

TO: SCHOOLS FORUM
DATE 19 JULY 2012

**UPDATE ON PROGRESS TOWARDS MEETING THE
REQUIREMENTS OF DFE SCHOOL FUNDING REFORM
(Director of Children, Young People and Learning)**

1 PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Schools Forum on progress made by the School Funding Review Group on reviewing the changes required from the Department for Education (DfE) proposals for school funding reform that are expected to be implemented from April 2013.
- 1.2 At this stage, changes are focused on local funding arrangements, with the national funding framework expected to be updated during the next Spending Review period (2015-2018).

2 RECOMMENDATIONS

- 2.1 That progress towards meeting the requirements of the funding reforms is NOTED.**

3 REASONS FOR RECOMMENDATIONS

- 3.1 To ensure the Schools Forum is aware of progress being made towards meeting the requirements of the new funding framework.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 These were considered by the Working Group with various options recorded in the minutes of the relevant meetings.

5 SUPPORTING INFORMATION

Introduction

- 5.1 Reports on school funding reform have previously been presented to the Schools Forum. These have confirmed that there will be no changes to the national funding system before the start of the next Spending Review Period (2015), but that for April 2013, there would be an impact on local arrangements for schools from the following key changes:
1. The simplification and standardisation of the way that resources are distributed to schools through the Funding Formula, with each LA required to inform the DfE of its new Formula no later than 31 October, 2012.
 2. Creating a national benchmark for funding schools in their general budgets to

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support pupils with special educational needs;

3. Delegation of additional resources to schools for services currently managed centrally by the Council.

5.2 To help guide the process, the Schools Forum established a School Funding Review Group, with membership from head teachers, governors, school bursars and LA officers to work through the new requirements. This Group has now met 4 times and agreed a set of recommendations for change that have been used to frame the content of the consultation document that was circulated to all schools on 12 July.

5.3 The final meeting of the Group was held on the day that the DfE published decisions for the new funding arrangements. As expected, there were a number of outcomes that had not been anticipated, and a note on the changes was sent to Group members setting out how they were proposed to be dealt with. There were no adverse responses to the proposed actions. Annex 1 sets out the late changes.

Overview of work of the Review Group

5.4 The work of the Group in constructing a consultation document for all schools to consider is now complete, with one further meeting scheduled on 4 October to review responses from schools in advance of the 18 October Schools Forum meeting that must agree changes to the Funding Formula, so the DfE deadline of 31 October to supply relevant information is met. The final meeting of the group will also consider any late developments that may emerge following publication of the consultation.

A presentation on the recommendations made by the Group and other relevant matters will be made at the meeting which will cover the issues set out below.

Funding Formula for Schools

5.5 This has resulted in proposed amendments to some factors to meet the new criteria set by the DfE and the deletion of others that will no longer be allowed. For each factor of the proposed Formula, the Group have agreed an approach to be recommended to all schools. The one exception to this being deprivation, which in future can only use pupil eligibility to a free school meal, or the Income Deprivation Affecting Children Index¹. The Group considered that neither measure was clearly better than the other, and a recommendation will not be made on the consultation document for how schools should be funded for deprivation. The options modelled on this factor result in large movements of funds between schools.

High Needs Pupils / SEN funding

5.6 SEN funding is the most complex part of the DfE consultation and these proposals represent the first major review of SEN funding since the early 1990's. The key changes now being proposed are:

- Introducing equivalence of funding, irrespective of provider type;
- Increasing choice and quality;

¹ . An IDACI score is the measure of probability that a child living in a defined area will be from a low income family. For example, a child with an IDACI score of 0.2 has a 20% chance of coming from a deprived background. IDACI can measure degrees of deprivation whereas FSM eligibility is binary and therefore has no scale of severity

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- A greater focus on “commissioner” (i.e. LAs) and “provider” (i.e. schools) arrangements;
- Defining high needs as those above £10,000;
- Requiring the placing LA to pay for top-up funding above the £10,000 threshold and not the LA the school resides in.

