



NOTICE OF MEETING

Schools Forum

Thursday 14 March 2013, 4.30 pm

Council Chamber, Fourth Floor, Easthampstead House, Bracknell

To: The Schools Forum

Schools Members:

Sue Barber, Primary School Governor
Liz Cole, Primary School Representative
Trisha Donkin, Primary School Representative
Ed Essery, Primary School Governor
Brian Fries, Secondary School Governor
Martin Gocke, Pupil Referral Unit Representative
Keith Grainger, Secondary Head Teachers Representative
Louise Lovegrove, Primary School Representative
John McNab, Secondary School Governor
Joanna Quinn, Primary School Representative
Tony Reading, Primary School Governor
Paul Salter, Secondary School Representative
Trudi Sammons, Primary School Representative
Margaret Saner, Secondary School Governor
Anne Shillcock, Special Education Representative
John Throssell, Primary School Governor (Vice-Chairman)
Kathy Winrow, Secondary School Representative

Non-Schools Members

George Clement, Union Representative (Chairman)
Kate Sillett, PVI Provider Representative
Vacant, 14-19 Partnership Representative
Vacant, Diocese Representative (Roman Catholic)
One Vacancy, Diocese Representative

ALISON SANDERS
Director of Corporate Services

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If you require further information, please contact: Amanda Roden
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Published: 6 March 2013

Schools Forum
Thursday 14 March 2013, 4.30 pm
Council Chamber, Fourth Floor, Easthampstead House, Bracknell

AGENDA

Page No

1. **Apologies for Absence/Substitute Members**

To receive apologies for absence and to note the attendance of any substitute members.

2. **Declarations of Interest**

Members are asked to declare any personal interest and the nature of that interest, in respect of any matter to be considered at this meeting. Any Member with a Disclosable Pecuniary Interest in a matter should withdraw from the meeting when the matter is under consideration and should notify the Democratic Services Officer in attendance that they are withdrawing as they have such an interest. If the Disclosable Pecuniary Interest is not entered on the register of Members interests the Monitoring Officer must be notified of the interest within 28 days.

3. **Minutes and Matters Arising**

To approve as a correct record the minutes of the meeting of 17 January 2013.

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4. **Free Early Education for Two Year Olds**

To receive a report on proposals to the Schools Forum for the organisational and financial arrangements to be put in place to ensure compliance with the forthcoming statutory duty to provide up to 570 hours per annum of free early years education for the least advantaged two year olds. Views are being sought from the Forum in advance of final decisions on these matters.

5 - 12

5. **2013-14 Funding Arrangements for Providers of Specialist and Alternative Education**

To receive a report which sets out the 2013-14 funding arrangements proposed for specialist and alternative education providers maintained by the Council.

13 - 20

6. **Department for Education Review of 2013-14 School Funding Arrangements**

To receive a report which sets out the details of a DfE review of 2013-14 school funding arrangements and to reflect on the changes to be implemented from April 2013. It also seeks to identify what changes, if any, need to be introduced from April 2014.

21 - 60

7. **Dates of Future Meetings**

The next meeting of the Schools Forum is scheduled for Thursday 25 April 2013 at 4.30pm in the Council Chamber at Easthampstead House.



SCHOOLS FORUM
17 JANUARY 2013
4.30 - 5.28 PM

Present:

Schools Members

Sue Barber, Primary School Governor
Liz Cole, Primary School Representative
Trisha Donkin, Primary School Representative
Ed Essery, Primary School Governor
Martin Gocke, Pupil Referral Unit Representative
Keith Grainger, Secondary Head Teachers Representative
Louise Lovegrove, Primary School Representative
John McNab, Secondary School Governor
Joanna Quinn, Primary School Representative
Tony Reading, Primary School Governor
Paul Salter, Secondary School Representative
Trudi Sammons, Primary School Representative
Margaret Saner, Secondary School Governor
Anne Shillcock, Special Education Representative
John Throssell, Primary School Governor (Vice-Chairman)

Non-Schools Members:

George Clement, Union Representative (Chairman)
Kate Sillett, PVI Provider Representative

Apologies for absence were received from:

Brian Fries, Secondary School Governor
Kathy Winrow, Secondary School Representative

21. Declarations of Interest

Joanna Quinn declared an interest in respect of Item 6 in relation to Wooden Hill School as this was considered in the proposed capital programme.

Margaret Saner declared an interest in respect of Item 6 in relation to Garth Hill College as a governor at the school.

Keith Grainger declared an interest in respect of Item 6 in relation to Garth Hill College as the Headteacher of the school.

Trisha Donkin declared an interest in respect of Item 6 in relation to Garth Hill College.

22. Minutes and Matters Arising

RESOLVED that the minutes of the meeting held on 18 October 2012 be approved and signed by the Chairman as a correct record.

23. **Setting the baseline for the 2013-14 Schools Budget**

The Forum considered a report which set out the changes being made from April 2013 by the Department for Education (DfE) to the structure of education funding through a re-configuration of the Dedicated Schools Grant (DSG). There would also be changes in funding responsibilities, particularly in relation to special educational needs, with consequential funding adjustments between local authorities and grant funding bodies.

The paper also explained the implications; there was confirmation that a new budget baseline needed to be established and the approved Bracknell Forest Schools Budget needed to be aligned with the new baseline before the 2013-14 budget setting process could commence.

RESOLVED that the Schools Forum:

- i. **NOTED** the changes being made to the composition of the DSG, as set out in the supporting information;
- ii. **NOTED** the provisional amounts in each DSG Block for Bracknell Forest, as summarised in Table 3 at paragraph 5.28;
- iii. **REQUESTED** that the Executive Member **AGREE**:
 - a. the amount that the adjusted DSG for 2012-13 exceeded the current approved budget by was allocated as set out in paragraph 5.26;
 - b. the consequential budget virements that were summarised in Annex 5.

24. **Proposals for the 2013-14 Schools Budget**

The Forum considered an update on school funding and proposals from the Council for the 2013-14 Schools Budget. The views of the Schools Forum on the proposals were sought in advance of the 22 January 2013 deadline for submitting to the Department for Education (DfE) the actual Funding Formula for Schools to be used in 2013-14 and associated units of resource.

A presentation was made to the Forum highlighting the following key points:

- The financial settlement from the DfE provided:
 - no uplift for inflation,
 - fully funded increases in pupil numbers
 - increased the Pupil Premium rates by around 50%
 - allocated BF £0.894m to expand support to 2 year olds
- There was an additional £1.606m available to allocate through the Bracknell Forest Funding Formula for Schools which after funding the key pressures that met the criteria in the budget strategy left £0.442m for schools to allocate to their own priorities.
- Funding from the Pupil Premium would increase by £0.617m.
- That the majority of the £0.505m pressure on external SEN placements should be funded from the £0.190m SEN contingency initially established to support mainstream schools and the £0.269m budget to fund in-year changes in SEN numbers and needs.
- Schools faced a number of pressures that had not been funded in the financial settlement from the DfE and could not, therefore be included in the

Bracknell Forest Funding Formula for Schools. This was most significant in pay and general inflation which was estimated at £0.763m.

- That due to issues of affordability, there would be a uniform per pupil funding rate for secondary schools, rather than differential rates for KS3 and KS4.
- Per pupil funding rates in the BF Funding Formula would be limited to no more than 98% of the per pupil funding allocated to Bracknell Forest by the DfE.
- New criteria had been established for the contingencies that supported schools with excessive in-year increases in pupil numbers or financial difficulties in complying with the KS1 infant class size regulations.
- The DfE had negotiated a national contract for all schools in respect of the Copyright Licensing Agency and Music Publishers Association licences which would require de-delegation of funds from schools to the Council to finance the authority wide bill that the DfE would in future be submitting to the Council.

RESOLVED that the Schools Forum:

- i. **NOTED** that the forecast budget data and associated financial matters set out in the report;
- ii. In its role of statutory decision maker, the Forum **AGREED** the following matters in respect of the 2013-14 Schools Budget:
 - a. that the initial budget amounts for services to be centrally managed by the council were as set out in Annex 1;
 - b. the criteria to be used to allocate funds in-year to schools experiencing excessive increases in pupil numbers or unavoidable costs arising from Key Stage 1 class size regulations were as set out in Annex 4;
 - c. that the arrangements in place for provisions for statemented pupils (where not delegated) were appropriate.
- iii. In its role as the representative body of schools and other providers of education and childcare, the Forum **REQUESTED** that the Executive Member **AGREE** the following decisions for the 2013-14 Schools Budget:
 - a. that the £0.251m of savings proposed on the Schools Block were agreed (paragraph 5.20);
 - b. the allocation of the £1.606m additional resources was made to the budget areas set out in Annex 3;
 - c. the unallocated budget balance at Annex 3 of £0.442m be distributed to schools by reference to pupil numbers, deprivation and low prior attainment (paragraph 5.23);
 - d. all pupils in secondary schools were funded at the same uniform rate (paragraph 5.28);
 - e. per pupil funding rates in the BF Funding Formula did not exceed 98% of the per pupil funding received by the Council from the DfE (paragraph 5.29);
 - f. the £0.190m funding originally agreed for an SEN contingency for mainstream schools now be used to fund the forecast over spending on placements in out of borough special schools (paragraph 5.34);
 - g. the costs associated with Copyright Licensing Agency and Music Publishers Association were in future funded by way of a transfer on a per pupil basis from delegated school budgets to one that was centrally managed (paragraph 5.35);

- h. the £0.269m budget to support in-year changes in SEN costs in mainstream schools now be used to fund the forecast over spending on out of borough special schools (paragraph 5.44);
 - i. the new £0.894m funding to widen participation of 2 year olds in education and childcare should initially be ring fenced for this purpose (paragraph 5.50).
- iv. **NOTED** that after meeting the cost of additional pupils and other unavoidable cost pressures, schools would receive around £0.256m of unallocated funds to target towards their priorities or other pressures (paragraph 5.54).

25. Local Authority Budget Proposals for 2013-14

The Forum considered the 2013/14 budget proposals of the Executive for the Children, Young People and Learning Department in respect of:

- The revenue budget (Annexes B and C), and
- The capital programme (Annex D).

Under the Council's constitution, the Executive was required to consult on its detailed budget proposals with the Council's Overview & Scrutiny Commission and other interested parties for a period of at least six weeks. The report presented an overview of the Council's budget position and the specific proposals relevant to the Children, Young People and Learning (CYPL) Department to the Schools Forum for comment.

All comments received on the budget proposals would be submitted to the Executive on 13 February 2013 along with details of the final finance settlement. This would allow the Executive to determine its final budget package and recommend the appropriate Council Tax level to Council, who would formally approve the 2013/14 budget and Council Tax on 27 February 2013.

26. Dates of Future Meetings

The Forum noted that its next scheduled meeting on 7 February 2013 was cancelled. The next meeting of the Forum was scheduled for Thursday 14 March 2013 at 4.30pm in the Council Chamber at Easthampstead House.

CHAIRMAN

**TO: SCHOOLS FORUM
14 MARCH 2013**

**FREE EARLY EDUCATION FOR TWO YEAR OLDS
(Director of Children, Young People and Learning)**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to present proposals to the Schools Forum for the organisational and financial arrangements to be put in place to ensure compliance with the forthcoming statutory duty to provide up to 570 hours per annum of free early years education for the least advantaged two year olds. Views are being sought from the Forum in advance of final decisions on these matters which are mostly the responsibility of the Executive Member for Children, Young People and Learning.

2 RECOMMENDATION(S)

That the Schools Forum recommends to the Executive Member:

- 2.1 **That subject to there being a sufficient overall year end surplus balance on the Schools Budget, that any under spend against the 2 year old element of the grant is ring fenced and carried forward to 2014/15 for use to support successful delivery of the programme.**
- 2.2 **That in 2013/14 two year old early education places are funded at a flat rate of £5.10 per hour.**
- 2.3 **To support the implementation of 15 hrs per week of free early years education for eligible two year olds,:**
- i. **where possible, provision is secured and funded from April, rather than the statutory implementation date of September**
 - ii. **that initially, providers are funded on the basis of an agreed number of places for two year olds, rather than on actual participation.**
- 2.4 **That the Trajectory Funding allocation of £251,893 be held centrally within the Schools Budget to support the implementation of free early education for two year olds.**

3 REASONS FOR RECOMMENDATION(S)

- 3.1 **To ensure the statutory duty to deliver free early education to the least advantaged two year olds and other relevant funding regulations are complied with.**

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 None.

5 SUPPORTING INFORMATION

Introduction and background

- 5.1 In September 2012, the Forum received a report on the forthcoming statutory duty to provide up to 570 hours per annum of free early years education for the least advantaged two year olds. The key points presented at that time were:
1. that providers must be funded through an extension to the existing Early Years Single Funding Formula (EYSFF) that is used to fund providers supporting three and four year olds;
 2. that from April 2013, funding would be transferred from general council income into the Dedicated Schools Grant (DSG);
 3. that a total budget provision to meet this duty would need to be determined, and
 4. within the total budget, the amount needed to fund the range of required support services would need to be confirmed.
- 5.2 In October, the Local Authority (Duty to Secure Early Years Provision Free of Charge) Regulations 2012 were laid which set out the eligibility criteria for the first phase of the two-year-old entitlement to free early education that will apply from September 2013. This determined eligible children as those from families that meet the criteria used to establish school aged children's eligibility for free schools meals and those that are children looked after. Furthermore, in order to secure high quality provisions, the DfE expects local authorities to only fund places in settings that are rated good or outstanding by Ofsted.
- 5.3 The Government proposes to build on the eligibility criteria so that from September 2014 in addition to children who meet the free school meals criteria or who are looked after, more low-income families, those with special educational needs or disabilities and those who have left care but are unable to return home would also qualify for the free entitlement.

General Funding Allocations

- 5.4 As part of the process to set the 2013/14 Schools Budget, in January, the Forum was informed that the DfE had added £0.894m to the Council's DSG to fund payments to providers and support services with £0.170m allocated as a capital grant to help create the additional capacity needed to accommodate two year olds. It was agreed that whilst there are no conditions attached to this new funding, in the first instance, it should be ring fenced for the intended purposes.
- 5.5 The £0.894m allocation of revenue is divided into two elements; £641,646 for place funding which is expected to be passed on to providers through the EYSFF, and £251,893 trajectory funding which will be included in the 2013-14 financial settlement only and is intended to help develop sufficient high quality local provision and support services.
- 5.6 DSG funding has had to be allocated to local authorities based on forecast take up rather than eligibility as there is no reliable data relating to eligibility. The DfE have forecast take up of places using free school meal data for four to six year olds as a proxy measure, and this indicates take up of places in 2013 to be approximately 205,

which once the eligibility criteria widens in September 2014, is forecast to rise to approximately 340.

