bedfordshire Council
LAC	Looked After Children
SEN	Special Educational Needs
EAL	English as an Additional Language
LACSEG	Local Authority Central Spend Equivalent Grant
PFI	Private Finance Initiative
MFG	Minimum Funding Guarantee
DSG	Dedicated Schools Grant
FSM	Free School Meals
EVER6	Those children entitled to FSM as some time during the previous 6 years
IDACI	Income Deprivation Affecting Children Index is part of the Indices of Multiple Deprivation (IMD). It is an area based measure defined at the level of Lower Super Output Area and was last collected in 2010. It takes the form of a score between 0 and 1, which can be interpreted as the proportion of families in the LSOA, with children aged under 16, which are income deprived.
ACORN	A Classification Of Residential Neighborhoods ( a <u>geodemographic</u> information system categorizing postcodes into various types based upon census data and other information such as lifestyle surveys)
EYFSP	Early Years Foundation Stage Profile
NPD	National Pupil Database
PVI	Private, Voluntary and Independent

## Minutes of 30<sup>th</sup> July 2012 Technical Funding Group

### Present:

#### Officers:

Sally Dakin  
Helen Redding  
Rob Parsons  
Dawn Hill  
Gezim Leka  
Julia Newbury

#### School Forum Members:

Sue Howley (Lower Maintained)  
Richard Holland (Upper Academy)  
John Street (Middle Academy)  
Martin Foster (Trade Union )  
David Brandon-Bravo (Middle Maintained)  
Shirley Ann Crosbie (Special Maintained)

### Apologies:

Stephen Tiktin (Lower Maintained)  
Ann Bell (Nursery and Early Years)

*Meeting commenced at 9.00 a.m. and concluded at 12.15p.m.*

### Handouts provided:

Slides  
Individual School Budget breakdown for each phase  
Impact of Modelling (9 Models)

### Discussions:

Minutes of 18<sup>th</sup> July 2012 meeting were discussed and agreed.

#### 1. Decisions to date

- Funding to remain within phase were possible, excluding Deprivation and MFG.
- Deprivation pot to remain at 2012/13 levels.
- HILLN and Personalisation to be added to AWPU
- Disallowed factors after allowing for Lump Sum to be converted into AWPU
- IDACI to be used for calculation Social Deprivation.
- In principle 'Capping' gains is accepted.
- Pupil factor for post 16 not required.

#### 2. Outstanding issues

The following outstanding issues were discussed:

##### ○ LAC

The feed back from the Head of the Virtual School was that as these children move very frequently from one school to another, funding will not follow the child. Also schools with LAC receive Pupil Premium Grant.

The group felt that using the LAC as a separate factor within the ISB did not target the specific group and should therefore not be differentiated.

##### ○ EAL

Currently £118k is held centrally and not all targeted at EAL, also contributes towards the traveller community. The group agreed that there have not been any issues previously raised with the Forum on

EAL children and from experience those children achieve very well picking up the language very quickly. It was therefore agreed a separate factor would not be required.

○ **Pupil Mobility**

Pupil Mobility had been previously raised with the forum approx 3 years ago and related particularly to service children. It was agreed at that time a factor was not required. Since the introduction of the Pupil Premium, Service children now receive additional funding through this route.

The factor is permissible based on those children entering the school at non standard times i.e. August/September and January for reception children. The data provided by the DfE showed a number of incidents across most schools where this applied and did not target specific schools such as Cranfield, Derwent where the University and Forces base impacts those numbers. It was therefore concluded that as the spread was across most schools a Pupil Mobility factor would not be required and funding should be directed through the AWPU.

○ **PFI**

The group requested more information from neighbouring authorities and for some clarity from the DfE on the rationale behind this proposed factor. This will be reviewed following further information.

○ **Split Site**

The group was presented with a proposed definition, eligibility and how much is allocated could be allocated for this factor.

The factor is intended to contribute towards the additional costs incurred by schools that operate across separate sites. Additional costs typically such as the need to duplicate reception, caretaking, teaching and non - teaching staff, and also resources including equipment on more than one site.

Eligibility for the factor is focused on single schools, based on two or more sites, each separated such that they do not share a common boundary. Federated schools are not eligible for this factor as they remain separate schools.

Calculation will be based on the number of pupils on the smaller school site as a % of the total number on roll of the school in the Oct PLASC, then applying it as a % of the lump sum in the delegated budget of the main site.

Discussion were around future impact of this factor and if this factor will be for all phases including Special Schools. It was felt that Special Schools on split sites would be considered as part of the High Needs Block.

The group agreed in principle of using a Split Site factor and felt that the one suggested seemed appropriate for those schools on clear separate sites.

**3. Blocks - DSG Split**

The DSG split was reviewed to take into account the £297,953 carry forward from 2011/12.