5.7 The new funding arrangements would follow a “place-plus” approach that would comprise three elements:

- **Element 1, or “core education funding”**: the mainstream unit of per-pupil or per-student education funding. In the school sector for pre-16 pupils, this is part of the age-weighted pupil unit (AWPU), while for post-16 provision in schools and in the FE sector this is the mainstream per-student funding as calculated by the national 16-19 funding system.
- **Element 2, or “additional support funding”**: a clearly identified budget for providers to provide additional support for high needs pupils or students with additional needs up to an agreed level. *This has traditionally been termed the ‘notional SEN budget’ with the relevant amount for each school confirmed each year with their budget plan.*
- **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. *This has traditionally been the funding top-up paid to schools for statemented pupils.*

5.8 Under the place-plus approach, mainstream providers would receive elements 1 (core education funding) and 2 (additional support funding) as part of their standard funding. The DfE strongly recommend that element 2 equates to £6,000 per relevant pupil and in many LAs would require a funding transfer from centrally managed SEN budgets through the new restricted range of Formula Factors. In BF, there is currently £1,900 included in general school funding for notional SEN costs, sufficient to purchase the first 5 hours of additional support required by SEN pupils, so this would need to increase by £4,100, sufficient to fund the first 16 hours of additional support. This will require a funding transfer from the statemented budget, and will need to be distributed through one of the restricted number of factors, and no longer on an individual named pupil basis.

5.9 The DfE recognises that a formulaic approach to allocating funding for SEN may not adequately resource all schools, particularly those that are popular with SEN pupils. In such a situation, a contingency fund can be held and additional funding allocated where schools meet locally defined criteria. Initial modelling indicates that up to £0.190m should be held for this purpose.

5.10 For KLS, elements 1 and 2 would be funded by BFC at £10,000 for the agreed number of places, with additional funding for element 3 based on assessed need, to be paid for by the commissioner, who will not always be BFC. There are a significant number of out of borough pupils in KLS that will require element 3 top ups from other LAs, estimated at nearly £0.3m which KLS would need to ensure were paid.

5.11 To focus on the specific issues facing KLS, a sub group has been established which has identified a number of key issues that need to be reviewed, including setting the correct funding baseline, agreeing the number of places to be funded (subject to

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Education Funding Agency (EFA) ² approval), and establishing the appropriate level of top-up to charge for pupils for element 3. The outcomes from this sub group would be reported to the Schools Forum in due course.

- 5.12 The new funding framework for resource units will operate in a similar way to that set out for KLS. Therefore, the work of the KLS sub group would form the basis for making recommendations for arrangements for resourced units, and that these would also be reported to the Schools Forum in due course. In addition to the work of the KLS sub group, officers from the SEN Team plan to visit all 3 schools with units to explain the changes and gather information and issues.
- 5.13 There are also different arrangements for College Hall PRU, and a further sub group had been created to consider relevant matters which will also be reported to the Schools Forum in due course.
- 5.14 The College Hall sub group have identified a number of key actions for the LA to complete to make College Hall Pupil Referral Unit compliant with the new arrangements. This includes establishing the level of delegated budget, the number of places to fund (subject to EFA approval) and the criteria for pupil admittance. Pupil Referral Units are expected to receive core funding for elements 1 and 2 at £8,000 per agreed place, but the DfE has yet to confirm this amount.
- 5.15 Changes required to KLS, SEN Resource Units and College Hall do not need to be confirmed to the DfE for 31 October, so there is more time to complete these reviews.
- 5.16 There are a small number of other important matters relating to SEN as follows:
 - Work is currently underway to define the local offer relevant to BF schools as envisaged in the Government's SEN and disability Green Paper. A consultation with interested parties is expected to take place in the autumn term.
 - For reasons of value for money and a consistent approach to commissioning SEN services, the council intends to work closely with neighbouring LA's in the procurement of SEN services from schools that require top up payments (element 3). This will be developed over the autumn term
 - There is likely to be a reduction in the number of formal statements issued as the threshold to receive funding will increase from £1,900 to £6,000 although existing statements are expected to remain in place.
 - Schools would need to ensure element 3 top up income for individual pupil support costs above £6,000 placed by commissioners other than BFC was duly received.

Additional delegation

- 5.17 As well as the simplification of local Funding Formulas, the new funding arrangements also require all LAs to delegate funding for the same services and functions, with a presumption of additional delegation.