- 5.7 Whilst the statutory start date of provision for 15 hours per week funded places for eligible two year olds is September 2013, the funding allocation from the DfE allows for implementation of 205 15 hrs per week places to commence from April 2013. This builds on the existing delivery of up to 10 hours per week funded places to 81 of the most vulnerable 2 year olds in BFC (a pilot project initially funded by the DfE but for the last two years, funded from the Council's general income). It is therefore recommended that places for eligible 2 year olds are made available from April 2013.
- 5.8 Funding to providers for 3 and 4 years olds must be delivered through the EYSFF and initial advice from the DfE was that funding for 2 year olds should be allocated through an extension of the current EYSFF. Significant work to prepare such an extension was carried out, however guidance received from the DfE in November 2012 advised '*Local authorities are, therefore, strongly encouraged to fund providers on the basis of a flat hourly rate for two year old places with no additional supplements.*' For this reason it is proposed to fund providers on a single hourly funding rate.
- 5.9 DfE funding for 3 and 4 year olds through the EYSFF must be based on actual participation, except for children with SEN or children in need, where the LA may fund on a per place basis. To support LAs in their work with providers to expand capacity, the DfE has relaxed the rules on participation based funding and will allow place based funding for 2 year olds in 2013/14 and 2014/15. This is expected to be a temporary arrangement until at least 2015, and is recommended to be adopted in BF.

Proposed use of 2 year old funding

5.10 Place Funding

Proposals for allocation of place funding are as follows:

Place Funding	£547,000
SEN/AEN Support Funding	£42,066
Contingency	£52,580
	£641,646

Due to uncertainty of future funding levels, with a confirmed amount for 2013-14 only, it is important to set an hourly rate which is expected to be sustainable into the future whilst at the same time ensuring sufficient funds are retained to support SEN/AEN needs and to have an initial contingency for unforeseen circumstances. In making proposals on use of place funding, consideration has been given to the following:

- **Hourly rate** – the hourly rate is set by the LA in consultation with Schools Forum, but it is important that the rate set is sustainable within the funding allocation provided by the DfE. The DfE have allocated based on an average hourly rate for delivery of 2 year old childcare of £5.09 per hour and included an area cost adjustment for high cost

areas. Bracknell Forest has been funded at a rate of £5.49 per hour (including SEN/AEN). A provider cost analysis was carried out in Bracknell Forest during autumn 2012 and this identified the average hourly rate of delivering 2 year old childcare in Bracknell Forest was £5.90. It is important that the LA funds providers at a level as close as possible to the average cost. Based on the DfE place funding allocation of £641,646 (and ensuring a suitable amount is retained to support SEN/AEN) it is proposed that the flat hourly rate will be £5.10 for a maximum of 570 hours per year. Full year forecast costs have been calculated using a phased increase in uptake from 155 in April, increasing by 10 a month, peaking at 205 in October, then remaining constant at this level to March 2014. This would cost around £547,000.

- **SEN/AEN** – a number of children accessing funded places will require additional support. The DfE state that ‘The funding allocated contains sufficient flexibility to provide additional support for two year olds with additional educational needs and Special Educational Needs. Funding included in the High Needs Block of the DSG may also be used to support two year olds with additional needs’.

A DfE commissioned report ‘Children with Special Educational Needs 2010: an analysis’ identified that “Pupils with special educational needs were much more likely to be eligible for free school meals than those without special educational needs. Of pupils with statements those with a primary need type of behaviour, emotional and social difficulties were most likely to be eligible for free school meals.” The same report identified that in 2010 approximately 21% of school aged children would be identified with SEN/AEN. Historic data accumulated from the pilot delivery of funded 2 year old places in Bracknell demonstrates that on average 12.5% of 2 year olds – around 25 children - will require additional funded SEN/AEN support for an average of 6 hours per week.

It is therefore proposed that SEN/AEN funding addition is continued at the current hourly rate of £7.20 which equates to a cost of £42,066

- It is proposed that the balance of place funding, £52,580 is retained centrally as a contingency for uptake and/or SEN/AEN needs, but is ultimately set aside to fund payments to providers.

5.11 Trajectory Funding

Trajectory funding is intended to help develop sufficient high quality local provision and support services as the new duty is rolled out to eligible children. As set out above, it is likely that the funds will need to be spent over the next two financial years. All of the trajectory funding is proposed to be centrally managed within the Schools Budget to ensure a strategic approach is adopted in the use of this one-off funding.

Unrestricted

Proposals for allocation of trajectory funding are as follows:

All costs forecast across 2013/14 & 2014/15	
Establish management & outreach capacity within LA	£141,000
Targeted workforce development programme	£30,000
Grants to expand provision	£50,893
Publicity and marketing	£5,000
Contingency of approx 10%	£25,000
	£251,893

Funding and support will be targeted at those areas of the borough identified by the Childcare Sufficiency Assessment as having insufficient places to meet needs and will build on work being funded by the Council in the current year to develop childcare places as well as the £0.170m capital grant awarded by the DfE for this purpose.

When planning use of trajectory funding consideration has been given to the following:

- **Sufficiency (PVIs)** – there are currently fifty 15 hour equivalent places for disadvantaged 2 year olds in Bracknell, which are funded at hourly rate of £4.85 (with no increase in hourly rate since the introduction of the pilot in 2009). Sourcing an additional 155 places 2013/14 and a further 135 places in 2014/15 will undoubtedly be a challenge. There is minimal spare capacity in early years settings, and therefore significant work with PVI settings and childminders will be required to create these additional places. Based on ratios of 1:4 staff to children, a minimum additional 73 qualified childcare staff (38 in 2013/14 and 34 in 2014/15) will be required to deliver these places, and this in turn will require significant workforce development. Trajectory funding will be used to support the expansion of funded 2 year old places in existing provision (including childminders). This will include, but not be limited to, direct support for children and providers, provision of additional targeted resources and workforce development training.
- **Sufficiency (Maintained Schools)** – maintained schools have the option to deliver 2 year old early education, however no schools in Bracknell currently offer this service. Recent feedback from schools in BFC is that they are not planning to offer places to 2 year olds. Furthermore Ofsted has advised that any provider (including schools) wishing to register to deliver 2 year old places must allow at least 26 weeks prior to delivering places for the registration process to be completed. Therefore schools would need to have commenced the registration process by the end of February 13 for places delivered from September 13. If any school does decide to offer 2 year old places it is likely that this will be from September 2014 to enable planning and implementation timescales to be met. An alternative option already in place for a number of BFC schools is to work in partnership with a PVI provider to deliver places on school premises.

Unrestricted

- **Outreach** – The free entitlement for two year olds targets the least advantage two year olds. These include children in the hardest to reach families in the borough. Two outreach workers will be employed in 2013/14 (reducing to one in 2014/15) to encourage the uptake of the new entitlement in these hard to reach families. The outreach workers role will include the identification and locating of qualifying hard to reach families not accessing the entitlement, encouraging these families to apply for funding, ensuring that all children approved for funding take up their entitlement and assisting parents of qualifying children to find places at participating providers which meet their needs.
- **Management** – trajectory funding will be used for the cost of LA staff managing the expansion of the two year old free entitlement and developing the necessary provider capacity and quality of provision.
- **Uptake** – it is unlikely that all eligible children will immediately take up places, but based on take up during the pilot delivery of 2 year old funded places (2009 to date) there is an expectation that take up will rise quickly and demand could exceed available place funds (although this is unlikely in 2013/14). Therefore plans for trajectory funding will be monitored and reviewed to help bridge any gap. There is a need to reserve places now to ensure sufficient availability in September
- **Contingency** - approximately 10% of the trajectory fund will be retained as an unallocated amount to be available to meet unforeseen costs.

Conclusion

- 5.12 There is a significant amount of work to complete if the requirements from the DfE are to be met. However, within the programme there are a number of unknown factors, such as the speed of development of sufficient places and actual take-up levels by parents and how quickly this happens. Therefore, it is possible that implementation will be slower than currently planned with the result that not all actions will be completed this financial year. It is therefore possible that if delays occur, the Forum will be requested to agree to carry forward any unspent budget to be used in 2014/15 to ensure successful delivery of this government objective.

6 **ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

Borough Solicitor

- 6.1 The relevant legal provisions are contained within the main body of the report.

Borough Treasurer

- 6.2 The Borough Treasurer is satisfied that based on the assumptions set out in the supporting information, sufficient resources are available to fund the proposals.

Equalities Impact Assessment

6.3 An EIA screening has been completed

Strategic Risk Management Issues

6.4

Issue	Impact	Risk
Insufficient funding	<p>Quality will be adversely affected</p> <p>Family support not in place particularly for those chaotic families</p> <p>Prevention and early intervention not addressed</p> <p>Support costs will increase as families deteriorate</p> <p>Providers will not be sustainable</p> <p>Not enough places to meet need</p>	LOW
Insufficient places	<p>Not meeting statutory duty</p> <p>Child poverty may increase</p> <p>Families with multiple problems will continue to increase</p>	MEDIUM
Outcomes for children	<p>The attainment gap will not close as quickly as desired</p> <p>The Early Years Foundation Stage Profile results for these children will continue to struggle to meet the national average</p>	MEDIUM
Family Support	<p>Insufficient capacity to provide effective family support will result in lost opportunities for 2 year olds to achieve their potential.</p>	LOW

7 CONSULTATION

Principal Groups Consulted

- 7.1 Single Funding Formula representative group, all early years providers

Method of Consultation

- 7.2 Meetings, questionnaire

Representations Received

- 7.3 None received

Background Papers

None

Contact for further information

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TO: SCHOOLS FORUM
DATE 14 MARCH 2013

**2013-14 FUNDING ARRANGEMENTS FOR PROVIDERS OF
SPECIALIST AND ALTERNATIVE EDUCATION
(Director of Children, Young People and Learning)**

1 PURPOSE OF REPORT

- 1.1 This report sets out the 2013-14 funding arrangements proposed for specialist and alternative education providers maintained by the council. Changes are required as a result of the new funding framework being introduced by the Department for Education (DfE). The Forum has previously agreed that separate Review Groups be established to make recommendations for change on Alternative Provision (AP) and Special Educational Needs (SEN) and this report presents the findings.

2 RECOMMENDATIONS

2.1 To AGREE the proposals from the Review Groups for:

- i. Kennel Lane Special School (paragraph 5.9);
- ii. College Hall Pupil Referral Unit (paragraphs 5.11);

2.2 To AGREE that from 1 April 2013, the requirements on mainstream and special schools from the Scheme for Financing Schools will also apply to College Hall Pupil Referral Unit (paragraph 5.12);

2.3 To NOTE progress to date on arrangements for SEN Resource Units (paragraphs 5.13 to 5.16);

2.4 To NOTE the likelihood that in the first instance a flexible approach to charging may be required to ensure the viability of essential provisions for high needs pupils and to be able to limit cost pressures on the Schools Budget (paragraph 5.17).

3 REASONS FOR RECOMMENDATIONS

3.1 To ensure that the 2013-14 Schools Budget properly reflects the new funding framework for specialist SEN and AP providers maintained by the council.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 A range of options were considered by the Review Groups.

5 SUPPORTING INFORMATION

Introduction and background

- 5.1 To meet the requirements of the new School Funding Framework, the Schools Forum has previously approved a number of changes to arrangements for mainstream schools as well as the 2013-14 overall Schools Budget. To recognise the different arrangements that will apply to funding special educational needs and alternative education providers, the Forum agreed that separate Review Groups be created, comprising LA Officers and head teachers, finance staff and governors to consider the detailed aspects and make recommendations for change. This work is now complete and proposals for change are now being presented to the Forum for consideration.

High Needs - Specialist and Alternative Education Providers

- 5.2 The DfE has stated that the changes in high needs funding are designed “to ensure that funding for high needs provision is arranged on an equivalent basis across different types of providers. This approach will also ensure that funding arrangements are transparent and that there is clear and accessible information about available provision for commissioners [LAs], providers [schools], and young people and families. This will help to improve choice for young people and their families, remove potential perverse incentives, and thus ensure pupils and students with high needs get the support they need to fulfil their potential.”
- 5.3 As a consequence of this, the DfE has determined that cost of provision above £10,000 is determined as high needs, and that a “place-plus” approach to funding will be introduced which comprises three elements, which can be applied across all providers that support high needs pupils and students:
- a. **Element 1, or “core education funding”**: equivalent to the age-weighted pupil unit (AWPU) in mainstream schools, which the DfE has stated the national average is around £4,000.
 - b. **Element 2, or “additional support funding”**: a clearly identified budget for providers to provide additional support for high needs pupils or students with additional needs up to £6,000 (as set by the DfE).
 - c. **Element 3, or “top-up funding”**: funding above elements 1 and 2 to meet the total cost of the education provision required by an individual high needs pupil or student, as based on the pupil’s or student’s assessed needs.
- 5.4 For specialist and alternative providers, there will be “place” funding sufficient to cover elements 1 and 2 of the funding model, with the number of places to be funded agreed between the home LA, the provider and Education Funding Agency (EFA). For Specialist SEN providers, the DfE has set place funding at £10,000 with AP providers to receive £8,000 per agreed place. Once the number of places is agreed, funding is allocated for the whole year and not adjusted for actual take up. The number of funded places will be reviewed at least every two years and changes made as appropriate.
- 5.5 The “Plus” element of funding, or “top up”, will be equivalent to element 3 in paragraph 5.3 c, above, and therefore will be based on the assessed individual high needs pupil or student. The LA and providers will be free to negotiate a “top up” based on actual take up compared to the number of funded places. Therefore, in some circumstances, there will be different payments from the standard charge.