- Schools	£142,535,173
- Early Years	£ 10,497,178

- High Needs £ 20,882,104

**4. De-delegation**

Key points point discussed;

- o Services that will be funded by DSG held centrally such as:
  - Admissions
  - Schools Forum
- o The group considered other central services currently funded by DSG and included in the Schools Block. The Trade Union representative expressed concern regarding Facilities Time, which funds union representatives across all schools including Academies. De-delegation is only applicable to Maintained Schools and agreed by phase. It was agreed that at the point of consultation that all services that are requested as retained will be included. Consultation with schools includes Academies.
- o The following service that are currently funded by DSG are no longer permitted:
  - DSG held for overheads £250k
  - 14-19 Practical Learning £168k (Upper )
  - Raising Attainment £83k
  - Ethnic Minority £102k
  - AST £40k
  - LACSEG £550k

It was agreed in principle that these would be added to AWPU

- o Central Services to be considered further:
  - Evolve £5k
  - Hospital Recoupment £92k
  - Access and Inclusion £72k
  - EY Child Information £44k
  - Trade Union £84k
  - Schools Specific Contingency £215k
  - School Admissions £220k
  - Management Support £24k

**5. Supporting Schools with significant growth**

The draft School Financial Regulations allows LA's to:

- o Create a growth fund from the DSG prior to allocating School Budget Shares
- o Only for the purpose of supporting growth in Pre16 pupil numbers to meet Basic Need and additional classes to meet infant class size regulations. Ring-fenced for this purpose, any fund remaining at end of year added to the following year's DSG and re-allocated to maintained schools AND academies

The LA will need to produce transparent and consistent basis (difference permitted between phases) and gain agreement from School Forum before allocation.

Officers agreed to draft a criteria and bases for allocation for both Growth Funds and Infant Class size regulations. Funding could be directed from those Central Service which are no longer permitted to be funded by DSG

**6. Early Years**

Group agreed to:

- £100k Lump Sum for Nursery Schools
- Increase PVI rate by 30p to £3.60
- Apply MFG to base rate only for Nursery and PVI

**7. Further Modelling on schools**

Following the previous meeting of the group, further modelling was provided to show the impact of using IDACI for the distribution of Social Deprivation funding. This was based on funding only being allocated to bands 3 and above.

Lump sums of £125k and £135k were also discussed further. Now the regulations have allowed centrally held funds for infant class size regulations, the group requested the lump sum models to be revisited based on £100k and £120k with a step by step examples of sample schools to show how the new formula would impact. MFG would then be re-run based on both lump sums to understand the impact.

It was further agreed that additional modelling should be carried out taking a look at those most deprived areas and how pupils have been allocated to the specific groups.

It was suggested a model were the Social Deprivation "Pot" is increased by reducing the AWPU would be examined.

**8. MFG**

The new bases for calculating MFG excludes the following items:

- Post 16 funding from EFA
- Allocations notional High Needs Block (including named pupils and special units)
- EYSFF
- Rates
- Service previously centrally funded and being delegated in 13/14
- Baseline will include lump sum applied in 13/14

MFG for all Schools including Nurseries is based on minus 1.5%

**9. Capping**

There are four options to be used to fund any increase on MFG:

- Cap all winners to pay for MFG
- Reduce AWPU
- Combination of above
- Funded by delegated Central Services

The principle of capping winners was discussed but no decision made.

**10. Consultation with Schools**

The Group agreed that the consultation must be open and transparent with a clear record of how any changes have been made, showing movement with the total ISB between factors and phases.

A draft consultation should be presented at the next Schools Forum meeting on 3<sup>rd</sup> September 2012.

**11. DfE Consultations**

The group were advised of the DfE consultation launched on 19th July 2012 on the School Finance Regulations 2013. The consultation period will run through to 21<sup>st</sup> September and the intention is for the regulations to come into force by 1<sup>st</sup> January 2013.

Appendix C

**School Funding  
Consultation 2013/14**

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## Executive Summary

1. The Department for Education (DfE) is changing the funding arrangements for schools. This document explains the main changes and specific proposals for Central Bedfordshire. We are keen to hear your views before we make our final decision on the funding arrangements. Please read this document and return the consultation response form at the end with your views by 28<sup>th</sup> September 2012.
2. Below is a summary of the scheme specified by the DfE.
3. From 2013/14 the Dedicated Schools Grant (DSG) will be split into three notional funding blocks:
  - Schools Block
  - Early Years Block
  - High Needs Block

Authorities are free to move funding between the blocks provided they comply with the requirements of the Minimum Funding Guarantee (MFG) and central expenditure.

4. The Schools Block includes the delegated budgets of Lower, Middle and Upper Schools. Funding within the Schools Block that is currently retained by the Authority **must** be delegated to schools with the following exceptions:
  - Exception 1 where the Schools' Forum agrees that a service should be provided centrally, such as:
    - Contingencies (including previous amounts for schools in financial difficulties) \*
    - Free school meals eligibility
    - Insurance
    - Licences/subscriptions
    - Staff costs – supply cover (Facilities Time for Union Duties)\*
    - Support for minority ethnic pupils and underachieving groups
    - Behaviour support services
    - Library and museum services

Only those that are asterisked apply to Central Bedfordshire.

Funds are allocated through a formula. Funds can however be de-delegated for maintained schools if approval is given (approval is required by the relevant phase members of the Schools Forum).

