

Minutes of 31st July 2013 Technical Funding Group

Attendees

School Forum Members:

Stephen Tiktin (Lower Maintained)
John Street (Middle Academy)
David Brandon-Bravo (Headteacher Parkfields Middle)
Anne Bell (Headteacher Willow Nursery)
Richard Holland

Officers:

Helen Redding
Rob Parsons
Dawn Hill
Gezim Leka
Christine Mushonga

Apologies:

Martin Foster
Sue Howley
Rob Watson
Sue Tyler

Meeting commenced at 4.00 p.m. and concluded 6.20 p.m.

Handouts Provided:

Minutes from 16th July Technical Group Meeting
Modelling for Prior Attainment and analysis of 2013/14 Statistical Neighbours values for this factor
Social Deprivation analysis
Split site criteria
Allowable deductions to Schools Block before ISB
Growth fund criteria
Application to EFA to vary pupil numbers in 2014/15 formula funding
Financial Model analysis and assumptions
Note to PPG estimated increase for 2014/15

Discussions:

1. Key Points

The session started with a brief look at the minutes, agreed by email, of the meeting held on 16th July 2013.

The Group went on to discuss the following:

- 4 allowable factors.
 - i. Prior Attainment
 - ii. Deprivation (Mandatory)
 - iii. Split Site
 - iv. PFI
- Allowable deductions to Schools Block before ISB.
 - i. Growth Fund
 - ii. Admissions
 - iii. Schools Forum
 - iv. CLA
 - v. Falling Rolls
- It was highlighted that CBC had submitted an application to the DfE to increase the Schools Forum funding, currently set at £3k. The application was rejected. Reductions to funding are permitted, however, once reduced the budget cannot be increased in future.

- LAs permitted to create fund, in addition to Growth Fund, to cover temporary falling rolls (applies to Good or Outstanding Schools only)
- CLA is now an allowable deduction to Schools Block before ISB. Historically Schools have funded CLA contracts from their ISB. The DfE have now opted to hold a direct contract with the CLA and withdraw funding from the Schools Block.
- CBC submitted an application to the DfE to vary pupil numbers in 14/15 formula funding. 6 Schools required funding in 13/14 (met by the Contingency) for extended age ranges. The methodology submitted in the application was rejected but variation of pupil numbers will be allowed. DfE reserve the right to recoup DSG to fund any academies negatively impacted by age-range changes.
- The financial model was based on the following assumptions:
 - i. Including Rent, total £39,183 as agreed by EFA as an exceptional factor for 6 out of 9 schools, a deduction of £1 on AWPU
 - ii. Increase on Split Site factor £50k for 2014/15, a deduction of £1 on AWPU
 - iii. No change to Social Deprivation (to be discussed), Rates
 - iv. No changes to allowable deduction before ISB (Growth, Admissions, Schools Forum, CLA)
 - v. October 2012 pupil numbers used
 - vi. Adjustment to pupil numbers for High Need places in special provisions
 - vii. No adjustment for change to age ranges
 - viii. MFG at minus 1.5% and Capping at 2.2%
 - ix. High Needs and Early Years funding assumed as in 2013/14
- The Consultation process is due to start on 4th September 2013.

2. Principles to apply on funding formula 2014/15

The Group discussed Prior Attainment, Deprivation, Split Site, Age-range changes and allowable deductions to Schools Block before ISB. A discussion took place on the impact new factors will have on AWPU values. The funding pot will not increase to accommodate new factors which implies a reduction in AWPU. The group looked at data taken from statistical neighbours, from which a mean average has been used as the starting point for modelling purposes.

3. Models and impact on AWPU

○ Prior Attainment

A prior attainment factor may be applied for primary pupils identified as not achieving a good level of development within the Early Years Foundation Stage Profile (EYFSP) and for secondary pupils not reaching L4 at KS2 in either English or Maths. The general consensus was that changes to assessment criteria over the years make the EYFSP data unreliable. Also as this factor allows for extra funding to be targeted at low performing schools (mostly primary) the feedback was that this could be seen as rewarding low attainment.