Work of the Review Groups

- 5.6 Two review Groups have been established; the SEN Funding Review Group which reviewed Kennel Lane School and had membership comprising LA Officers, the Headteacher, Bursar and a Governor; and the College Hall Funding Review Group which had membership comprising LA Officers, the Headteacher, Bursar and Chair of the Management Committee. Matters relating to schools with attached SEN Resource Units were dealt with through individual meetings between LA Officers and the relevant Headteacher.
- 5.7 Both Groups undertook a similar approach to their work to address the following:
- a) Agreeing the current baseline budget before considering any adjustments required from the new funding framework.
 - b) The budget transfers required from centrally managed services to meet the newly delegated responsibilities.
 - c) The number of places to be funded for the whole year at the national funding rate of £10,000 / £8,000.
 - d) How element 3 “top up” funding should be calculated and charged in particular whether an individual pupil /student approach should be adopted or a banded model that applies the same value to a group of pupils / students where their needs are similar.
 - e) What level of vacancy should be included in the calculation of element 3 “top up” rates to ensure full costs are recovered where the DfE requires “funding [to] be given to providers on a per-pupil or per-student basis, will move in or close to the real-time movement of the pupil or student, and will flow directly between the commissioner and provider”. In order to protect income to providers and limit cost increases to the Schools Budget, there are limited in-year funding adjustments in current arrangements, so this change introduces a complication in setting funding rates.
 - f) Future arrangements for the management and provision of any services that may need to be commissioned from the specialist providers and funded from the centrally managed Schools Budget.
 - g) Any other relevant matters.
- 5.8 Both Kennel Lane School and College Hall provide essential high quality provisions as evidenced in the most recent Ofsted inspections where they were both assessed as good in all aspects of their work. They are expected to remain the primary establishments in the borough used by the council to meet the requirements of high needs pupils and students.

The SEN Funding Review Group

- 5.9 The SEN Funding Review Group met 3 times and made the following key recommendations:
- a) Kennel Lane School (KLS) currently receives a delegated budget on a similar basis to a mainstream school. The base budget for 2012-13 was agreed at £3.645m.
 - b) That two budget transfers are required to / from centrally managed services to meet the new levels of responsibility:
 - i. Funding currently provided directly into the KLS budget for the Autism outreach service (Autistic Spectrum and Social Communication Service) that KLS delivers to mainstream schools and which does not therefore constitute a cost of pupils on the roll of KLS needs to be removed from the

delegated budget and managed centrally by the Council. This results in a deduction of £84,001.

- ii. The second adjustment relates to adding in the budget for newly delegated items that must in future be included in the budget of KLS and unlike for mainstream schools, cannot be “de-delegated”. These have been costed at £40,682 and cover contingency funding, 14-16 flexible learning, support to under performing EAL students, SIMS licence fees, official staff absences and a range of smaller budget areas.

Making these adjustments moves the baseline funding for KLS from £3.645m to £3.602m.

- c) The number of places to be funded for the whole year at the national funding rate of £10,000 should be 185. This reflects recent numbers of pupils admitted to the school with the 2012-13 budget calculated on 185 places. With an adjusted budget figure of £3.602m, this means that KLS will receive around 51% of funding through the guaranteed places element with the remaining 49% to be earned through “top ups” for individual pupils with needs above the £10,000 threshold.
- d) For reasons of efficiency and predictability of income, element 3 “top up” funding should be calculated and charged on a model that applies the same value to a group of pupils / students where their needs are similar. This is the current methodology in place, so will remain unchanged from the existing four bands, although as a consequence of making payments of £10,000 per place, and a review of relative weightings, at this stage it is estimated that “top up” funding will be £Nil, £1,285, £12,097 and £25,020. These rates are comparable to what would have been charged in the current year once different methods of calculating core funding are taken into account.. The Nil “top up” band is being phased out as it relates to students with relatively low needs that are increasingly being met in a mainstream school.
- e) The “top up” rates include an amount to cover vacant places. The vacancy rate has been calculated at 3.2% as the school is usually full all year.
- f) In respect of the Autistic Spectrum and Social Communication Service that KLS delivers to mainstream schools, due to the specialist nature of the service with limited alternative providers, for reasons of continuity of service and value for money, KLS should continue as the provider and be paid from the centrally managed budget specified above in paragraph 5.9 b. (i). In order to confirm arrangements before 1 April 2013, the Chief Executive of the Council will need to agree a waiver to the normal completion requirements required under contract standing orders.

5.10 There are a small number of other matters that may have an impact on arrangements but at this stage the outcome is not clear. These include:

- a) Funding for post 16 students. From August 2013, the EFA will be introducing a new funding formula for post 16 students with high needs and the financial impact from this is unclear, although at this stage it seems likely this will deliver place funding above the £10,000 to be received for pre 16 students. It is expected that as a result of different “place” funding allocations, there will need to be different “top up” charges for pre and post 16 students to reflect the different place funding. In this way KLS will fully recover the cost of placement, irrespective of the age of student.
- b) Billing arrangements required from other LAs that place students at KLS. In such circumstances the placing LA must pay “top up” funding. For reasons of efficiency, consistency and value for money, work is underway on a regional

basis, hosted by Hampshire County Council, to agree local protocols. This is ongoing and is unlikely to be resolved before April 2013.

The College Hall Funding Review Group

5.11 From April 2013, funding for Pupil Referral Units (PRUs) must be delegated from LAs to local management committees. This will have a direct impact for College Hall which is a PRU for secondary aged pupils. Other alternative education provisions will continue to be managed by the Council with all alternative education provision to be funded from the Schools Budget. These services are currently managed within the Pupil Referral Service which as well as the PRU also includes home tuition and outreach work with schools and families. To consider the new requirements and make recommendations for change, the College Hall Funding Review Group was established and met four times. The key proposals are as follows:

- a) In terms of managing the whole Pupil Referral Service, for operational reasons, there are staff and other costs that are currently included within the PRU budget which are ultimately incurred on other areas of the PRS which are outside these new arrangements. Therefore, a degree of budget disaggregation is required to re-set budgets. The overall budget for 2012-13 amounts to £1.017m, with a further £0.05m expected to be paid in-year by schools as a funding contribution for permanently excluded pupils, making total resources of £1.067m. Within this total, the allocation relevant for the operating arrangements at College Hall was agreed at £0.748m, that for home tuition at £0.22m and that for outreach work at £0.099m.
- b) The new funding framework will require adding in the budget for newly delegated items that must in future be included in the budget of the PRU and unlike for mainstream schools, cannot be “de-delegated”. These have been agreed at £13,533 and cover Human Resources, a range of financial services, including insurances and payroll, governor services, health and safety, legal services and a range of smaller budget areas. This increases the PRU funding provision to £0.761m.
- c) The number of places to be funded for the whole year at the national funding rate of £8,000 should be 46. This is the full capacity of the PRU and attached cottage and reflects the volatile nature of admission levels which can mean the PRU can be full at some times of the year, but with spare capacity at other times. With an initial budget figure of £0.761m, this means that the PRU will receive around 48% of funding through the guaranteed places element with the remaining 52% to be earned through “top ups” for individual pupils with needs above the £8,000 threshold.
- d) For reasons of efficiency and predictability of income, element 3 “top up” funding should be calculated and charged on a model that applies differential funding between Key Stage 3 and Key Stage 4 to reflect the different cost of education provision. At this stage it is estimated that “top up” funding will be £11,530 for Key Stage 3 pupils and for Key Stage 4, a ‘top-up’ of £12,848.
- e) The “top up” rates include a 30% element for vacant places as the PRU is not expected to be full all year. Current data indicates average admission numbers of around 70% of maximum capacity, with lower numbers at the start of the academic year rising to all places occupied by the end.
- f) As the management and support arrangements for the whole Pupil Referral Service are currently provided by the PRU, and due to the specialist nature of the service with limited alternative providers, for reasons of continuity of service and value for money, the PRU should continue as the provider of such services and be paid from the centrally managed budget specified above in paragraph 5.11 a). Note the figures quoted above are after taking account of the £67,213 cost of the services provided by the PRU to other aspects of the Pupil Referral

Service. In order to confirm arrangements before 1 April 2013, the Chief Executive of the Council will need to agree a waiver to the normal completion requirements required under contract standing orders.

- g) In order to reduce the administrative burden of managing multiple small transactions the DfE recommend that, when discussing the top-up funding, a provider and commissioner will calculate half-termly rates for short-term placements and daily rates for part-time placement. This approach is supported and the local definition of a 'short term' placement is no more than 30 school days.
- h) In the cases of early intervention or fixed-term exclusions, the commissioner will be a mainstream school or Academy, whereas in other instances it will generally be the LA.
- i) That the following guidance from the DfE on school contributions to AP placements be agreed. "We will not require mainstream schools and Academies to repay AWPU when placing pupils in AP for the purposes of fixed-term exclusion, early intervention or off-site direction. Mainstream schools and Academies will agree and pay top-up funding to AP settings in such instances. In cases of permanent exclusion, mainstream schools and Academies will repay AWPU [to the LA]." In accordance with the School and Early Years Finance (England) Regulations 2012, in addition to AWPU, where relevant, the excluding school will also need to repay the appropriate share of Pupil Premium and any pupil related allocations received through the BF Funding Formula i.e. deprivation, prior attainment, EAL, pupil mobility or LAC.

5.12 In light of the additional responsibilities falling on the PRU, in order to set a sound framework for governance and management of financial and other related matters, the Group agreed that College Hall PRU should comply with the requirements of the BF Scheme for Financing Schools. The PRU would then be operating on the same basis as all maintained schools.

SEN Resource Units

5.13 There are three SEN resourced units attached to mainstream schools in Bracknell Forest; at Great Hollands Primary, that specialises in children with social and communication difficulties; Meadow Vale Primary for speech, language and communication; and Ranelagh Secondary for specific learning difficulty for literacy.

5.14 The new funding framework for SEN resource units will operate in a similar way to that set out for KLS although as they are smaller provisions, and managed from a mainstream school, a separate review group was not considered necessary, with individual meetings with relevant Head Teachers the adopted approach.

5.15 Officers from the LA's SEN and Finance Teams have visited to all three schools with resource units to explain the changes and to gather information and any issues that may arise. At this stage, aspects of work remain outstanding, although no significant matters have been identified or are anticipated to reach a conclusion. The work from the SEN Review Group has provided a useful learning basis for what is required at schools with SEN resource units.

5.16 Table 1 below sets out the 2012-13 budget position which will be the starting point for next year. Funded places have been agreed at the capacity of each unit as all 3 have been full at some point in the last 2 years, and are approaching their capacities now. The main issue to resolve is the vacancy factor to be included in costing the amount of "top up" funding to ensure the cost of provision is fully recovered as billing will need to be "in or close to the real-time movement of the pupil or student". This may require a change to the average top up per place amount.

Table 1: Summary funding information for SEN units attached to mainstream schools:

School / Unit	Funded places and capacity of Unit	Average place and pupil funding	2013-14 core place funding	Average top up per place
Great Hollands	6	£17,418	£10,000	£7,418
Meadow Vale	20	£10,590	£10,000	£590
Ranelagh	12	£9,166	£10,000	£0

Conclusion

- 5.17 The funding reforms have added a layer of complication in setting budgets and charges for high needs pupils. The process adopted by the Council has been to agree funding rates with providers on the basis of the current cost of provision, on the basis that demand is expected to remain fairly constant in the short to medium term. However, actual costs to the Schools Budget and income to providers will be more unpredictable and volatile than at present which is mainly due to the requirement to adjust in-year charges “in or close to the real-time movement of the pupil or student”. As such, in the first instance it is likely that a flexible approach to charging may be required to ensure the viability of essential provisions for high needs pupils and to be able to limit cost increases to the Schools Budget.
- 5.18 This could result in the number of admissions to a school exceeding those paid for in place funding. This would occur where both the provider and the LA agree that demand is excessive, and can be safely accommodated, or its in the best interests of a particular pupil. There may also be cases where 'top-up may be exceeded if the needs of an individual pupil exceed what can be provided for at these rates. In such instances additional payments, if warranted, would need to be individually negotiated between the provider and LA.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERSBorough Solicitor

- 6.1 The relevant legal issues are addressed within the main body of the report.

Borough Treasurer

- 6.2 The financial implications arising from this report are set out in the supporting information.

Impact Assessment

- 6.3 Not applicable.

Strategic Risk Management Issues

6.4 The most significant issues from these changes are expected to be:

1. The “top up” elements of pupil funding are volatile, demand led budgets. This may result in an in-year increase in costs resulting in a budget pressure. This would need to be contained by managing savings on other centrally retained budgets, or drawing down from the £0.202m surplus expected to be carried forward from 2012-13.
2. Managing the new commissioning model of SEN services, with many providers recalculating charges in light of the new funding arrangements may lead to higher cost increases than would otherwise be expected.
3. Providers could experience financial difficulty, placing at risk the availability of sufficient provisions to meet the needs of BF children.

7 CONSULTATION

Principal Groups Consulted

7.1 Related Review Groups and Head Teachers of schools with SEN Resource Units.

Method of Consultation

7.2 Meetings.

Representations Received

7.3 Gathered at meetings and included in relevant minutes and in this report.

Background Papers

None:

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TO: SCHOOLS FORUM
DATE 14 MARCH 2013

**DEPARTMENT FOR EDUCATION (DfE) REVIEW OF
 2013-14 SCHOOL FUNDING ARRANGEMENTS
 (Director of Children, Young People and Learning)**

1 PURPOSE OF REPORT

- 1.1 This report sets out the details of a DfE review of 2013-14 school funding arrangements. This reflects on the changes to be implemented from April 2013 and whether they are simplifying the system and securing greater consistency between local areas before the introduction of a national funding formula during the course of the next spending review period that commences in April 2014. It also seeks to identify what changes, if any, need to be introduced from April 2014.

2 RECOMMENDATIONS

- 2.1 **To NOTE the proposals from the DfE on the review of 2013-14 school funding arrangements.**
- 2.2 **To CONSIDER what response if any the Forum should make to the review.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 **To ensure that the Forum is aware of the review and in a position to make a response if required.**

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not applicable.

5 SUPPORTING INFORMATION

Introduction

- 5.1 On 12 February 2013, the DfE published a document titled a *Review of 2013-14 School Funding Arrangements*. This is intended to gather views from interested parties on 23 questions posed, taking account of the decisions that LAs have now made in respect of implementing the requirements from the School Funding reforms that come into force from April 2013. Responses are required by 26 March, which is before the reforms come into effect.

Background

- 5.2 The DfE review document confirms that the purpose of the school funding reforms is to ensure the system:
- is up-to-date and reflects the current demographics of pupils across the country;
 - targets additional money to pupils who need extra support to achieve;
 - is consistent and pupil-led so that, wherever a pupil goes to school, he or she will attract similar levels of funding;
 - is transparent so that parents, head teachers, governors and tax-payers can see clearly how funding has been distributed and why;
 - gives pupils (supported by their parents and carers) genuine choice about which school they attend.
- 5.3 It also reaffirms that these reforms are an initial set of changes to make some improvements in advance of a national funding formula which will be introduced during the next spending review period, which will therefore be some time after April 2014.
- 5.4 The review is divided into 4 sections; Are we moving towards national consistency?; Areas of concern and possible changes for 2014-15; Options for adjusting high needs funding in 2014-15 and beyond; and Schools Forums. The DfE review document is reproduced in full at Appendix 1.
- 5.5 The following paragraphs highlight the key elements from the DfE review document and add commentary in respect of the BFC position. The Council's draft response to the review is attached at Appendix 2.