- Exception 2 where the Schools' Forum agrees for historic commitments such as combined services and redundancy costs to continue to be funded; and

- Exception 3 where the Local Authority continues to provide statutory functions such as a co-ordinated admissions schemes.
5. Where funding is retained by the Authority for maintained schools, under exceptions 2 and 3, the Local Authority is not allowed to retain more than the 2012/13 budget.
  6. In addition, funds can be centrally retained before allocating formula, with agreement of School Forum, for funding significant pre-16 pupil growth and expenditure incurred in order to make provision for extra classes (to comply with School Admissions (Infant Class Sizes) Regulations).
  7. The requirement to delegate the Schools Block to schools will remove the need for the Local Authority Central Spend Equivalent Grant (LACSEG) calculation. Maintained schools will be funded in the same way as Academies.
  8. School budgets will be based on October census data rather than January.
  9. The funding for pupils with statements of SEN and enhanced specialist provision in mainstream schools will come from the High Needs Block. Schools will be required to fund the first £6,000 per statement from their notional SEN.
  10. Funding for Early Years provision will be funded through the Early Years Single Funding Formula within the Early Years Block.
  11. To strengthen local decision-making there are proposed changes to the School Forum composition and operation so that their decisions better reflect the views of all providers. The Education Funding Agency (EFA) will play a role in upholding the fairness of local decision-making.
  12. To support these changes and protect schools from significant fluctuations in their budgets the Minimum Funding Guarantee (MFG) will continue to operate at minus 1.5% per pupil for 2013/14 and 2014/15.
  13. MFG does not apply to:
    - post 16 funding from the Education Funding Agency;
    - allocations from the High Needs Block (including named pupils and special units);
    - the lump sum, adjusting the baseline;
    - rates;
    - early years single funding formula allocations; and
    - services previously centrally funded and being delegated in 13/14
  14. Pupil Premium will remain a separate grant in 2013/14 and 2014/15.

### Summary DfE Timetable

April - June	LAs undertake detailed modelling of new formula in conjunction with schools forums
May - September	LAs able to requests exceptional factors and MFG exclusions to EFA
June - October	Consultation with all schools and Academies on new formula
By July	Reconstitution of schools forums where necessary
To September	EFA will confirm baselines with LAs once section 251 statements have been submitted
End of October	LAs submit pro-forma to EFA
December	Census data and school/high needs block confirmed

### Introduction - Central Bedfordshire Council and School Forum proposals for the simplification of local arrangements

15. In order to support the movement towards a national funding formula in the next Spending Review, all Local Authorities are required to simplify local arrangements for distributing funding to schools and other providers. The considerable flexibility currently allowed in the distribution of funding locally has resulted in the generation of very complex local formulae, taking account of many different elements, many of which have little or no impact on pupil attainment.

16. The current School Funding Regulations allow Local Authorities to use up to 37 funding factors within their Formulae for Funding Schools (CBC use 27). From 2013/14 the following 12 factors only will be permitted:

- Basic per-pupil (**mandatory factor**)
- Deprivation (**mandatory factor**)
- Looked after Children (optional)
- Low cost, high incidence SEN (optional)
- English as an additional language (optional)
- Lump sum (optional)
- Split sites (optional)
- Rates (optional)
- PFI contracts (optional)
- Pupil Mobility (optional)
- DSG spent on Post 16 pupils (optional) and
- London weighting (Not applicable to CBC)

17. Further information and guidance to assist Local Authorities (LAs) and their Schools Forums in planning the local implementation of the reformed funding system for 2013/14 is available on the DfE website at

[School funding reform and arrangements for 2013-14 - Schools](#)

18. At the meeting of the Schools Forum on 25 June 2012 it was agreed that a Technical Sub Group would be set up to work with the Local Authority on matters arising from the Schools Funding Reforms. The members of the group representing all phases are:

Anne Bell (Nursery and Early Years)  
Sue Howley (Lower Maintained)  
Stephen Tiktin (Lower Maintained)  
David Brandon-Bravo (Middle Maintained)  
John Street (Middle Academy)  
Richard Holland (Upper Academy)  
Shirley Ann Crosbie (Special Maintained)  
Martin Foster (Trade Union)

19. The Council and the School Forum have met three times over July and August and have considered various options within the constraints set by the DfE, and the impact of these on individual schools, pupils and local demographics. Several changes are proposed to the local funding formula on this basis.

20. We would now like to hear your views on these proposals and have set out the timetable for this below:

### Consultation Timetable

3 <sup>rd</sup> September 2012	Schools Forum to consider initial consultation to schools
4 <sup>th</sup> September 2012	Consultation document and Frequently Asked Questions issued to schools
20 <sup>th</sup> September 2012	Surgeries for specific school queries (two locations, venues to be advised from 1p.m. – 3p.m. and 4p.m. – 6 p.m.)
28 <sup>th</sup> September 2012	Consultation deadline – collation and analysis of responses from schools
October 2012	Consideration of responses by LA and School Forum Executive Approval
22 <sup>nd</sup> October 2012	Schools Forum considers responses from schools Schools Forum approval of new formula
31 <sup>st</sup> October 2012	2013/14 pro-forma submitted to EFA for approval

## Proposed Formula Factors for distributing the Schools Block

### Mandatory Factors

#### Basic per-pupil entitlement (AWPU)

21. All Local Authorities will allocate a basic per-pupil entitlement which is the equivalent of the current age weighted pupil unit (AWPU). For the purpose of this consultation we will refer to this element as the AWPU. There will be a single unit for primary aged pupils as there is little evidence to suggest that the costs between the Primary Key Stages vary.
22. National responses to the DfE consultation were strongly in favour of allowing a separate Key Stage 3 (Year 7 to 9 ) and Key Stage 4 (Year 10 and 11). Local Authorities will therefore be able to apply different AWPU values for KS3 and KS4.
23. Central Bedfordshire Council and the School Forum believe that applying two levels of basic entitlement to the secondary sector would better reflect the mixed structural provision currently on offer within Central Bedfordshire.