Models and impact on the AWPU were presented to the Group. The models were based on October 2012 data and Statistical Neighbours unit rates.

The models showed a considerable reduction to AWPU effectively penalising good schools. It was noted that no complaints were received from schools following the decision to exclude Prior Attainment in 13/14. It was further highlighted that the anticipated increase in PPG (£400 per pupil) would suffice in targeting low attainment.

It was agreed that Prior Attainment will not be recommended to be introduced as a new factor for 14/15.

RH raised a query on whether CBC would lose out on extra funding by excluding Prior Attainment. DH confirmed that the DSG pot remains the same for 14/15 and that any new factors will be funded from this pot.

○ **Deprivation (Mandatory Factor)**

Deprivation is measured by free school meals (FSM or FSM6) and/or Income Deprivation Affecting Children Index (IDACI). There can be separate unit values for primary and secondary pupils.

CBC Deprivation for 13/14 was calculated using IDACI data provided by the DfE. A total of 6 bands were applied and funding allocated to any pupil within bands 2-6, with the most deprived pupils attracting higher rates.

Models and impact on the AWPU were presented to the Group. The models were based on October 2012 data and Statistical Neighbours unit rates. The Group noted differences in banding rates between Statistical Neighbours and CBC and highlighted that CBC is not a deprived area and therefore low rates were to be expected.

Where Statistical Neighbours showed considerably higher banding rates it was noted that this could be due to higher GUF rates which mean the corresponding LA would have a larger Deprivation pot to distribute.

The Group also highlighted that apart from the initial queries received during the 13/14 Consultation, no major complaints have since been received regarding the funding change from ACORN to IDACI data. Most schools appreciate that as the LA can no longer use ACORN data the change to a unit rate resulted in the same funding pot being distributed over a larger number of pupils. However, it was noted that it may be too soon to tell if there has been any significant impact on performance.

It was agreed that the Consultation will include a question how the Deprivation funding is spent by schools.

○ **Split Site**

The allocations must be based on objective criteria, both for the definition of a split site and for how much is paid.

The Group discussed making changes to the definition of a split site by removing the 1km measure between two sites. Instead split site would be redefined as a single school, based on two or more sites that do not share a common boundary, where use of the public highway is necessary to travel between each site and where staff teach more than one curriculum subject area each on a daily basis in order to support the principle of a whole school policy.

It was highlighted that the purpose of the Split Site factor is to fund the core costs of a second site (caretaking, basic staff, etc) regardless of pupil numbers. Using the current definition only one out of three schools would qualify for Split Site funding in 14/15 which would disadvantage split sites like that being proposed for Church End. The new definition recognises that in terms of core costs, split sites are effectively separate schools though legally defined as one.

Concern was raised over possible double funding for Split Sites. RP explained that any affected schools would attract one lump sum as a 'normal' school and one lump sum for split site. Schools that amalgamated during the year keep 85% of separate lump sums for one year and receive only one lump sum thereafter.

Only one school qualified for split site in 13/14 and was funded from September 2013. It was noted that the change in definition would not disadvantage any schools. Currently, an additional cost of £50k is required for 14/15 which represents a reduction in AWPUs of £1 per pupil. Under the new definition a further £70k would be required from September 2014 for Church End.

It was agreed that the change in definition of Split Site will be recommended for 2014/15. The change in definition is to be included in the Consultation.

○ **PFI**

The allocations must be based on objective criteria, capable of being replicated for any academies in the authority area. The purpose of the factor is to fund the additional costs to a school of being in a PFI contract, not necessarily the full cost.

The funding gap for CBC is currently paid for by the LA to meet the obligations of remaining PFI contracts. The LA now has the option to include a PFI factor in 14/15 such that the funding gap would be paid for by DSG.