Section 1: Are we moving towards national consistency?

- 5.6 This section analyses data derived from the October 2012 pro formas that LAs were required to submit to the DfE containing information on the simplified funding formula they expected to use in 2013-14. Due to the timing of the publication of this review, it has not been possible to use the data submitted by LAs on their January 2013 returns, so will not be completely up to date.
- 5.7 A series of graphs present the analysis of the pro formas in an easy to view format, and these are set out in the Annex of the attached Appendix 1. The Annex has been annotated to identify where the BF Formula sits within the analysis, but again using the October 2012 provisional 2013-14 Funding Formula, so is not necessarily the final position.
- 5.8 From this analysis, the DfE are seeking views on three areas. The first questions asks whether there should be a minimum threshold for allocating funds to schools through pupil-led factors of the Age Weighted Pupil Unit (AWPU), deprivation, prior attainment, English as an additional language (EAL), looked after children (LAC) and pupil mobility? LA returns indicate that around 49% of authorities allocate between 90% and 95% of funding in this way. The rate for BFC at October was 88%, so below the average of all LAs. However, in terms of funding allocated through the "basic element" or AWPU, the BFC rate is 81%, which is in the top 17% of LAs, indicating a relatively high distribution via AWPU mainly at the expense of deprivation and prior attainment factors.

- 5.9 The other two questions in this section attempt to gain information to understand the wide range in distribution of funding to schools through deprivation and prior attainment factors. Deprivation funding accounted for between 2% and 25% of all funds (3% in BFC). This relatively low figure for BFC is not unexpected for an authority assessed by the government as having low levels of deprivation. For prior attainment, per pupil funding ranged from £125 to £8,300 in primary schools (£533 in BFC, which is in the lowest 27% of LAs) and £158 to £10,688 in secondary schools (£2,133 in BFC which is in the highest 47% of LAs). Overall, BFC is in the middle range in terms of proportion of funding allocated to schools through low prior attainment measures.
- 5.10 The BFC position on relative importance of these factors for the distribution of funds to schools is directly related to the outcomes from the summer 2012 financial consultation with schools. This agreed that the current operation of the Funding Formula was generally in line with what schools wanted and that an incremental approach to change should be adopted to ensure compliance with the new framework, moving money to the most appropriate allowable factor from those that would no longer be permitted.
- 5.11 Resources distributed through the BFC Funding Formula for LAC and EAL are generally in the lowest bar of the graphs. For pupil mobility, around 40% of LAs include this factor, which includes BFC. No LA distributes more than 2% of funds through this mechanism, with BFC allocating 0.03%.

Section 2: Areas of concern and possible changes for 2014-15

- 5.12 This section is prefaced by the comment that “moving towards a more consistent and transparent system will inevitably lead to shifts in school budgets.” It goes on to say that “so far, reactions to the 2013-14 arrangements have been limited to a few issues and have come from a small minority of mainly rural local authorities.” This is a somewhat surprising comment considering the length of FAQ the DfE posted on their website (over 100 pages) and the number of regional and national briefings and seminars that the DfE have sent representatives to to explain the changes and hear the concerns and comments from those in attendance.
- 5.13 The following list represents the 12 factors that can be used in a Funding Formula. The BF Funding Formula uses numbers 1 – 8. We do not meet the qualifying criteria for factors 9 – 12.
1. Age Weighted Pupil Unit
 2. Deprivation
 3. Looked after children
 4. SEN / prior attainment
 5. English as an additional language
 6. Pupil mobility
 7. Lump sum payments
 8. Rates
 9. Post-16 provision
 10. Split sites
 11. Private Finance Initiative
 12. London Fringe

- 5.14 Further to this list, the DfE allow additional factors to be used in exceptional circumstances. This mainly relates to premises expenses where they are relatively high and relate to only a small number of schools, and agreement has been received for an additional factor to fund the £0.085m cost to Sandhurst and Edgbarrow secondary schools in the hiring of sports facilities.
- 5.15 The DfE are considering changes to prior attainment; pupil mobility; and the lump sum. Furthermore, comments are also sought on other areas of concern in funding schools; targeting funding to deprived pupils; children from service families; other groups of pupils; and supporting schools with falling rolls.
- 5.16 For the allowable factors, in respect of prior attainment, the current Early Years Foundation Stage Profile (EYFSP) comes to an end this year and until a new measure is available, the DfE are seeking views on continuing with this year's data or using a different measure, although no alternative suggestions have been offered. For pupil mobility, there is concern that having to fund all non-routine admissions at the same value does not allow sufficient targeting of funds to schools experiencing significant turnover, and therefore the most disruption and cost impact, and views are therefore being sought on whether additional weighting could be added to funds at schools that experience in-year changes to pupil numbers above a certain threshold. This is similar to how the BF Funding Formula is operating in 2013-14.
- 5.17 The review indicates that the lump sum factor has the most issues, which mainly centre around providing adequate funding protection to very small schools, particularly in rural areas where there is often limited parental choice of school. The DfE is also seeking views on whether the lump sum should continue to be limited to £200,000, whether there should be differential primary and secondary school values, should a sparsity and or distance measure be included to protect small rural schools and whether amalgamating schools should retain lump sums for one or two years after amalgamation to create a greater incentive to merge. For BFC, the lump sum has been set at £150,000 which is within the £140,001 to £150,000 range most commonly used by LAs. Around 38% of LAs allocate from £140,001 to £200,000 through the lump sum factor, which means BFC allocates a higher than average amount. Most of the other issues raised in respect of the lump sum are not significant matters in Bracknell.
- 5.18 For other concerns, the DfE is seeking comments on why some views have been expressed that current deprivation factors do not allow sufficient targeting of funds with some schools experiencing significant losses in budget. There are two main reasons why there has been a redistribution in funding in Bracknell. Firstly, when using Free School Meals (FSM) eligibility data, the DfE only permits the use of one value of per pupil funding. The BF Funding Formula currently operates on a scaled basis, with additional funding allocated to relevant pupils when the proportion of pupils on roll eligible to a FSM crosses certain thresholds. This allows for targeting additional resources to schools with the highest concentration of FSM pupils. The second main reason for change in funding arises from using a new measure of deprivation which is the Income Deprivation Affecting Children Index. This index measures deprivation by the likelihood of a child coming from a family in receipt of income benefits by reference to their post code. It has different outcomes compared to FSM data and has been introduced into the BF Funding Formula as a result of school responses to the summer 2012 financial consultation.
- 5.19 There are similar questions in relation to children from service families and other groups of pupils that may need additional support. In particular, is there any evidence

to suggest that service children (once account is taken of deprivation, mobility and pastoral funding from the Pupil Premium are taken into account) require additional funding in order to achieve as well as non-service children or are there any other groups that cannot have funds targeted towards them? In terms of protecting schools with falling rolls, the DfE is seeking views on whether there are any circumstances that the funding framework does not allow schools with falling rolls to receive adequate funding protection. The Council has not considered these matters and does not hold any relevant data to form an evidence based judgement.

Section 3: Options for adjusting high needs funding in 2014-15 and beyond

- 5.20 This section of the document sets out areas of high needs funding that may be amended from 2014-15. It confirms that there is no proposal to change the base funding to be paid to specialist providers at £10,000 per place and Alternative Providers at £8,000 per place. It also seeks views on whether an indicator should be added to the school census for pupils receiving high needs top up funding and that this could then be used to target extra funds to schools with a disproportionate number of high needs pupils, but this data would not be available for use in budgets until 2015-16. It would also only identify pupils with needs above the £6,000 threshold, so may not properly identify schools with high numbers of pupils with high needs below this threshold. However, any additional data on high needs pupils would help in making funding decisions, so is welcomed.
- 5.21 Views are also sought on whether all LAs that have not implemented the target threshold for high needs funding at £6,000 should be required to do so by 2014-15. The rate in BF has been set at £6,080 to match the closest value in the current SEN funding model, the Needs Weighted Pupil Unit (NWPU), so may require a change. Another area where views are being sought relates to whether the DfE should play an active role in spreading good practice and model contracts / service level agreements to provide a level of consistency across the country and to reduce administrative burdens around commissioning and billing. This would be a welcome intervention as progress towards a local agreement has been slow and has yet to conclude. The DfE are also asking for ways to make pre and post-16 funding arrangements more consistent as the current system has differences in funding arrangements.
- 5.22 The area of most concern to the Council from these reforms relates to raising the threshold to £6,000 for the level of additional support needs that a school should cover from its general funding before receiving a "top up". The new arrangements do not allow for any in-year adjustment to funding to reflect changes in numbers and needs of high needs pupils, which could cause financial difficulties, especially to small schools. However, this has not been included on the review, and unusually for these documents, the DfE has not included an area to make "any other comments".

Section 4: Schools Forums

- 5.23 The funding reforms introduced minimum requirements for Schools Forums that were intended to ensure fair and transparent operations. With arrangements in BF already fully compliant with the new framework, no changes were required. Whilst no further changes are proposed by the DfE for 2014-15 as the new framework beds in, views are being sought as to whether the reforms have resulted in Forums operating more democratically and transparently.

Conclusion

- 5.24 Whilst BF schools have received provisional budgets for 2013-14, and some have made comments to the LA, many schools are still formulating their spending plans to the 31 May deadline and have probably not yet fully considered the financial and organisational implications. More time is therefore needed for the full extent of the reforms to be evaluated, and any responses to the consultation are likely to be based on an incomplete picture.
- 5.25 Therefore, whilst the Council welcomes the review being undertaken by the DfE on school funding changes, there is concern that it is taking place too early and before full consideration of the initial impacts have been established. There are also issues to consider outside those identified by the DfE, in particular relating to SEN.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

- 6.1 The relevant legal issues are addressed within the main body of the report.

Borough Treasurer

- 6.2 The Borough Treasurer is satisfied that no significant financial implications arise at this stage from the DfE review.

Impact Assessment

- 6.3 Not applicable.

Strategic Risk Management Issues

- 6.4 Not applicable at this stage.

7 CONSULTATION

- 7.1 Not applicable.

Background Papers

None:

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Department
for Education

Appendix 1

Review of 2013–14 School Funding Arrangements

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Introduction

1. We have made a clear commitment to reform the school funding system and end the inequalities and inconsistencies that have built up over many years. We want a funding system which:
 - is **up-to-date** and reflects the current demographics of pupils across the country;
 - targets **additional money to pupils who need extra support** to achieve;
 - is **consistent and pupil-led** so that, wherever a pupil goes to school, he or she will attract similar levels of funding;
 - is **transparent** so that parents, head teachers, governors and tax-payers can see clearly how funding has been distributed and why;
 - gives pupils (supported by their parents and carers) **genuine choice** about which school they attend.
2. We confirmed in March last year that we will introduce a national funding formula in the next spending review period but that we will take a gradual approach to ensure that we get it right.
3. Our priority for 2013-14 therefore has been to make some improvements to the current system so that there is a greater focus on the needs of pupils and greater consistency across local areas. We have:
 - Simplified and rationalised the formula factors that local authorities can use when allocating funding to schools, in order to move away from overly complex and opaque formulae. This means that, across the country, schools will be funded using up to 12 clearly defined factors. Those 12 factors represent the circumstances under which we believe schools should attract additional funding (for example, for deprived pupils, for pupils with low attainment, or for those operating on split sites) and represent the likely direction of a national funding formula. We removed a large number of factors which we did not believe justified additional funding (these included swimming pools and floor space).
 - Ensured that the maximum amount of money is passed on to schools to spend as they see fit.
 - Put in place a more transparent and comparable process for funding academies by reducing the time-lag in their funding from 17 months to just 5.
 - Reformed the funding arrangements for pupils with high needs by introducing the 'place-plus' system. This ensures that schools have clearly identifiable budgets for

pupils with special educational needs (SEN) and that local authorities take a consistent approach to funding needs over and above those budgets.

- Strengthened the local decision-making process by ensuring that Schools Forums operate more transparently, and that school and academy representatives have a greater say about how money is distributed.
4. We have always been clear that these arrangements are intended to pave the way for a new national funding formula and that there are still a number of issues about its shape and structure that we need to resolve. We want to ensure that we continue to make progress and so, over the coming weeks and months, we will be looking at whether the 2013-14 arrangements are simplifying the system, securing greater consistency between local areas and moving us towards a national funding formula.
 5. We know that some local authorities, schools and parents are concerned about the impact of the new arrangements. While we remain committed to the core principles at the heart of the funding reforms, the review we are carrying out will consider whether and to what extent we need to make small changes in 2014-15 in order to address those concerns and prevent unacceptable consequences. The areas on which we have focused in this document are those most frequently raised with us or issues we have identified as requiring further consideration through our analysis of the budgets that have been set for 2013-14.
 6. We are clear, however, that as we move towards a pupil-led system, there will be changes to schools budgets and some degree of re-allocation between schools. That is a necessary and not an unintended consequence of reform. The Minimum Funding Guarantee (MFG) ensures that, in most cases, schools will not lose more than 1.5% of their funding per pupil in both 2013-14 and 2014-15. We have also confirmed that an MFG will continue to operate after 2014-15 although we cannot confirm the exact level.
 7. This document gives a summary of how the 2013-14 funding arrangements have been implemented and outlines some specific concerns that have been raised. It seeks views from a range of interested parties including local authorities, head teachers, principals, governors and locally elected members on a number of questions.
 8. There is a template which can be downloaded separately which you can use to answer those questions and then email to the Department at Funding.REVIEW2013-14@education.gsi.gov.uk by 26 March 2013.

Section 1: Are we moving towards national consistency?