**Question 1: Do you agree or disagree that for KS3 and KS4 different unit values better reflect the operation of basic entitlement for Central Bedfordshire Schools?**

#### Deprivation

24. Currently Social Deprivation funding is calculated using ACORN data and targets those pupils in the most disadvantaged categories (band 4 - moderate means and band 5 hard pressed). Only those schools that have 15% or above of their total school population within band 4 and 5 currently receive funding.
25. The new formula as specified by the DfE **must** ensure that deprived pupils attract funding in a more consistent way and in order to do so, Local Authorities **must** base their funding on the following two indicators only:
  - Free School Meals (FSM or Ever6) and/or
  - Income Deprivation Affecting Children Index (IDACI)

There can be separate unit values for Primary and Secondary. IDACI data may be weighted but FSM data cannot.

26. Both proposals direct funding through a unit rate per deprived pupil and several authorities have already moved to this way of targeting deprivation funding. Central Bedfordshire have continued to use a percentage threshold which we are no longer allowed to do. This has previously advantaged and dis-advantaged some schools due to the application of the threshold.
27. Each deprivation index targets slightly different disadvantaged groups due to the data being drawn from different sources. Moving from one deprivation index to another and to a basis of a unit rate per deprived pupil, will undoubtedly cause changes to funding at school level. It should be noted that a -1.5% Minimum

Funding Guarantee will continue for 2013/14 and 2014/15 minimising the effect of any loss at school level.

28. The technical sub group considered both FSM and IDACI carefully in determining that IDACI targeted deprivation funding more appropriately.
29. It is Central Bedfordshire Council's intention to continue to target those schools with the most disadvantaged pupils, and in order to ensure that the maximum number of eligible pupils are identified, Central Bedfordshire Council and the School Forum propose to use the IDACI indicator weighted by band. Schools will continue to receive pupil premium targeted at free school meal eligibility.

**Question 2: Do you agree or disagree with the proposal to use weighted IDACI indicators for calculating and targeting deprivation funding?**

**Optional factors**

30. Any funding used for optional factors that are not currently in use would be deducted from the basic entitlement (AWPU).

**Looked after Children (LAC)**

31. The current formula does not allocate funding through a Looked after Children (LAC) factor. Currently there are 78 Looked after Children across Central Bedfordshire Schools. The DfE proposals allow funding to be based on where LAC pupils are on October census day. As Looked After Children can move frequently from one school to another, the funding would remain with the school as at census day. Schools with LAC are in receipt of Pupil Premium Grant.
32. Central Bedfordshire Council and the School Forum propose to exclude LAC as a separate funding factor as this cannot be proven to target individual pupils changing schools at any time other than at the beginning of the academic year in time for the October census.

**.Question 3: Do you agree or disagree with the proposal to exclude LAC as a factor in the funding formula?**

**High incidence low level needs (HILLN)**

33. Currently Central Bedfordshire Council funds schools that have pupils with low cost, high incidence SEN and Personalisation. These factors are based in part on pupil numbers, low prior attainment and the Acorn index of deprivation categories 4 and 5.
34. The new regulations allow continuation of a HILLN factor however; this **must** only be calculated using the Early Years Foundation Stage Profile for primary schools and KS2 results for secondary schools. This is restricted to teacher assessment and test data which do not assess needs.
35. Furthermore the DfE has indicated that they are inclined to set a minimum threshold for allocating funding through the basic entitlement (AWPU).

36. Central Bedfordshire Council and the School Forum propose that those funds previously directed through a HILLN and Personalisation be added to the basic entitlement (AWPU) for all pupils in line with the DfE's agenda allocating as much funding as possible through the basic entitlement so it is clear that the funding follows the pupil.

**Question 4: Do you agree or disagree with the proposal to distribute the HILLN funds through the basic per-pupil (AWPU) entitlement?**

**English as an Additional Language (EAL)**

37. The current formula does not allocate funding through English as an Additional Language (EAL) factor. The new arrangements allow a factor for EAL, for a maximum of three years after the pupil enters the statutory age school system. There can be separate unit values for Primary and Secondary.

38. The table below shows the number of pupils where English is an Additional Language and the years the pupil enters the statutory school system.

<b>Number of Years in statutory Education</b>	<b>Lower</b>	<b>Middle</b>	<b>Upper</b>
<b>1st</b>	26	19	10
<b>2nd</b>	124	36	19
<b>3rd</b>	280	47	26

39. Central Bedfordshire Council centrally holds £118,000 of DSG funds to support schools to narrow achievement gaps for Ethnic Minority (EM) or EAL pupils. The funds have been distributed on the number of EM pupils at a school as identified on the school census. Any remaining amount supports a small project to support Traveller pupils.

40. The Council no longer has an EM and Traveller Achievement Service; there is a greater emphasis on schools supporting pupils through their own resources.

41. Central Bedfordshire Council and the School Forum propose not to include a separate funding factor for EAL and that existing centrally held funds should be added to the basic entitlement (AWPU) for all schools.

**Question 5: Do you agree or disagree with the proposal to exclude EAL as a factor in the funding formula?**

**Lump sum**

42. The purpose of the lump sum is to provide all mainstream schools (including Academies but not Special Schools), irrespective of size, with a contribution to the basic costs of operating a school.

43. To simplify school funding, Local Authorities will only be able to apply a single lump sum for all primary and secondary schools irrespective of size. This is predominately aimed at supporting small schools but for simplicity all schools would receive the same lump sum.
44. The DfE have set an upper limit on the lump sum at a level no higher than is needed in order to ensure that efficient small schools are able to exist where they are genuinely needed. The DfE have set the upper limit at £200,000.
45. Central Bedfordshire Council and the School Forum believe the fairest option for schools in Central Bedfordshire is a lump sum of either £100,000 or £120,000. Lump sums above £120,000 will adversely affect funding for larger schools and conversely, lump sums below £100,000 adversely impact the budgets of smaller schools.
46. The table below shows the effect on AWPU values for two lump sums (£100,000 and £120,000) and the impact of disallowed factors transferring to the basic entitlement. The 2012/13 unit rate is for comparison and is an average. The figures are illustrative and must not be taken as final allocations.