² The EFA is a new executive agency of the DfE that from April 2012 will be responsible for capital and revenue funding for education and training for 3-19 year olds. It will fund academies, free schools and LAs. It will also be responsible for the distribution of capital funding and advice on capital projects

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- 5.18 For the newly delegated items, where relevant representatives on the Schools Forum agree that the whole budget for their phase e.g. primary/secondary, should be returned to the Council for central management, this will generally be allowed. This recognises that there are reasons of cost effectiveness, ease of organisation and management or risk sharing that this approach can bring. Academy schools will receive the funding in their budgets and it cannot be returned to an LA, although where offered, they would be able to purchase relevant services from LAs. The exceptions to de-delegation are 14-16 practical learning options and School Meals / Milk which the DfE are requiring to be fully delegated. However, like other services, SLAs can be agreed with schools for continued provision by LAs, to be paid for by schools from their delegated budgets.
- 5.19 The possibility of returning funding of newly delegated items for Council management for Kennel Lane Special school will not be permitted as the new commissioning arrangements that all specialist education providers will operate under, on a consistent funding basis with PVI providers, does not lend itself to such an adjustment. Like academy schools, special schools will be able to purchase relevant services where they are made available by LAs.
- 5.20 Overall, around £1.6m of funding is involved across the services, as set out in Table 1 below. These services have been divided between those that are considered strategic, with a collective responsibility for their on-going provision for all schools, those that could be retained by the LA, but are considered suitable for trading, and those that can no longer be retained by the LA:

Table 1: Services subject to delegation at April 2013

Ref	Item	£k
<u>Strategic Services</u>		
1	School contingencies	44
2	Support to schools in financial difficulties	280
3	English as an Additional Language	125
4	SIMS and other licences	88
5	Staff supply cover for official absences *	346
<u>Services suitable to trading</u>		
6	Local CMCD Programme	32
7	Behaviour and Education Support Team	342
8	Anti-bullying co-ordinator	25
9	Social & Emotional Aspects of Learning (SEAL)	71
<u>Services that must be delegated</u>		
10	14-16 flexible learning funds	200
11	Free Milk	3
Total		1,556

* includes maternity leave, trades union, magistrates and jury duties, council membership and staff suspensions.

- 5.21 Whilst the Council accepts that schools should have a choice over whether services should be delegated or not, with the option to de-delegate if supported by relevant representatives on the Schools Forum, there are a number of services that are

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considered strategic or where there is a collective responsibility to support all schools, sometimes on services that are used infrequently, but often when they are required, significant costs are involved.

- 5.22 In particular, funding to support schools in financial difficulty and school contingencies are not considered suitable for delegation to individual schools. This is because these funding streams are targeted to specific schools facing real cost increases, which are generally substantial amounts, and it is not therefore appropriate to be included in the general funding of all schools.
- 5.23 Funding for schools in financial difficulties is primarily allocated where a school is in, or at risk of entering an Ofsted category, which ordinarily then requires financial support to put in place changes that will aid a rapid improvement and removal from the category.
- 5.24 Moving these funds directly into individual school budgets would take away the ability of the Council, in consultation with the Schools Forum to provide financial support to schools that face the most challenging financial circumstances. It would place the onus on individual schools to retain sufficient balances to finance the additional costs which generally arise on an unpredictable basis. There would not be a facility to request funding from centrally managed School Budgets.
- 5.25 In respect of the behaviour related services, the Council agrees that these should be offered to schools on a traded basis. However, in order to allow sufficient time to review and where necessary re-structure these services so that they fully reflect the needs of schools, the Council proposes that for 2013-14 only, these funds are de-delegated and returned for Council management, but from 2014-15, they remain within delegated school budgets, with the Council making available a service for schools to buy-back through an SLA, where required

Charging schools for bought back services

- 5.26 The funding reforms will also require the Council to reconsider the basis adopted to charge schools for buy-back services. In future, it is unlikely that the Council will be able to maintain the position of charging for each service at the amount allocated to individual schools through the Funding Formula - the "in and out" basis. This is because the removal of factors currently used will likely result in the future allocation of budget for some traded services being unrepresentative of the cost of delivery. If the Council were to continue on the "in and out" basis, there is the probability that for a number of schools, charges would not be competitive with an external supplier. Maintaining the current approach would increase the risk of schools purchasing elsewhere which would result in a loss of income to the Council. More work on this will be undertaken during the autumn.

Impact from the changes

- 5.27 As a consequence of the revisions proposed to the Funding Formula and SEN funding, there are some significant changes in funding between schools. As previously reported, in the first two years of the new arrangements the MFG will protect schools to a maximum per pupil loss of 1.5% in each year. The extent that funding protection will be available after this period has yet to be confirmed, so it is important that the decisions taken now are the right ones as there are likely to be significant medium to long term implications.