9. Local authorities were asked to submit a pro forma containing information about their simplified funding formula by 31 October 2012. After the results of the autumn census and confirmation of the DSG settlement for 2013-14, revised pro formas were submitted on 22 January.
10. At the time of writing this document, not all of the January pro formas had been submitted to the Department or analysed. In the interests of publishing this document and allowing sufficient time to make any changes for 2014-15, we have used the October pro formas to give a broad assessment of 2013-14. The Annex includes graphs which give a fuller picture of how funding is being distributed across the country. We realise that this does not represent the most up-to-date picture and will update our understanding once the January pro formas have been fully analysed and quality-assured.
11. In analysing the pro formas, we have been keen to understand whether we are moving towards a more pupil-led system, and where the greatest variation has arisen. While the funding reforms have enabled local authorities to allocate funding to schools on a much more consistent and comparable basis, the data shows that there is still variation in how local authorities have distributed their Dedicated Schools Grant within the constraints. This is to be expected given that per-pupil funding allocations vary across the country, making each local authority's starting point different from its neighbours.
12. The majority of primary Age Weighted Pupil Units (AWPUs) are in the range of £2,250 to £3,250, although there are a few significant outliers of over £4,000. The 15 local authorities with highest primary AWPUs are all in London. The secondary AWPUs show a similar pattern and, again, the few outlier authorities with significantly higher secondary AWPUS are mostly in London.
13. Overall, the proportion of funding being spent on the AWPUs varies between 60% and 87%, with half of local authorities allocating between 75% and 80%.
14. The data does, however, show good progress towards our aims of moving to a more pupil-led system. Authorities are allocating at least 77% of funding through a combination of the pupil-led factors (these are the AWPU, deprivation, prior attainment, EAL, looked after children and pupil mobility) and around 49% of authorities are allocating between 90% and 95% of funding in this way.
15. We are keen to ensure that even more money is targeted to the needs of pupils, rather than to the circumstances of schools. We said in the document we published in June 2012, *School funding reform: Arrangements for 2013-14*, that we would consider whether to set a minimum threshold for either the AWPUs or a combination of all the pupil-led factors.
16. Setting a minimum threshold for the AWPUs alone may not be meaningful given that the variation in deprivation across the country requires some local authorities to target more funding to deprived pupils than others. We are therefore inclined to set a minimum threshold for all the pupil-led factors. We realise a requirement of this nature

would have an impact on the level of the lump sum and so we would be interested in views on this. If, for example, we set it at 85% then seven local authorities would need to move money away from the lump sum, post-16 and premises factors and put it into the pupil-led factors.

Q1: Should we set a minimum threshold for the pupil-led factors and, if so, at what level?

17. There is considerable variation in the proportion of funding allocated through the deprivation factors – ranging from 2% to 25% (with 83% of local authorities allocating between 2% and 12%). There could be a number of explanations for this variation and we would be interested in learning more.

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

18. Another finding from the pro formas relates to the prior attainment indicators. Six local authorities chose not to use this formula factor at all and an additional four only used it for pupils in secondary schools.
19. There is also a significant degree of variation in the per-pupil allocations for the prior attainment factors. They range from £125 to £8,300 for primary pupils and £158 to £10,688 for secondary pupils. In both cases there are one or two local authorities with markedly higher per-pupil amounts than the rest, but even disregarding this, the variation is still significant.

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

20. Fewer than half of local authorities used the mobility indicator. This may be because we only introduced it in June 2012 in response to the representations we received as a result of our March 2012 consultation. Nonetheless, the per-pupil allocations vary in both primary and secondary phases from £10 to £2,000 (although there is a significant outlier of £5,012 for secondary pupils). We discuss the effectiveness of this indicator in section 2 of this document.
21. The lump sums chosen by local authorities varied significantly from £42,000 right up to the maximum cap of £200,000. The most common choice was £150,000 (used by 26 authorities) but, overall, there is no consistency in the values set. The lump sum is discussed again in section 2.

Section 2: Areas of concern and possible changes for 2014-15

22. We have been clear in our publications and in our discussions with local authorities, schools and other representatives that the new arrangements require a radical change in the way schools are funded in many local areas. Moving towards a more consistent and transparent system will inevitably lead to shifts in school budgets. Local authorities, in partnership with their Schools Forums, will therefore need to review the whole of the distribution, including the primary: secondary ratios and the weightings for deprivation and the lump sum.
23. Nonetheless, we are aware that some schools, local authorities, parents and governors are worried about the impact of the new arrangements. So far, reactions to the 2013-14 arrangements have been limited to a few issues and have come from a small minority of mainly rural local authorities.
24. In October 2012, in response to those concerns, the Department wrote to all Directors of Children's Services and Members of Parliament to provide reassurance that we will review the 2013-14 arrangements. The Department also confirmed that, if we find any unacceptable consequences for schools, we will make further changes in 2014-15 in order to prevent those consequences. Below is a list of the current 12 allowable factors.
- Age weighted pupil unit (AWPU)
 - Deprivation
 - Looked after children
 - SEN / prior attainment
 - EAL
 - Pupil mobility
 - Post-16 provision
 - Lump sum
 - Split sites
 - Rates
 - PFI
 - London fringe
25. In light of the feedback we have received to date, we are seeking specific views on whether changes are needed to three of these factors. They are: prior attainment; pupil mobility; and the lump sum. These are considered in paragraphs 27 to 38 below.
26. We are also aware that there are concerns about the factors which we are no longer allowing and about the restrictions on the targeting of deprivation funding. This is discussed in paragraphs 39 to 50 below.

Prior attainment

27. We know that the current prior attainment indicators are not a perfect measure for identifying pupils with special educational needs (SEN). They are, however, not intended to be used on their own and we have been clear that local authorities can use a combination of deprivation, prior attainment and AWPU and/or elements of the lump sum as indicators for the notional SEN budget. Furthermore, we have allowed local authorities flexibility to target additional resources to schools where the notional SEN budget is insufficient to meet some of the costs relating to pupils with high cost SEN (see paragraph 58 in section 3 for further details). We do, however, think it is important to allow a proxy measure of low attainment to be used and that is why we have allowed authorities to use EYFSP and Key Stage 2 data. As we acknowledged in June, the current EYFSP comes to an end this year and the new framework is being updated and will come in to effect from this autumn.
28. We are currently looking at pilot data from the new EYFSP framework to create a new proxy indicator to identify low cost SEN related to attainment and we will provide more information this summer. In the interim, as local authorities already have data for all of their EYFS pupils and KS1 pupils (apart from those entering the system this year) we expect local authorities to continue with the current proxy until analysis is completed on the new framework.

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

29. For secondary schools we propose to continue with the attainment-related proxy for KS2 whereby all pupils who fail to achieve Level 4 or above in both English and mathematics at Key Stage 2 will be eligible for low cost SEN support¹.

Pupil mobility

30. The mobility factor is intended to address the administrative costs incurred by schools that experience high levels of pupils leaving and joining throughout the academic year. We have heard concerns that the factor, as currently designed, does not differentiate between a school that has few mobile pupils (and therefore incurs significantly lower administrative costs) and a school that has significantly larger numbers of mobile pupils (and therefore incurs higher costs).

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

The lump sum

31. We introduced the single lump sum predominantly to provide sufficient funding for those necessary small schools, particularly in rural areas, that may not be able to operate on the basis of their per-pupil funding alone. Small schools benefit

¹ The year 7 literacy and numeracy catch up premium also targets funding at year 7 pupils who have not achieved Level 4 at KS2 in reading, mathematics or both. More detail is available here: <http://www.education.gov.uk/schools/pupilsupport/year7catchup>

proportionately more from the lump sum because it acts as a larger boost to their per-pupil funding than for larger schools, and a single lump sum for all schools ensures that there can be no ambiguity over how much funding goes to one phase or type of school compared to another.

32. It has, however, become apparent that the current lump sum arrangements are causing concerns, particularly in relation to small schools in rural areas, and we would like to understand the factors that are driving this.
33. It is not our intention that any necessary small school should be forced to close as a result of these reforms, and we acknowledge the need to support unavoidably small but necessary schools, for example in very sparsely populated areas. In seeking to achieve this, we are considering the possibility of introducing an optional school-level sparsity factor for 2014-15, specifically to target funding at necessary small schools in rural areas.
34. We expect that, in sparse areas, pupils have to travel further to school, and have less choice over which school they can attend. The proposed sparsity factor could, for every school:
 - identify the pupils for whom it is their nearest school (this will not necessarily be the school the pupils actually attend); and
 - for those pupils only, measure the distance that they live from their *second nearest* suitable school. Where this distance is high, we assume that it becomes difficult for the pupil to attend any school other than the nearest one, making the existence of that school necessary. Taking the average distance that relevant pupils live from their second nearest school would allow us to apply a sparsity factor based on set thresholds.
35. This could identify the necessary schools serving pupils in remote areas with limited alternatives; these schools are necessary because children could not realistically attend another school. The simplest way to use this measure would be to set a threshold and provide a sparsity uplift to any schools that have an average distance above the threshold. Separate thresholds would need to be applied for primary and secondary schools, as pupil travel distance varies by phase. Alternatively, extra funding could be given to schools as the sparseness of an area increases.
36. Data is available to produce this measure using crow flies distances. But such a measure would be unlikely to be fit for purpose as this would not take into account the actual time that it would take a pupil to travel to a school, so we are investigating whether the measure could use travel distance instead.

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

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

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

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

Q10: What average distance threshold would be appropriate?

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

37. We have proposed a sparsity measure based on pupil distance to second nearest school as we have found this to be the most pragmatic option. However there are a range of possible sparsity measures that can be used, for example distance between schools, none of which have been ruled out.

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

38. As with all schools though, small schools may have to make savings and efficiencies in order to live within their means. This may include merging formally with other small schools in the area to reduce fixed costs. However, we know that in some cases the lump sum can be a disincentive to schools from merging where it is rational to do so, because it results in the loss of one of the lump sums.

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

39. A few other issues have been brought to our attention since we published the June 2012 document. In most cases, we have no or little evidence about the cause of these issues. This section sets out the rationale behind our current position and seeks evidence on why the issues raised cannot be addressed through the new funding arrangements.

Targeting funding to deprived pupils

40. We have heard concerns from some local authorities that the 2013-14 arrangements have resulted in funding moving away from schools with high numbers of deprived pupils. We believe it is very important that deprived pupils are allocated more funding than non-deprived pupils. We do however recognise that the removal of certain factors (such as floor space and other premises-related issues) and a greater focus on pupil-led factors may cause some schools to experience changes to their budgets.
41. As we set out in the beginning of this section, these new arrangements may require

local authorities to change their formulae in a more radical way. The Government is committed to raising the life chances of pupils from deprived backgrounds and ensuring that deprived pupils receive additional funding. It is not acceptable that deprived pupils are penalised as a consequence of local authorities seeking to maintain the status quo in their area and not exploring the full range of options open to them to target money to deprivation. By using an appropriate combination of the permitted deprivation indicators (FSM, Ever6 and IDACI) with an optimum per-pupil rate, local authorities should be able to target money more adequately to deprived pupils.

42. If, however, you feel that even with the optimum use of indicators and an appropriate per-pupil rate, schools with a high proportion of deprived pupils would lose significant amounts of funding, we need to understand why that would be the case.

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

Service children

43. A number of schools with large numbers of service children have written to us to express concerns that they are set to lose funding as a result of the new arrangements. This is largely because some local authorities were targeting extra funding to schools with service children through other factors (such as the lump sum, for example). We know that in a few parts of the country, the additional funding being allocated to schools with service children was very high.
44. The allowable factors in the formula are intended to support pupils that do not achieve as well as their peers, for example those from deprived backgrounds and those with low prior attainment. The Department has no evidence that this is the case for service children as a group.
45. We do recognise, however, that service children sometimes require additional pastoral care because of their circumstances and this is reflected in the Service Premium (which currently allocates £250 to every service child and will rise to £300 in 2013-14). We also recognise that the mobile nature of service children can sometimes create additional costs to schools and that is why we have allowed local authorities to apply a pupil mobility factor to their formulae.
46. We have received no evidence as to why service children should attract higher levels of funding over and above that received through the Service Premium, the Pupil Premium and factors in the local formula to reflect pupil mobility, deprivation, prior attainment and EAL. It is therefore difficult to justify targeting additional money at this group of children.

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

Other groups of pupils

47. As we state above, the evidence we have indicates that we have allowed local authorities enough flexibility to target funding to low-achieving pupils. This, however, remains an important area for the Department and so we want to ensure that we do not overlook vulnerable groups of pupils.

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

Schools with falling rolls

48. Greater choice for pupils supported by more outstanding schools is one of the Department's principal objectives and this is underpinned by our Academies and Free Schools programmes. A successful funding system should enable pupils to attend the school of their choice without the funding being 'locked in' at a different school. It should also enable good and outstanding schools to expand so that more pupils can benefit and not be forced to go to less popular schools.

49. If a school has falling rolls, it should consider its longer term viability. It may consider merging or federating with other schools in order to save money but also to improve its leadership capacity and quality. We are clear that, in times of economic austerity, money should be spent on pupils who are actually in schools and not spent on funding empty places. If a school is small or in a rural area and has limited options, we have set out options in paragraphs 31 to 38 above which should help.

50. We are aware that, in some areas, the demographic trend has meant that secondary school pupil numbers have reduced but a bulge is imminent as more primary pupils move up. In such cases, local authorities can retain a small fund for schools in financial difficulty (this would need to be de-delegated by maintained schools). This can be used to help bridge the gap between the falling rolls and the imminent bulge. Schools should also consider more innovative use of their facilities, such as hiring out school halls or swimming pools.

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

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

Section 3: Options for adjusting high needs funding in 2014-15 and beyond

51. As part the 2013-14 reforms, we introduced a new framework for funding provision for children and young people with high level needs, including special educational needs (SEN), learning difficulties and disabilities (LDD) and those requiring alternative provision (AP). This framework is designed to go alongside the new arrangements for SEN in the Children and Families Bill. Schools, colleges and other providers will be given funding within their formula sufficient to enable them to meet costs up to about £10,000 for pupils and students with SEN and LDD. This base funding does not relate to specific individuals, but is intended to meet the costs of all those with SEN and LDD who are at the institution, up to the high needs threshold. Funding to meet additional costs follows the individual pupils and students with high needs and will come from the home local authority – i.e. the local authority in which the pupil or student lives – in the form of top-up funding.
52. The base funding is calculated differently according to the type of provider and age of the pupil or student. Included within mainstream schools' normal per-pupil funding is a notional SEN budget to meet the costs of pupils with SEN up to £6,000. Some local authorities are setting a different threshold as a transition to the £6,000 level. Special schools will get a standard £10,000 for each planned place. A similar system will operate for AP for the pre-16 age group, where the base funding will be £8,000 per place. All base funding for post-16 students with high needs – in schools, colleges and other providers – will comprise the programme funding that post-16 student places would normally attract, according to the new national 16-19 formula, plus £6,000 for each planned high needs place.
53. Top-up funding is for the commissioning local authority to determine, by agreement with the providers. Schools rather than local authorities will often place pupils in pupil referral units (PRUs) and other AP and they will be responsible for paying the top-up funding in these circumstances.
54. Hospital education is being funded through transitional arrangements which essentially preserve the institution's funding in 2012-13. We are looking at options for a different funding approach in 2014-15 or subsequently.
55. The base funding for maintained schools, the top-up funding and funding retained centrally for SEN support services, hospital education services, AP services and other services specified in the relevant regulations is all paid for from the local authority's high needs budget. Local authorities have flexibility to determine the balance of funding between their high needs budget, schools budget and early years budget. In particular, they can move funds between their high needs budget and schools budget to make sure that, on the one hand, they have sufficient funding for all those with high needs and, on the other, schools have sufficient funding in their notional SEN budgets.