Lump Sum	Age Weighted Pupil Units (AWPU)		
	Primary	KS3	KS4
2012/13	2645	3,531	4,828
£100,000	2,996	4,070	4,868
£120,000	2,869	4,113	4,813

**Question 6: Please indicate which of the two lump sums you think should be used as a contribution to the basic costs of operating a school?**

### Split sites

47. The current factor for a split site school is based on an historical value that has not been reviewed since the creation of Central Bedfordshire Council in 2009. A split site factor is still permitted in the new arrangements.
48. Where existing factors have been used for some years and the rationale is unclear, these should be reviewed. The allocation must be based on objective criteria, both for the definition of a split site and for how much is allocated.
49. The factor is intended to contribute towards the additional costs incurred by schools that operate across separate sites. Additional costs typically incurred may include the need to duplicate reception, caretaking, teaching and non - teaching staff, and also resources including equipment on more than one site. This may also include significant travel costs of staff and pupils between sites.
50. The proposed definition of a split site is a single school, based on two or more sites that do not share a common boundary, which are a minimum of 1km apart and



where use of a public highway is necessary to travel between each distinct site. Each of the sites must be centres of class teaching and learning.

Note: Federated schools are not eligible for this factor as they remain separate schools receiving individual delegated budgets for each within its federation and therefore each retaining a lump sum.

51. Central Bedfordshire Council and the School Forum propose to allocate an additional lump sum to those schools meeting the definition of split site.

### Rates

52. Rates must be based on actual cost. This value will be set at the time the annual school budget share is issued, based on the most recent available information. Values will be updated annually as part of the school budget setting exercise. Adjustments will be made in the following financial year.

**Question 7: Do you agree or disagree with the continuation of funding rates on an actual basis?**

### Private Finance Initiative (PFI) contracts

53. There is not currently a Private Finance Initiative (PFI) factor within the local formula. New arrangements continue to allow payments in relation to PFI, however the factor is designed to deal with additional costs arising for schools as a result of their PFI status. The PFI factor should only cover the net additional costs incurred by the school and should not result in a profit.
54. In many local funding formulas DSG is used to bridge the funding gap which is present in every PFI scheme. The funding gap is the difference between the overall cost of the contract and income to it from the schools and the DfE. The funding gap for Central Bedfordshire's two PFI schools is not met by DSG contributions, as it is in many LAs, but paid from the Council's core funding that it receives through revenue support grant. It is not a requirement to delegate the PFI affordability gap as this can continue to be funded outside of the DSG.
55. Central Bedfordshire Council and the School Forum propose not to introduce a new factor for PFI, however, it is recognised that this may need to be reconsidered in the future should the pupil numbers reduce below that specified in the contractual obligation causing the schools additional costs in accordance with paragraph 53 above.

**Question 8: Do you agree or disagree with the proposal to exclude a PFI factor from the funding formula for 2013/14?**

### Pupil Mobility

56. There is not currently a Pupil Mobility factor within the local formula. The new arrangements allow a factor to be included based on pupils who did not start in August or September (or January for Year 1).
57. The table below shows the number of pupils in Central Bedfordshire Schools that were admitted to schools outside of the timelines specified above. The school level data has been provided by the DfE and is based on the academic year 2011/12.

Lower	Middle	Upper	Total
1,319	503	228	2,050

58. The issue of mobility in Central Bedfordshire has only been raised previously in relation to service children. This particular group of pupils will not be targeted by this new criterion. In addition, service children now receive Pupil Premium Grant.
59. Central Bedfordshire Council and the School Forum propose not to include a new factor for pupil mobility given that it is not targeted at any particular group of pupils where mobility may be an issue.

### DSG spent on Post 16 pupils

60. A per pupil factor is allowable which continues funding for post-16 pupils up to the level that the Local Authority provided in 2012/13. Central Bedfordshire Council did not provide DSG for this purpose in 2012/13 and therefore a factor it is not permitted going forward.

### Exceptional Items

61. Local Authorities can request the inclusion of additional factors in their formula for exceptional circumstances. The regulations will restrict the additional factors which may be approved to the nature of the school premises giving rise to significant additional costs greater than 1% of the school's total budget, and where such costs affect fewer than 5% of the school in the Local Authority area (including Academies)
62. The only factor meeting this criterion is the joint use provision for sports facilities at one upper school in Central Bedfordshire.
63. Central Bedfordshire Council and the School Forum propose that the exceptional item is requested as approved by the Education Funding Agency.

### Capping of Gains

64. The pre-16 Minimum Funding Guarantee (MFG) will continue to be set at minus 1.5% per pupil in 2013/14 and 2014/15; however the calculation of the MFG will be substantially simplified. This applies to pupils in age ranges 5-16 and therefore

excludes funding for early years children (see Early Years section below) and young people over 16.

65. The only factors which will be automatically excluded from the MFG are:

- post 16 funding from the Education Funding Agency;
- allocations from the High Needs Block (including named pupils and special units);
- the lump sum, adjusting the baseline;
- rates;
- early years single funding formula allocations; and
- services previously centrally funded and being delegated in 2013/14

66. As school budgets will, in future, be based on the October pupil count, the MFG will also need to reflect this date instead of the January count as at present.