RH declared interest but raised concern over projected figures showing falling rolls. It was noted that it is necessary to seek clarification on the current definition which is rather vague making interpretation subjective. The Group agreed that it would be worthwhile to identify any Statistical Neighbours currently funding PFI through DSG and seek their interpretation of the current definition.

It was agreed that Richard Holland would chase EFA for response on the criteria and definition of PFI. Also it was proposed that more information for LAs that have a PFI to be available for future discussions. The Group also agreed that PFI will not be recommended to be included in the Consultation but that the issue will be revisited next year. This is to be noted in the January 14 Executive Paper.

4. Allowable Deductions to Schools Block before ISB

○ **Growth Fund (£800k)**

LAs may toplice the DSG in order to create a Growth Fund to support schools which are required to provide extra places in order to meet basic need within the Authority, including reopening and reorganisation costs, using an acceptable methodology. The Growth Fund may not be used to support schools in financial difficulty.

The 13/14 budget was £800k. The handout provided showed current spend as c£583k, however, it was noted that there have since been further successful

applications, including two for Infant Class Size funding, for which funding is yet to be allocated. The Growth Fund shows a forecasted overspend for 13/14.

The 13/14 definition states that the Growth Fund is to support schools where the LA commissions new school places to meet demographic need. It may not be used for increase in pupil numbers or changes in age range. RP requested that the definition be altered to include support where a school extends its age range in agreement with the LA.

It was agreed that Schools Finance would draft the changes to the Growth Fund definition and forward a copy with tracked changes to RP. It was also agreed that the amended definition be included in the Consultation FAQ.

The Group agreed that an increase of £200k will be recommended for the Growth Fund for 2014/15. It is estimated that a reduction of £6 on AWPU will be required to meet this increase

- **Admissions (260,486)**

A deduction to Schools Block before ISB is allowable for Admissions, to fund the statutory elements of the service which includes cost of staffing, training and access to the Tribal system. LAs will need to seek approval from Forums to retain central funding for this service.

RP highlighted that there may be additional charges to fund extra staff where necessary; however, income from Admission Authority Schools mitigates this extra cost. Any unspent DSG retained for Admissions will be added back to the contingency and is recycled to schools.

It was agreed that no changes to Admissions funding will be recommended for 14/15.

- **Schools Forum (£3k)**

A deduction to Schools Block before ISB is allowable to fund the statutory duty of the Schools Forum. LAs will need to seek approval from Forums to retain central funding for this service.

CBC submitted an application to the DfE to increase the Schools Forum funding for 14/15. The application was rejected. The DfE have advised that no new commitments or increases in expenditure from 13/14 are allowed. Reductions to funding are permitted, however, once reduced the budget cannot be increased in future.

It was agreed that no changes to Schools Forum funding will be recommended for 14/15.

- **CLA (83,772)**

Following the DfE decision to hold a national contract with the CLA, LAs now have the option to centrally retain funding for the CLA from the Schools Block before ISB. This replaces the previous practice where CLA contracts were funded by ISB.

It was highlighted that this was a DfE decision which applies to all LAs and that the figure of £83,772 is based on pupil numbers.

It was agreed that no changes to CLA funding will be recommended for 14/15.

○ **Falling Rolls**

LAs may topslice the DSG in order to create a small fund to support **ONLY** good or outstanding schools with falling rolls where local planning data shows that the surplus places will be needed in the near future, using an acceptable methodology.

It was highlighted that Falling Rolls are restricted to population increase in 2 or 3 years and affects maintained schools as well as academies. The general consensus was that the criteria would result in unfair treatment where schools predicted growth in 2/3 years but were not considered good or outstanding.

It was also noted that introducing Falling Rolls as a new factor would mean a reduction in AWPU. The impact on schools not recognised as good or outstanding would be that they would lose out on AWPU while also not qualifying for Falling Rolls funding. The Group also raised concern on the calculation of growth rate and agreed it may prove difficult to manage.

It was agreed that Falling Rolls will be reviewed on an annual basis.

5. Financial Model

- The financial model provided was based on October 12 data and assumption mention in paragraph 1.