Issues for 2014-15 and beyond

Base funding for specialist providers

56. Base funding for specialist providers is set, according to the number of planned places, at: £10,000 per place for pre-16 SEN; a bit more, on average, for SEN and LDD in the 16-24 age group; and £8,000 for AP. We are not proposing to review at this stage whether these are broadly the right levels.
57. Some have argued that the AP level is too low and should be brought up to £10,000. However, there is evidence that low cost AP in some areas would be over-funded if we were to change the level of base funding for PRUs and other forms of AP. We believe it is too early to consider changes at this stage, and will therefore look at this as part of a subsequent review.

Notional SEN budget for mainstream schools

58. Mainstream schools and academies receive a notional SEN budget, determined by the local authority using the permitted formula factors (as discussed in section 2). Some local authorities have told us that limitations on the formula factors they can use do not allow them to target funds to those pupils with particular needs or where schools attract a higher number of pupils with high needs because they have a good reputation for meeting those needs. We have therefore allowed local authorities flexibility to use their high needs block to make additional allocations outside the formula to schools that have a disproportionate population of pupils with high needs, after consulting the Schools Forum.
59. We are also planning to introduce to the schools census, from 2014, a marker that will indicate those pupils who receive top-up funding. This high needs marker could be used to target extra funding to schools that have a disproportionate number of high needs pupils, but cannot be introduced before 2015-16 because the census data will not be available.

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

60. Despite the strong recommendation that local authorities should construct their schools' notional SEN budgets so that schools are required to contribute up to £6,000 towards the additional support costs of their pupils with SEN, some have adopted a different threshold as a transitional arrangement. This creates differences in the base funding between neighbouring local authorities, and therefore in the top-up funding levels they are implementing. Commissioning authorities, however, are likely to be dealing with schools in more than one authority area.

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

Arrangements for top-up funding

61. We are allowing local authorities flexibility in the top-up funding arrangements. In many cases these arrangements for 2013-14 will not have been finalised, particularly for pupils and students starting at schools and colleges in September. It is therefore too early to consider changing the national requirements on top-up funding. We are, however, interested in receiving feedback on the issues that have been raised so far, and whether any changes should be considered for 2014-15.
62. In particular, some stakeholders have suggested that the new arrangements would create additional administrative processes for negotiating and paying top-up funding. We have encouraged local authorities to look carefully at how they can reduce bureaucracy, for their own organisation as well as for the schools and PRUs they maintain, and for those institutions to which they pay top-up funding. We would be interested in good practice in this area that can be shared more widely.

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

Pre and post-16 arrangements

63. The Department is aware that the administrative processes pre- and post-16, in the run-up to 2013-14, have not been co-ordinated as helpfully as they might have been. The separate data collection exercises and implementation timetables for pre- and post-16 have been confusing. We will be looking to improve this substantially for 2014-15. But we also wish to look at how arrangements can be brought closer together so that they are easier to understand and use for local authorities, colleges, schools and Academies.

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

Section 4: Schools Forums

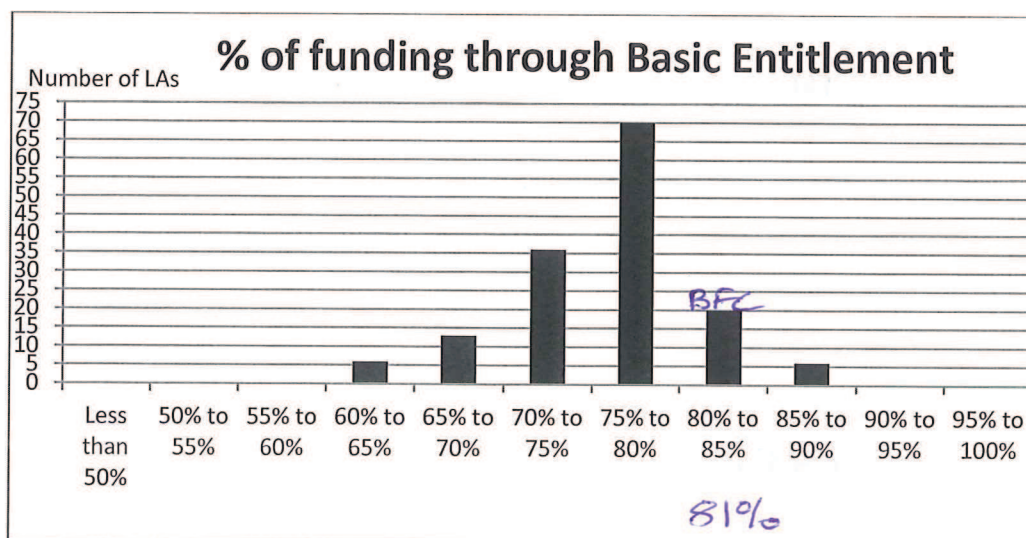
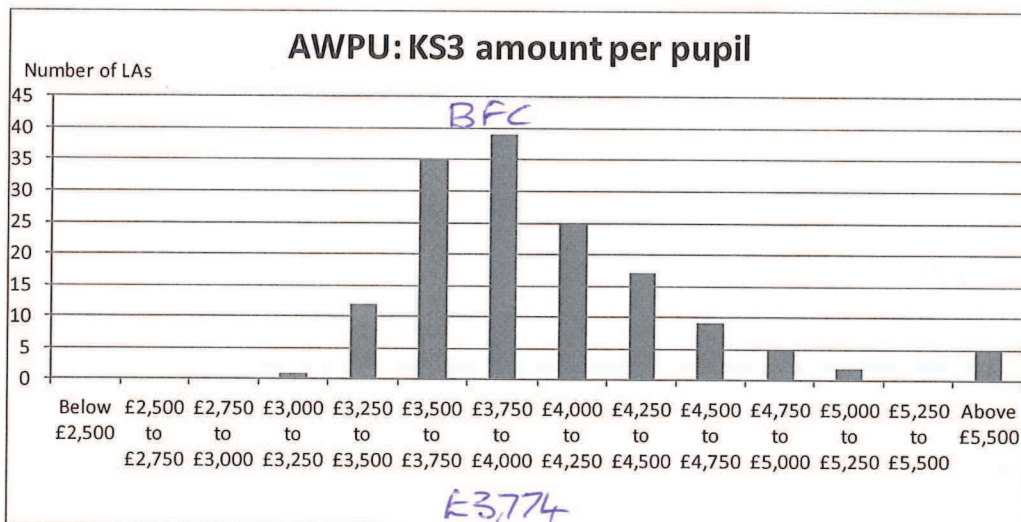
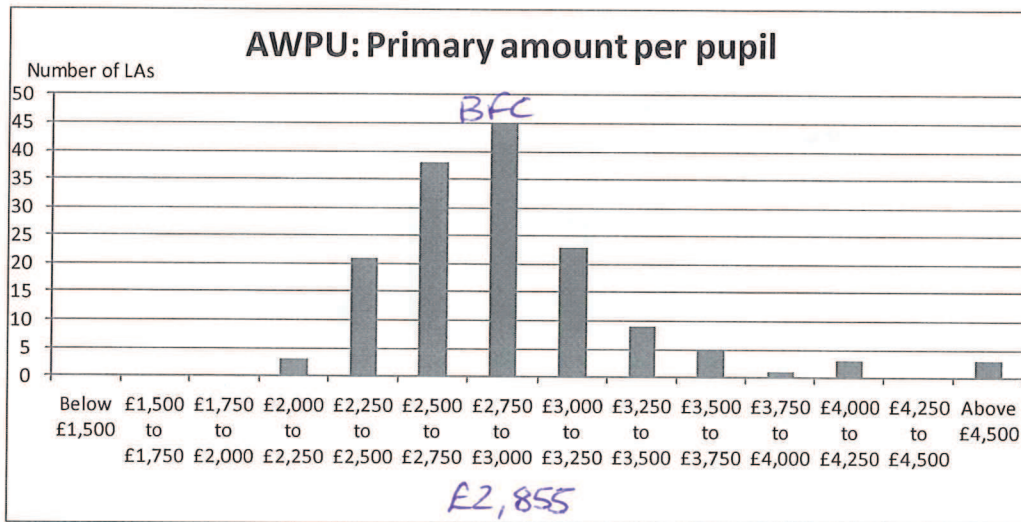
64. We have heard concerns that Schools Forums were not always operating fairly or transparently. Examples include meeting papers and agendas not being published and voting rights being spread too widely across a range of members. In response to these concerns, we made a number of changes which came into effect on 1 October 2012. We have:

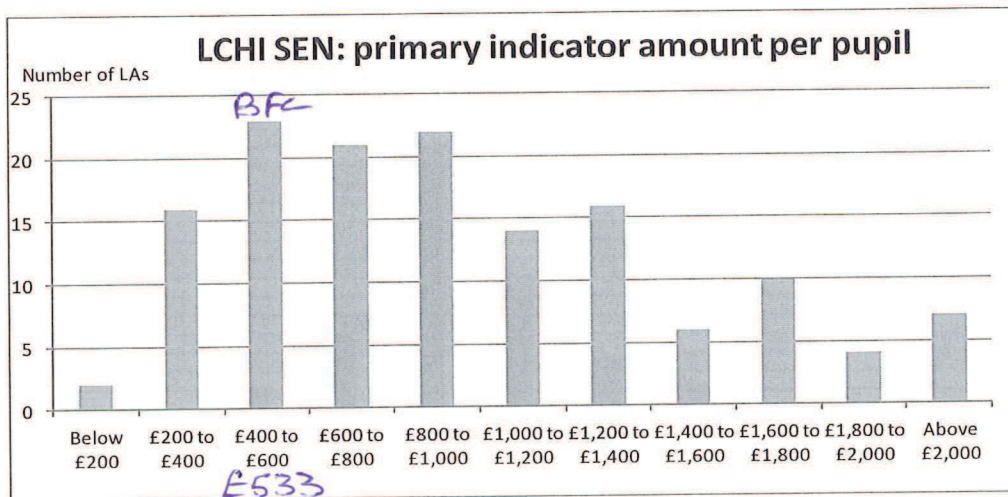
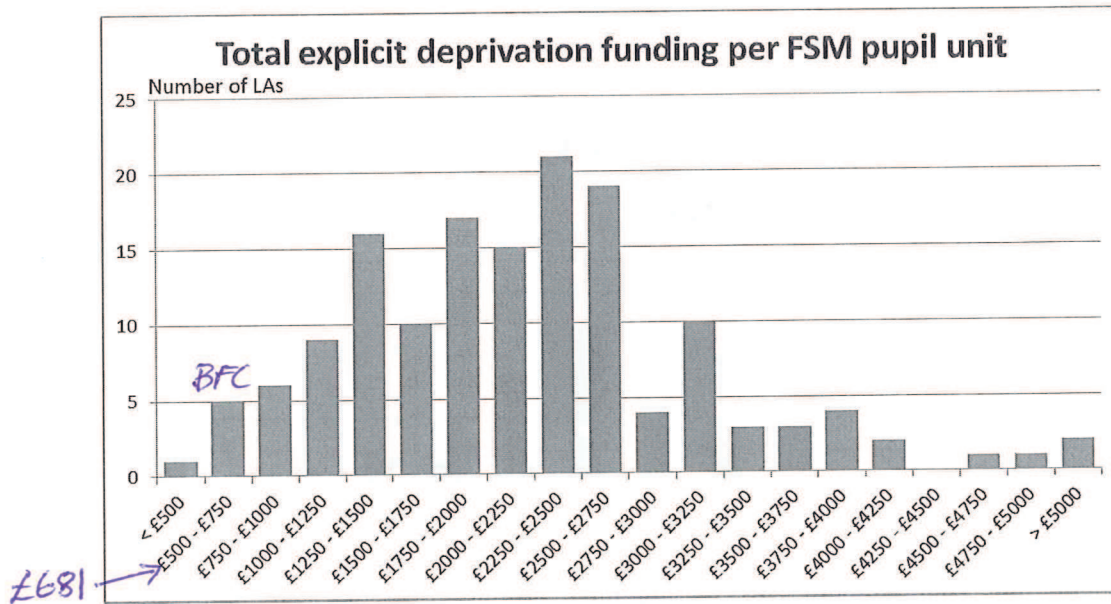
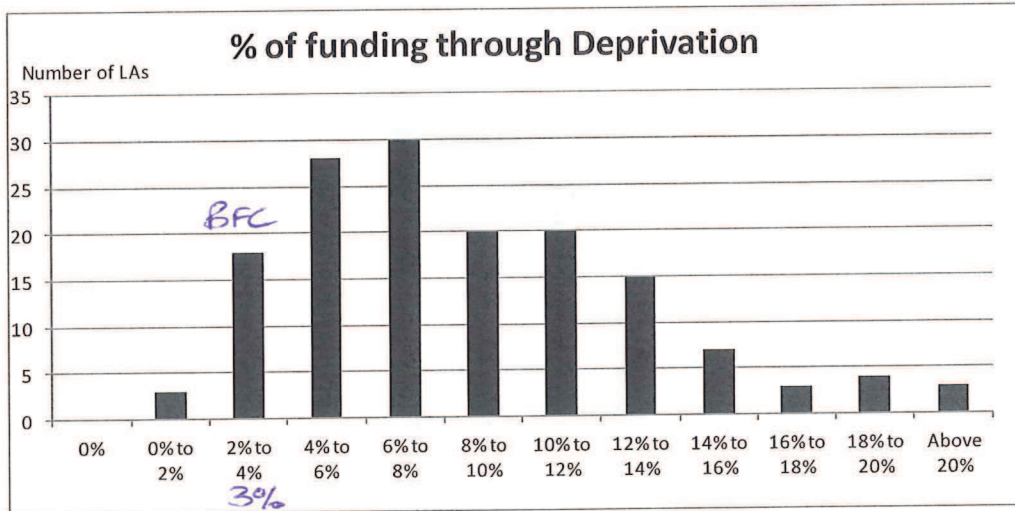
- removed the requirement to have a minimum of 15 people on a Forum;
- limited the number of local authority attendees from participating in meetings unless they are a Lead Member, DCS, DCS representative or are providing specific financial or technical advice (including presenting a paper to the Forum);
- restricted the voting arrangements by allowing only schools members and the PVI members to vote on the funding formula;
- required local authorities to publish Forum papers, minutes and decisions promptly on their websites;
- required Forums to hold public meetings, as is the case with other Council Committees;
- given the EFA observer status at Schools Forum meetings.