67. As there could be significant amounts of protection required in some areas as a result of the formula simplification, the DfE will be allowing overall gains for individual schools to be capped as well as scaled back to make it affordable to run the formula.

68. Central Bedfordshire Council and the Schools Forums have considered the options and propose to cap those schools that gain in order to fund the MFG for those schools that lose.

**Question 9: Do you agree or disagree with the proposal to cap those schools that gain in order to fund the MFG for those schools that lose?**

### **Centrally Retained Schools Block**

69. The DfE requires that the funding that was centrally retained in 2012/13 that will fall within the Schools Block in 2013/14 should be delegated to all schools with the following exceptions.

- a. Exception 1 – Where maintained schools agree that a service should be provided centrally.

70. These services must be allocated through the local formula in the first instance and de-delegated for maintained schools (subject to approval by the relevant phase members of the Schools Forum having agreement with the Local Authority to administer those services). Those services applicable to Central Bedfordshire are:

- Facilities Time (Union representation at meetings etc)
- Schools Specific Contingency (Closing and re-organising, Schools in financial difficulty etc)

The table below represents the anticipated maintained school contribution should the items above be de-delegated.

	<b>Distributed through formula factor</b>	<b>Total Value</b>	<b>Per-pupil</b>
<b>Facilities Time</b>	Basic entitlement	£55,000	£2.77
<b>School Specific Contingency</b>	Basic entitlement	£100,000	£5.00

**Question 10a: Do you agree or disagree with the proposal to de-delegate Facilities Time?**

**Question 10b: Do you agree or disagree with the proposal to de-delegate School Contingency?**

b. Exception 2 – Historic Commitments – these are not applicable to Central Bedfordshire

c. Exception 3 – Statutory Functions of the Local Authority applicable to Central Bedfordshire:

- Co-ordinated admissions scheme;
- Servicing of the Schools' Forum;

The funding for the above items cannot be delegated as it relates to the statutory functions of the Local Authority.

71. The Local Authority is permitted to retain centrally before allocating formula to schools funding for significant pre-16 pupil growth and in order to comply with the Schools Admissions (Infant Class Sizes) regulations. The fund must be used on the same basis for the benefit of both maintained schools and Academies. Any fund remaining at the end of the financial year must be added to the following year's DSG and reallocated to both maintained schools and Academies through the local formula.

72. Central Bedfordshire is an area that will see significant growth in school aged children over the coming years, triggered by the increase in birth rate (which is impacting now and for at least the next five years) and by the rate of local housing development that is forecast over the next 25 years. The Council's School Organisation Plan outlines the pattern of this growth across phases and its New School Places Programme establishes an investment strategy for major projects to ensure that the Council continues to meet its statutory obligations to provide sufficient high quality school places. In addition the Council will continue to utilise its programme of temporary accommodation where appropriate and will work with schools and academies in each of our planning areas to discuss school organisation and admissions issues and agree management options.

73. It is proposed to establish a Growth Fund to provide schools and academies with revenue support for staffing and other core costs where a **significant** increase in capacity and/or Admission Number has been agreed by the Council's School Organisation & Admissions Service as required to manage demographic growth i.e. basic need. The revenue is intended to provide a minimum level of funding

guarantee, for a defined period, while planned new provision is filling to capacity when the basis of funding can revert to the pupil, rather than a place led approach.

74. The School Standards and Framework Act 1998 (Sections 1- 4) states that all schools with infant pupils must organise their Key Stage 1 classes to ensure that they contain no more than 30 pupils for all ordinary teaching sessions taught by a single qualified teacher. The Regulations establish detail on the definition of infant classes and there are a number of exceptions where the limit can be breached.
75. Our current calculation for infant class size funding is based on key stage 1 pupils and is allocated on the basis of 'ghost pupils' applied to the pupil data in respect of four, five and six year olds. This is used as the basis to calculate and compare with the next multiple of 30. The difference between the two becomes the number of 'Ghost Pupils' which the school would be funded at, at an amount per 'Ghost Pupil'.
76. Central Bedfordshire Council and the School Forum propose to retain within the Growth Fund, a factor to assist lower and primary schools, to meet the infant class size regulations, where a breach is unavoidable.
77. The Local Authority is required to produce criteria to the Schools Forum and gain its agreement before growth funding can be allocated. The criteria will set out both the circumstances in which a payment could be made and provide a basis for calculating the sum to be paid.
78. The following centrally held DSG for 2012/13 must be delegated to schools in 2013/14 and cannot be de-delegated. Schools may choose to buy into services where available, the services include:
- DSG held for overheads (Schools Block)
  - 14-19 Practical Learning (Upper Schools only)
  - Raising Attainment
  - AST
  - LACSEG
  - School Journey Log
  - Academies Support
  - Hospital Recoupment (transferred to High Needs Block)
  - Access and Inclusion (transferred to High Needs Block)
  - EY Child Information
79. Central Bedfordshire Council and the School Forum propose to transfer the above centrally held funds to the pupil basic entitlement (AWPU) after allowing growth funding in accordance with paragraph 77 above.

## Early Years Block

80. The DfE are not proposing major changes to the main elements of the Early Years Single Funding Formula (EYSFF). Different base rates for different types of

provision are still permitted and factors for quality, flexibility and sufficiency continue. There will continue to be a mandatory deprivation supplement in the EYSFF and flexibility in the indices used.