The model include the deduction on AWPU for increase on split site (£1) and Rent factor (£1), these agreed at the fist meeting of the Group

It was highlighted that pupil number have been adjusted in relation to High Need places for Special Provisions as the funding for those places will come from High Needs Block. In 2013/14 the High Need block was agreed with EAF after the Schools budget were issued so this adjustment wasn't made which resulted in over-funding for schools with High Needs places. The 14/15 formula funding will correctly exclude High Needs places from AWPU funding as they can only be funded from the High Needs Block. It was noted that claw-back is not allowed for 13/14 but that the correction to funding is mandatory for 14/15.

The financial model shows the biggest loss in funding (excluding that caused by the High Needs adjustment) is due to the reduction in MFG. Schools showing an increase in funding were identified as those whose increases were capped in 13/14.

Analysis showed clearly that any predicted loss is due to:

- Schools which received MFG last year, the MFG (amount) this will reduce in 2014/15
- Adjustment to pupil numbers for High Need places
- Combination of the above

Information on the anticipated increase in PPG was also provided with the financial model. The projected increase per school was based on January 12 data as the January 13 data is yet to be released. It was noted that losses in funding shown on the financial model would somewhat be mitigated by the increase in PPG.

- **Application for Age-Range changes.**

CBC submitted an application *in principle* to vary the application of the School and Early Years Finance Regulations 2013 and disapply the use of October census data for specific schools with the intention to more accurately reflect pupil numbers in schools and academies affected by changes of age range. The CBC's application was presented to the group.

The DfE has responded by conferment that the Secretary of State intends to approve our application in principle. However the DfE has stated that it will not be possible to adjust the pupil numbers in year and they are looking for a more sophisticated method of pupil numbers estimates. The DfE also state that they reserve the right to recoup DSG from the LA to fund any academies negatively impacted by age-range changes. However, they have not disclosed the methodology to be used in calculating any recoupment.

The Group agreed that funding should follow the pupil but the general consensus was that schools currently have to wait a year for funding to catch up with pupil numbers (September intake for example.) It was noted that schools don't always change age ranges out of choice and so should not be penalised but that there should be a clear and consistent methodology for calculating funding for affected schools.

It was suggested that funding be calculated on a basis of 50% for places normally expected to move to Year 5 or Year 7. The consensus was that Middle schools would be hardest hit and that timing differences could make this option impractical.

DH highlighted that LAs do not have the option to centrally retain funding for academy recoupment and stressed the importance of preparing a model for maintained schools. 6 schools extended age ranges in 13/14 and required funding from the contingency.

The Group concluded that further discussion on age-range changes were required.

It was agreed that Schools Finance would seek clarification from the DfE on whether or not age-range changes must be included in the consultation. Since then the DfE has replied to the above question as below,

The Regulation 9(2) of the School and Early Years Finance Regulations require LAs to consult their schools forum and schools about any proposed changes to the formula, in relation to the factors and criteria taken into account, and the methods, principles and rules adopted. So, clearly you would need to consult with schools on this although the method and timing are not specified in Regulations. We would also expect consultation to inform the decision making process, rather than occur after a final decision has been reached. We would hope that consulting with schools on the options available to you in this area would prove helpful to the Subgroup, and ultimately the LA, in making the decision on the formula.

Glossary of Terms

DfE	Department for Education
ISB	Individual School Budget
PPG	Pupil Premium Grant
CLA	Copyright Licensing Agency
CBC	Central Bedfordshire Council

AWPU	Age Weighted Pupil Unit
L4	Level Four
KS2	Key Stage 2
RH	Richard Holland
DH	Dawn Hill
DSG	Dedicated Schools Grant
FSM	Free School Meals
GUF	Guaranteed Unit of Funding
ACORN	A Classification of Residential Neighbourhoods
LA	Local Authority
RP	Rob Parsons
PFI	Private Finance Initiative
FAQ	Frequently Asked Questions
MFG	Minimum Funding Guarantee