65. We said that we would keep these changes under review and, if there is evidence that schools are still concerned about the operation of Forums, we would consider making further changes. We are not inclined to make any further changes for 2014-15 as we think more time is required to assess how the new arrangements are being embedded and whether they are improving the operation of Forums.

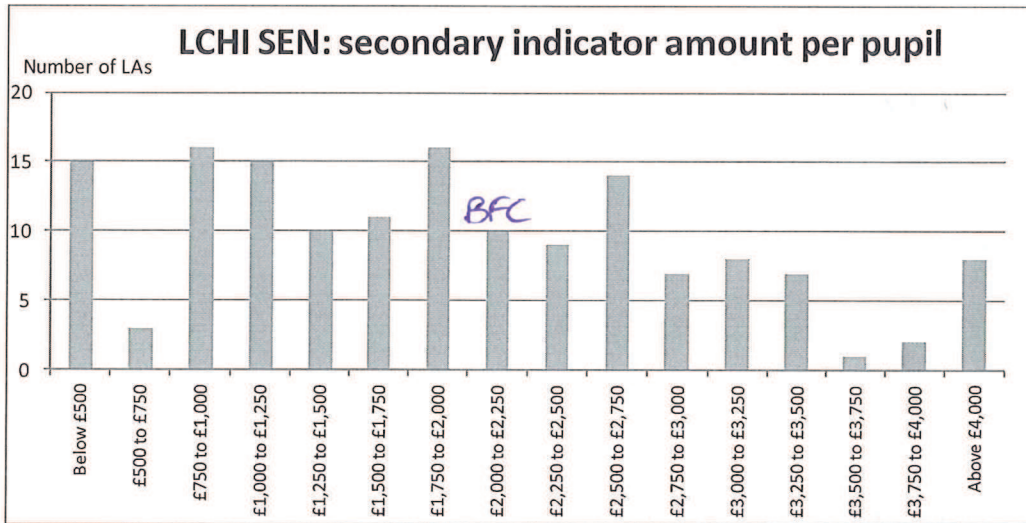
Q23: Do you think that Schools Forums are operating more democratically and transparently? If not, what further measures could the Department take in order to improve this?

Annex: Details of distribution of the Schools Block

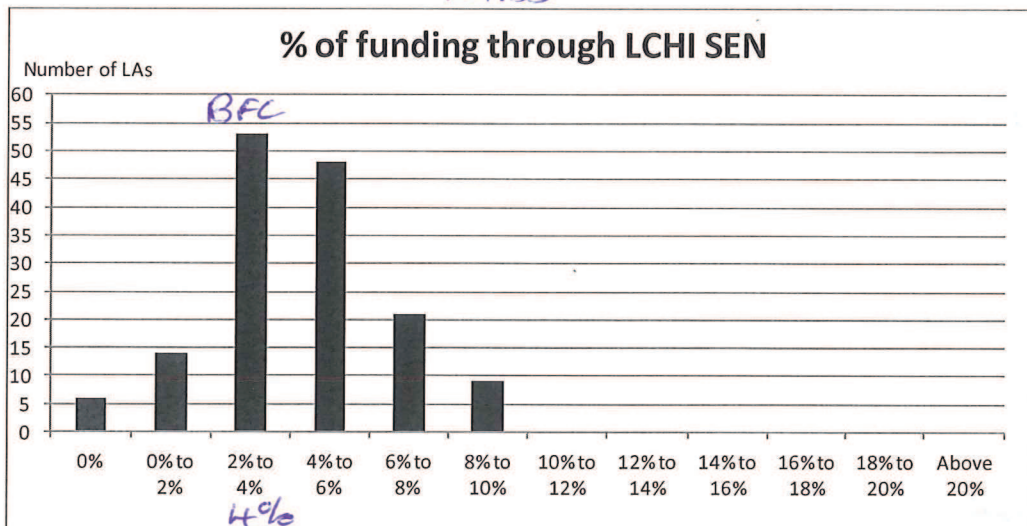




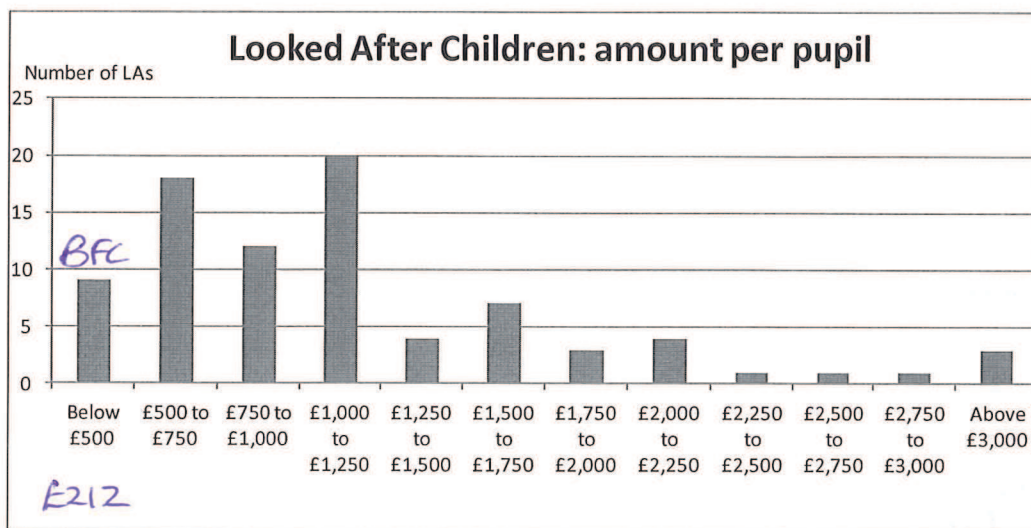
² Per FSM pupil unit amounts were derived by taking the sum total of the funding an LA had allocated through the deprivation factors and dividing it by the number of pupils with FSM in the LA. Data is taken from analysis of the October 2012 submissions. Because this is early data, some schools have had to be excluded from the analysis. Where a large number of schools in one LA have been excluded the whole LA is excluded from the chart



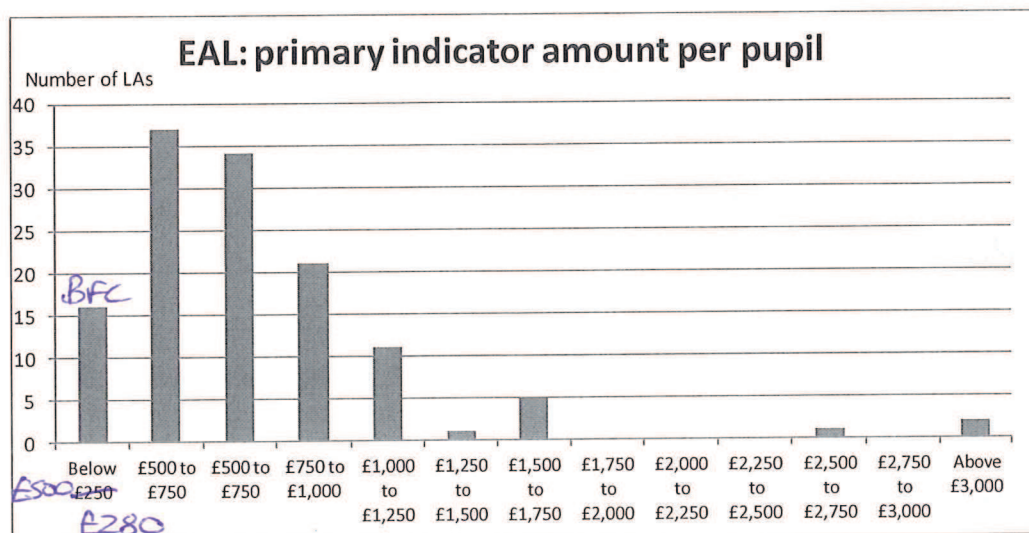
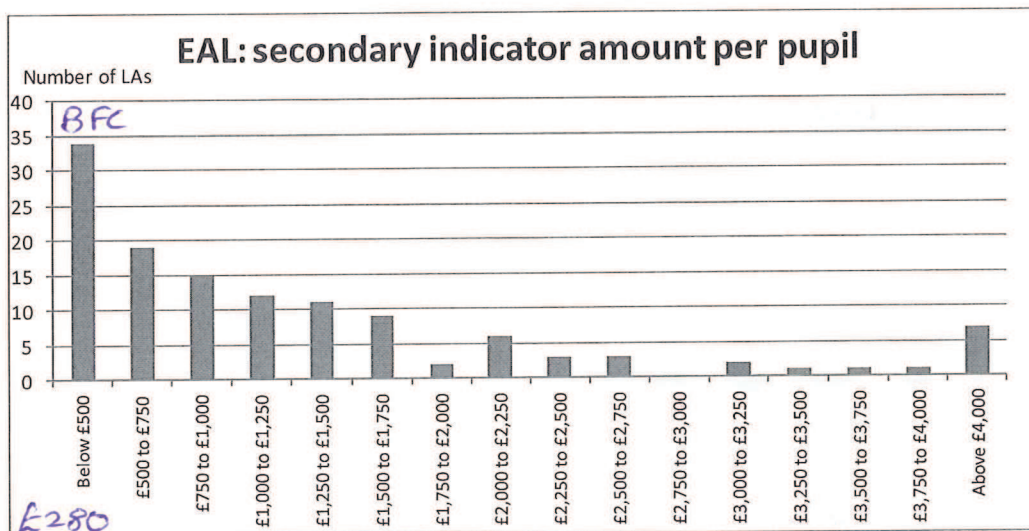
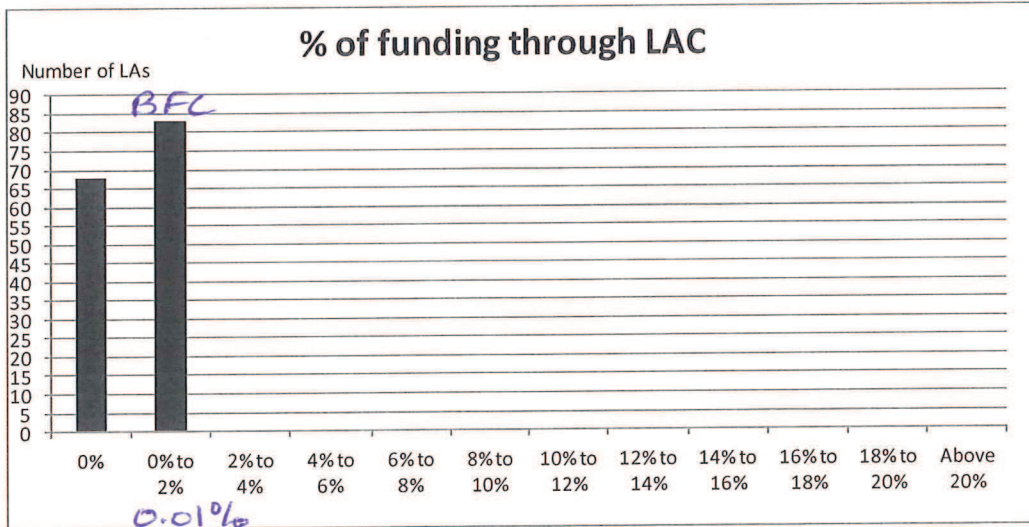
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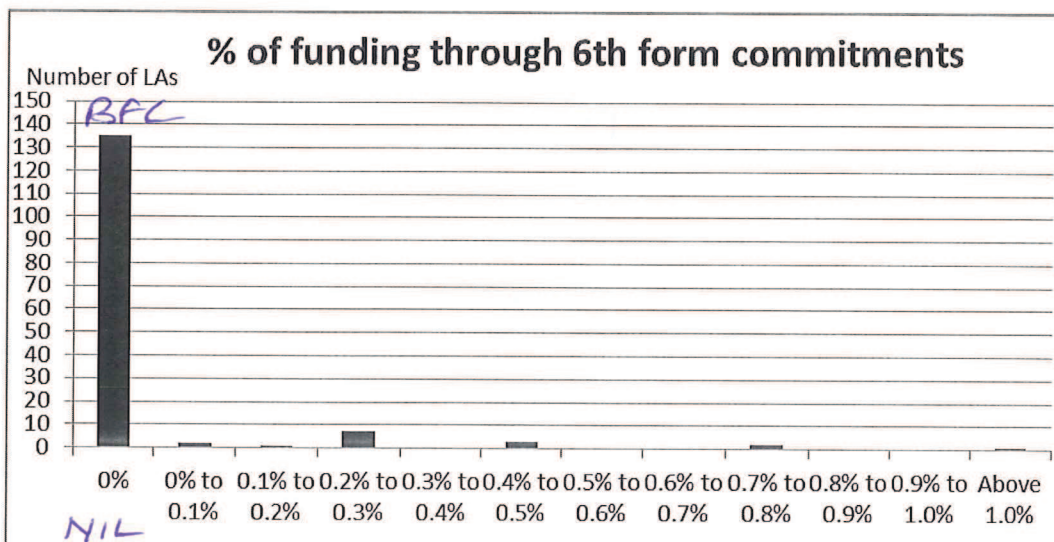
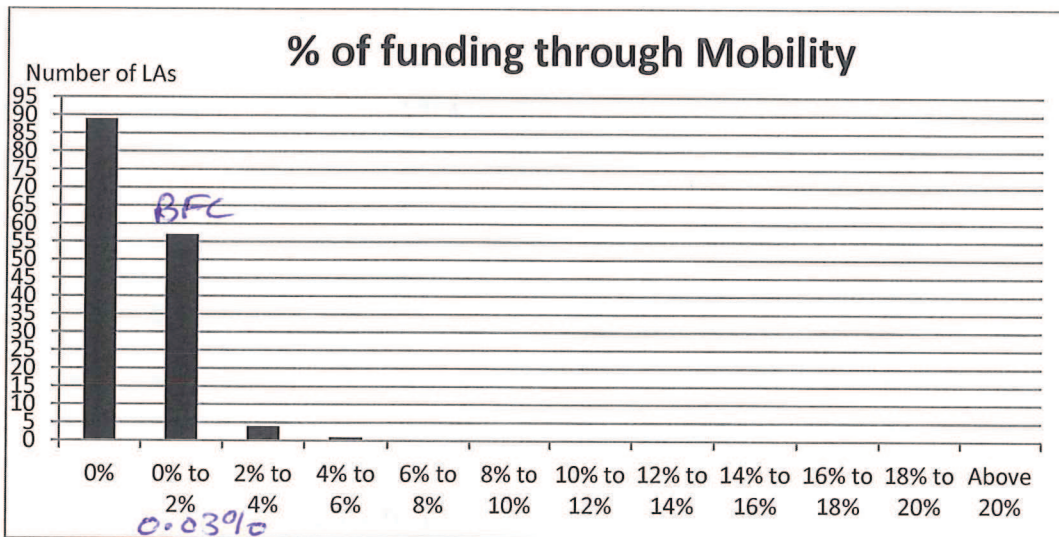
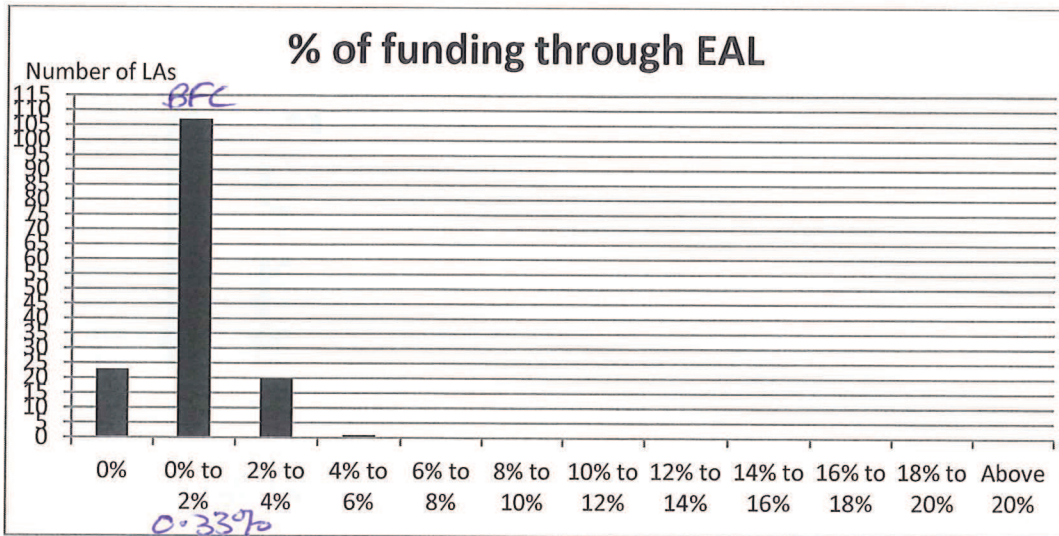