81. However, in line with the main formula there are constraints on other factors such as those relating to premises. The factors allowed in the main formula are also allowed in the EYSFF. Local Authorities therefore are required to review their EYSFF and remove factors which are no longer permitted.
82. The MFG will apply to the EYSFF for all providers for the first time, but only for the base rates.
83. In line with the above constraints Central Bedfordshire Council and the School Forum propose the following changes:
  - £100k Lump Sum for Nursery
  - Increase PVI rate by 30p to £3.60
  - Apply MFG of minus 1.5% to base rate only for Nursery and PVI

## High Needs Block

84. The DfE have set out a new approach to funding provision for pupils and students with high needs. This includes pupils aged up to 19 with high-level SEN; pupils of compulsory school age in alternative provision (AP); and those aged 16-25 with high level learning difficulties or disabilities (LDD).
85. This new approach defines high needs pupils and students as those who require provision costing more than about £10,000 per year in total. This threshold distinguishes between the needs that are expected to be met through mainstream funding and the point at which additional high needs funding is provided.
86. Under the new funding arrangements, mainstream settings will be expected to contribute the first £6,000 of educational support for high needs pupils and students. Schools and Academies will continue to receive a clearly-identified notional SEN budget from which to make this contribution. Top-up funding above this level will be agreed between the commissioner and provider, and paid direct to the provider by the commissioning authority.
87. Specialist SEN and LDD settings will receive a base level funding on the basis of an agreed number of places. The number of places will be set initially on the current number of funded places. Pre 16 will be £10,000 per place. AP settings will receive a base level of funding of £8,000 per place. Top-up funding above this level will be agreed between the commissioner and provider, and paid direct to the provider by the commissioning authority.
88. Special units in mainstream schools will be funded like Special Schools with base funding and top-up funding. A condition of grant will be set in the first year that

provides for; total funding for 2013/14 will be no more than 1.5% below that received in 2012/13.

89. Alternative Provision settings will have delegated budgets from April 2013.

90. Top up funding will be provided on a per pupil or student basis, based on the assessed needs of the pupil or student, and agreed between the commissioner and provider. Top up funding will flow directly between the commissioner and provider and therefore no need for inter-authority recoupment. It will be paid in or close to the real-time movement of the pupil or student. There will be a condition of grant set to ensure that this will happen.

## Financial Model

Below is a summary of the proposed changes and the basis of the modelling attached :

- Separate Primary and Key Stage 3 and 4 basic per pupil entitlement (AWPU)
- Deprivation funded using IDACI (weighted)
- Lump sum £120k
- Split Site
- Rates
- Exceptional item (Joint use)

The minimum funding guarantee has been calculated using the DfE's simplified calculation, the only exceptions being the lump sum, sixth form funding, rates, allocations from the High Needs Block, EYSFF and services previously centrally funded being delegated in 2013/14

Winners have been capped to fund the required protection.

Lower Schools' Early Years, SEN and Provisions are as per 2012/13 funding.

Exception 1 – Facilities Time and Contingencies assumed at £155,000

Exception 2 – not applicable to Central Bedfordshire

Exception 3 - Statutory functions; coordinated admissions scheme and servicing of Schools' Forum assumed as at current levels.

Centrally retained funding for pre-16 growth and expenditure incurred in order to make provision for extra classes to comply with School Admissions (Infant Class Sizes) Regulations.

The figures are illustrative and must not be taken as final allocations.

## The consultation process

The Council is consulting you to ensure that the final funding scheme considers the views of the local schools.

The consultation will be open between Wednesday 4<sup>th</sup> September and 28<sup>th</sup> September 2012. You can respond to the consultation using the attached form, or you can respond through the Council's website [www.centralbedfordshire.gov.uk/consultations](http://www.centralbedfordshire.gov.uk/consultations).

The feedback from the consultation will be presented to the Council's Executive in October 2012 where a final decision will be made.

**Contact us...**

by telephone: 0300 300 xxxx

by email: xxxxxxxxxx @centralbedfordshire.gov.uk

on the web: [www.centralbedfordshire.gov.uk](http://www.centralbedfordshire.gov.uk)

Write to: Central Bedfordshire Council, Priory House, Monks Walk, Chicksands, Shefford, Bedfordshire SG17 5TQ

DRAFT



**Appendix D**

**School Funding Consultation 2013/14 - Frequently Asked Questions**

**Basic per- pupil entitlement**

1. Q Is AWPU now the Basic Entitlement as in various parts of the document it talks of AWPU and Basic Entitlement?  
A These are the same thing

**Deprivation**

2. Q Can the indices FSM, Ever 6 FSM and IDACI be mixed?  
A No. Local decision making is to be much simpler, more transparent and efficient. Under the new arrangements the LA will be able to use a free school meals (FSM) indicator and/or an IDACI rating when distributing funding for deprived pupil.
3. Q Please can you confirm what is IDACI?  
A It is the Income Deprivation Affecting Children Index and is part of the indices of Multiple Deprivation (IMD). It is an area based measure defined at the level of Lower Super Output Area. It takes the form of a score between 0 and 1, which can be interpreted as the proportion of families in the LSOA, with children aged under 16, which are income deprived.
4. Q Is there any choice on the index used, can we stay with our current ACORN index of deprivation?  
A No. The DfE have restricted the deprivation factor to FSM, Ever 6 and IDACI.
5. Q How will the LA know which of our pupils are categorised into these various indices?  
A Data will be provided by the DfE. LAs are required to use only the DfE data. IDACI and FSM will be as at Autumn 2011 Census and Ever 6 Spring 2011.
6. Q Why IDACI?  
A The DfE are enabling LAs to use IDACI as it is the only national index of deprivation that is focused on children, using individual post code information. IDACI is calculated as Lower Super Output Area (LSOA) level. An IDACI score is the measure of probability that a child living in the LSOA will be deprived. In other words, a child with an IDACI score of 0.2 has a 20% chance of coming from a deprived family.

