

Minutes of 18th 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- Academy budgets continue to be based on the local formula, LACSEG from DSG no longer applicable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 11th July, Replacing LA LACSEG launched 17th 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 6th 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

	Early Years (excl MFG)	SEN (excl MFG)	School Block	MFG	Total
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
Total	9,450,928	13,489,898	140,469,937	794,030	164,204,793

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

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

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 2nd 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
	3,950,412	1,555,395	444,106	1,950,911

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
IDAC1	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