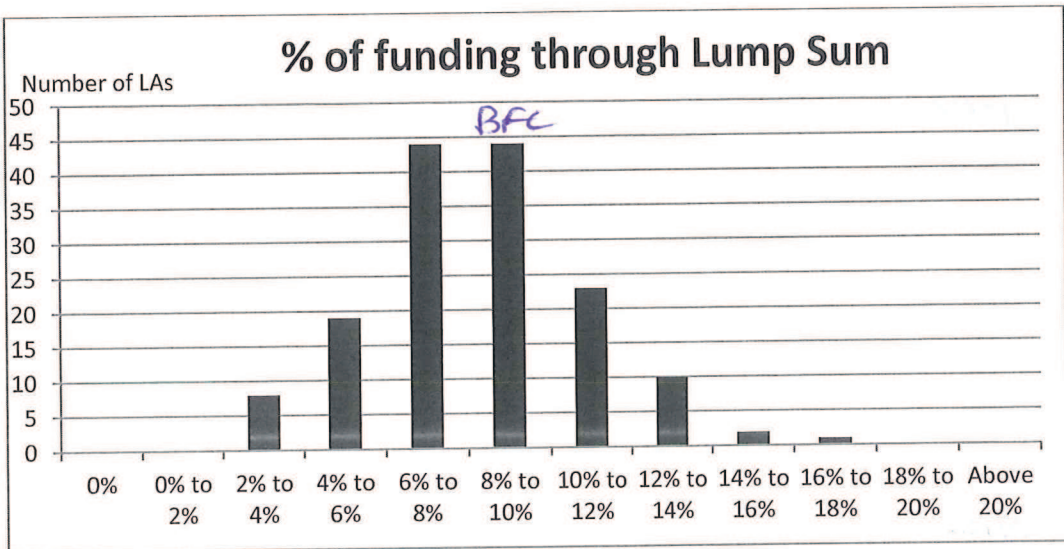
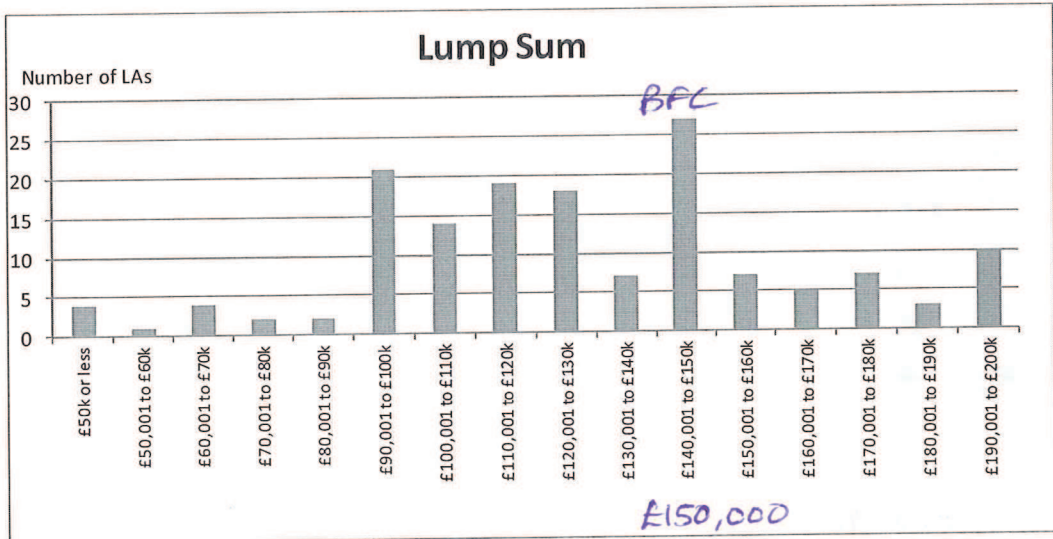
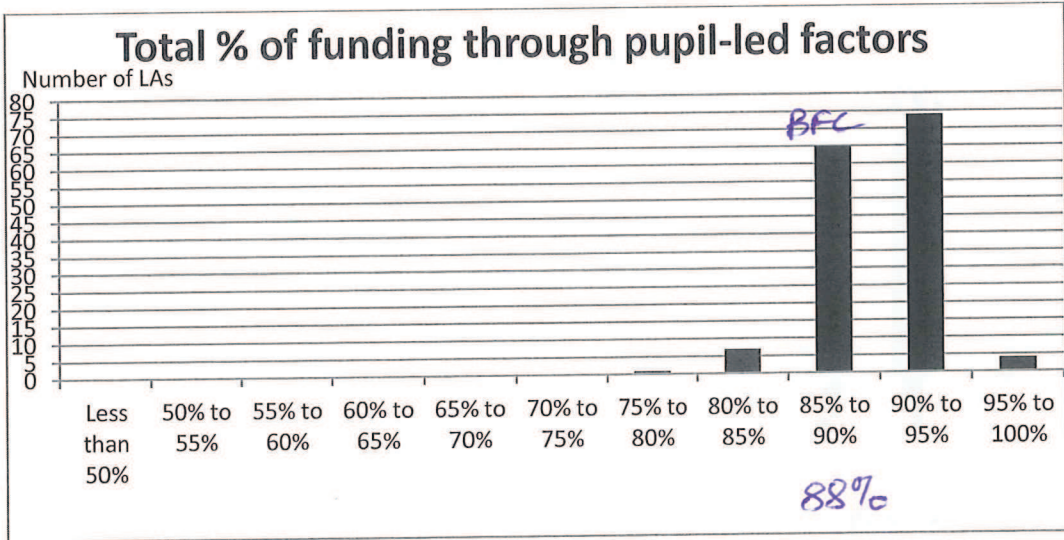
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Review of 2013-14 School Funding Arrangements Response Form

The closing date for responding is 26 March 2013.

Your comments must reach us by that date.

The information you provide in your response will be subject to the Freedom of Information Act 2000 and Environmental Information Regulations, which allow public access to information held by the Department. This does not necessarily mean that your response can be made available to the public as there are exemptions relating to information provided in confidence and information to which the Data Protection Act 1998 applies. You may request confidentiality by ticking the box provided, but you should note that neither this, nor an automatically-generated e-mail confidentiality statement, will necessarily exclude the public right of access.

Please tick if you want us to keep your response confidential.

Name:

Paul Clark

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Bracknell Forest Borough Council

Address:

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If you have an enquiry related to the policy content of the review document you can email Funding.REVIEW2013-14@education.gsi.gov.uk

Section 1: Are we moving towards national consistency?

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

No. The amount of funding distributed through factors should be determined by the local Schools Forum.

Question 2: On what basis did local authorities decide on the quantum or proportion of funding to target to deprived pupils?

It was last reviewed in 2008 in response to DfE requirements to undertake a review of deprivation funding in schools. This resulted in the proportion of funds allocated to schools through the deprivation measures that were allowed at the time being broadly in line with the proportion of DSG funding that was allocated to the Council through deprivation measures.

Question 3: On what basis did local authorities decide on the per-pupil amounts for the prior attainment factors?

These were determined from rolling forward the total cash allocated through weighted per pupil rates used in 2012-13, adjusted to a uniform value that must be used in 2013-14, and then adding new funds where the outcome from the 2012 consultation with schools was that funding currently being distributed through factors that would in future be disallowed should use low prior attainment data. In some instances there were different decisions in primary and secondary phases.

Section 2: Areas of concern and possible changes for 2014-15

Prior Attainment

Question 4: Do you agree that local authorities should continue to use EYFSP data as an attainment-related proxy or should we consider use of a different indicator to identify low cost SEN in primary schools? If so, what indicator?

Yes

Pupil mobility

Question 5: Would it help to allow an additional weighting to be given if a school experiences in-year changes to pupil numbers above a certain threshold? If so, where should this threshold be set?

Yes. There should be the ability to target resources appropriately to schools experiencing the greatest proportionate in-year admissions. The factor should not be one of general entitlement to all schools. The mobility factor in the 2012-13 BF Funding Formula applied only where in-year admissions exceeded 10% of NOR. Funding was increased by a weighting of around 50% when pupil mobility exceeded 15% of NOR. Turnover of less than 10% did not generate any funds.

The lump sum

Question 6: In areas with large numbers of small schools, could the problem of having a fixed lump sum be overcome by reducing the relevant AWPU?

Not relevant to BFC. No comment.

Question 7: Would having the ability to apply a separate primary and secondary lump sum avoid necessary small schools becoming unviable? If so, how should we deal with middle and all-through schools?

It would be helpful to have the option to apply differential lump sum funding between primary and secondary schools.

Question 8: We said in June that we would review the level of the lump sum cap (currently £200,000) for 2014-15 in order to establish whether it is the minimum cap needed to ensure the sustainability of necessary small schools. If we continued with one lump sum for both primary and secondary, what would be the minimum level of cap needed to ensure the sustainability of necessary small schools? If we had separate lump sums for primary and secondary, what would be the minimum cap needed for each in order to ensure the sustainability of necessary small schools?

We have not undertaken a review of necessary costs to comment on this question.

Question 9: Would using a school-level sparsity measure to target a single lump sum, based on distance between pupils and their second nearest school, avoid necessary small rural schools becoming unviable?

Not relevant to BFC. No comment.

Question 10: What average distance threshold would be appropriate?

Not relevant to BFC. No comment.

Question 11: If we had a sparsity measure, would it still be necessary to have a lump sum in order to ensure that necessary schools remain viable? Why? What is the interaction between the two?

Not relevant to BFC. No comment.

Question 12: What alternative sparsity measures could we use to identify necessary small schools in rural areas?

Not relevant to BFC. No comment.

Question 13: Would the ability for both schools to retain their lump sums for one or two years after amalgamation create a greater incentive to merge?

Probably, but it is not just an issue of revenue funding. There would remain issues of affordability in respect of any capital investments required to make the buildings fit for purpose and these have previously been a barrier to amalgamations in BFC. The priority for capital investments at the moment is ensuring there are sufficient school places.

Targeting funding to deprived pupils

Question 14: If you think local authorities will be unable to use the allowable deprivation indicators in order to prevent significant losses to schools with a high proportion of deprived pupils, why do you think that is the case?

No comment.

Service Children

Question 15: Do you have any evidence that service children (once we account for deprivation, mobility and pastoral care through the Pupil Premium) require additional funding in order to achieve as well as non-service children?

We have not undertaken a review of necessary costs to comment on this question

Other groups of pupils

Question 16: Have the 2013-14 reforms prevented local authorities from targeting funding to groups of pupils that need additional support? If so, which?

No comment.

Schools with falling rolls

Question 17: In cases where a population bulge is imminent, what is preventing good and necessary schools from staying open?

The Council has not had to close any schools and has used schools in financial difficulty funding to support schools with falling rolls where appropriate.

Question 18: Are there any other circumstances in which falling rolls are unavoidable in the short term?

No comment.

Section 3: Options for adjusting high needs funding in 2014-15 and beyond

Question 19: Would a formula factor that indicates those pupils who receive top-up funding be a useful addition to help deal with the funding of high needs?

It would only identify pupils with needs above the £6,000 threshold, so may not properly identify schools with high numbers of pupils with high needs below this threshold. However, any additional data on high needs pupils would help in making funding decisions, so is welcomed.

Question 20: To address the variation in base funding between neighbouring local authorities, how fast should local authorities be required to move towards the £6,000 threshold? Should it be made a requirement from 2014-15?

Yes.

Question 21: Should the Department play an active role in spreading good practice and model contracts/service level agreements?

Yes. This would be a welcome intervention as progress towards a local agreement has been slow and has yet to conclude.

Question 22: Do you have ideas about how the pre and post-16 high needs systems might be brought closer together?

A uniform funding period rather than one using financial year and the other an academic year would remove some accounting complications.

Section 4: Schools Forums

Question 23: Do you think that Schools Forums are operating more democratically and transparently? If not, what further measures could the Department take in order to improve this?

The BFC Schools Forum has always operated on a democratic and transparent basis, so no change here.

Thank you for taking the time to let us have your views.

Completed questionnaires and other responses should be sent to the address shown below by 26 March 2013.

Send by e-mail to: Funding.REVIEW2013-14@education.gsi.gov.uk

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