This means that whilst FSM can be used to target funding at specific pupils who come from deprived families, IDACI allows LAs to ensure that funding can also be distributed to schools that have pupil living in the most deprived areas who might not be eligible for, or take up FSM.

### Lump sums

7. Q Why have these particular lump sums been identified?  
A The aim of the lump sum is to meet unavoidable fixed costs incurred by a school – that is a headteacher, a caretaker and some administrative support. Analysis carried out by the DfE showed that, for a primary school, the average lump sum required for this purpose is around £95,000. Because a number of other factors are being removed and it is required that a single lump sum be applied for both primary and secondary schools, it was agreed that this might need to be higher.
8. Q Can a different lump sum be set for primary and secondary?  
A No the same lump sum must be applied to both phases. The lump sum is predominantly aimed at supporting small schools that will not attract enough funding through their per-pupil funding. It is the DfE's view that the majority of funding should be distributed through the basic per-pupil entitlement or the remaining pupil characteristics factors so that funding can genuinely follow the pupil.
9. Q Is the protection for federated schools with a single budget share likely to continue i.e. will they get one lump sum or two?  
A LAs will still be able to issue a single budget share but this will be at least as great as if the schools had still been separate. In practice under the new system this will mean calculating the budgets separately and adding them together before issuing the budgets.
- 10.Q What is the impact on the AWPU value for primary schools of raising the lump sum?  
A The lump sums must be the same for all phases. The LA and School Forum agreed at the beginning of this process to ensure the same amount of funding that was directed to each phase, remained at 12/13 levels. The AWPU values for primary schools, after allowing for those factors that are no longer permitted, would be higher if the lump sum was lowered. Lower Schools were funded £95,000 in 2012/13 for lump sum.

### Exceptional Items

- 11.Q A number of schools pay for rent for curriculum classes. As this is no longer permitted as a factor, can this be applied for under exceptional items.

- A No. The LA are able to ask the Secretary of State for permission to include such items but they must affect no more than 5% of schools and account for at least 1% of the budget. Rent does not meet this criterion.

### Central provision of services

- 12.Q If one or both phases of schools express a wish to de-delegate an element of their budget share does the LA have the option to refuse? Can the LA charge an administration fee for managing such budgets?
- A Either primary or secondary schools within the Schools Forum might take the initiative in requesting that a permissible item should be de-delegated, but there would be no obligation on the LA to accept the de-delegation, including charging any necessary administrative costs.
- 13.Q Can any of the newly delegated funding be de-delegated for Academies?
- A De-delegation does not apply to Academies but they can still buy into services from their delegated budgets
- 14.Q There are only three exceptions to the general rule that Schools Block funding is delegated to schools in the first instance. Does that mean the LA may not de-delegate funding even if there was a clear mandate from schools to do so or there are protocols in place based on continued central funding? The specific example is union facilities time?
- A That is correct. The DfE are limiting central services to those listed in Exception 1. Union Facilities does come under staff cover which means maintained schools can vote to de-delegate.
- 15.Q It has been confirmed that Trade Union time is included within Exception 1 so funding would be delegated to all schools and Academies in the first instance and maintained schools within a phase could agree for this funding to be de-delegated for this purpose. There are a number of trade union representatives that are currently employed by Academies and are unclear how this would operate under the proposed changes. Currently, Academies reclaim these costs from the LA. It is our understanding that under the proposed changes Academies would receive their 'share' of the budget and it is only maintained schools in a phase that can agree to de-delegate funding.
- A Yes, that is correct. De-delegation applies only to maintained schools and so funding is in Academies' budgets to start with.
- 16.Q Within Exception 1, contingencies can be retained for maintained schools for a limited range of circumstances, one being amounts for schools in financial difficulty. Can you clarify

how parity of treatment is ensured between maintained schools and Academies?

- A Academies will be responsible for managing their own budgets and are principally responsible for their own contingency. In the case of an Academy falling into serious financial difficulty, the Education Funding Agency will review the case and determine whether to provide support, and what form of support should be provided.

### **General**

17.Q Can you confirm that the pupil numbers collected in the Autumn School Census 2012 will be used to calculate the funding for 2013/14.

- A Yes, the Autumn 2012 census will be used to allocate funding for 2013/14.

### **Minimum Funding Guarantee**

18.Q How will the MFG be afforded?

- A LAs will be able to limit gains in order to make the MFG affordable.

19.Q Re a cap on gains, can a different cap be applied to primary and secondary sectors?

- A No. The proposal is to have a single percentage cap.

20.Q The level of the MFG has been set for two years, why only two years?

- A The funding parameters beyond 2014/15 are subject to the next Spending Review and decisions on the future level of protection will be made following that.

### **Early Years**

21.Q Does the lump sum applied to Nursery need to be the same as Primary and Secondary?

- A No

22.Q Does the Deprivation factor in the EYSFF need to change in line with the Primary and Secondary?

- A No. LA's can have a deprivation factor in the EYSFF which is different.