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- 5.28 The attached Annex 2 shows the anticipated financial effect from each change to the Funding Formula recommended by the Review Group, at an individual school level. It also shows the aggregate impact of all changes. Note, the exemplifications show the impact arising from October 2011 census data that will be updated to use October 2012 information for the 2013-14 budget so some figures could significantly change. It also needs to be noted that the financial implications shown are before applying the MFG to cap losses at no more than 1.5% per pupil. Table 2 below sets out the extreme anticipated changes in funding.

Table 2: Summary of most significant funding changes

School	Amount £	Amount %
Primary school maximum increase	£52,635	7.70%
Primary school maximum reduction	-£90,250	-10.02%
Secondary school maximum increase	£210,535	4.08%
Secondary school maximum reduction	-£143,219	-3.30%

- 5.29 There is no obvious pattern to the changes at an individual school level as they arise from a number of changes, so will be difficult to explain to individual schools, especially those losing the most.
- 5.30 Assuming all of the changes proposed by the Review Group are agreed, Table 3 below shows the average amount of funding to be allocated to schools through each factor of the new Funding Formula

Table 3: Potential funding distributed by each factor of the Funding Formula

Factor	Primary average	Secondary average
Basic per pupil funding	72.98%	83.47%
Deprivation	2.12%	4.05%
LAC pupils	0.01%	0.02%
Low prior Attainment	2.67%	4.24%
EAL pupils	0.18%	0.05%
Lump sum amount	15.89%	3.48%
Rates	1.42%	2.77%
EYSFF	3.56%	0.00%
High needs pupil top up	1.07%	1.25%
High needs pupil contingency	0.09%	0.67%
Total	100.00%	100.00%

Managing the impact of the MFG

- 5.31 Changes from the national review are likely to result in a significant re-distribution of funds between schools across a number of LAs. This in turn would increase the cost of funding the MFG protection, which in a period on flat funding settlements, would create financial difficulties for LAs in setting their Schools Budget. Therefore, the DfE intend to amend the school funding regulations so that a cap can be applied to those schools receiving funding increases to limit gains to an amount that would fund the cost of MFG payable to those facing reductions.
- 5.32 The DfE has indicated that the capping process will be applied against each school's budget relative to the MFG, after reflecting all budget changes. It is not just looking at the impact from the simplification of the Funding Formula, but all changes that impact on a school's budget, e.g. that arising for a higher or lower deprivation level from one year to the next, a change in the overall number on roll etc. Outcomes not connected to this review will also be taken into account in the top-up / capping calculations.
- 5.33 Therefore, the cost of funding amounts to be added to school budgets below the MFG will be met from deductions to schools above the MFG, where relevant schools also experience an increase in per pupil funding into 2013-14.
- 5.34 Annex 3 shows a summary by school of the net impact from the simplification of the Funding Formula compared to each school's budget position relative to the MFG. This shows that total losses by schools amount to £0.787m, but due to the effect of the MFG, schools will need to absorb the first £0.231m of reductions, and then receive funding top ups to the level of MFG in the value of £0.556m.
- 5.35 Until such time as the cost of MFG in 2013-14 is known, and the financial settlement is also confirmed, it will not be clear whether the amount, currently estimated at £0.556m can be financed from an overall increase in DSG income, or whether it will need to be funded from a top slice to relevant gaining schools. If a top-slice is to be applied, it will need to work in one of the following two ways:
- a. The schools above the MFG, which are due to receive increases in per pupil funding into 2013-14 and have the lowest pupil funding increase retain all their gain, those above the threshold, only retain a percentage of their gain to the level that fully funds the losers. The modelling proposes schools with increases of up to 3% keep all of the gain, those with greater than 3% increases keep 40% of their whole gain. In this option, the schools receiving the greatest financial gain contribute a larger proportion of their funding increase.
 - b. The schools above the MFG, which are due to receive increases in per pupil funding into 2013-14 have their per pupil funding reduced by a fixed percentage, which would be set at the rate required to fund the MFG. For example, all relevant schools only get to keep 50% of their per pupil increase. All schools contribute at the same proportionate rate on this option.
- 5.36 The review Group are recommending option a, and Table 4 below sets out the impact this would have on the funding changes summarised above in Table 2, based on current data.

Table 4: Summary of most significant funding changes after applying the MFG

School	Amount £		Amount %	
	Pre MFG	Post MFG	Pre MFG	Post MFG
Primary maximum increase	£52,635	£28,214	7.70%	2.63%
Primary maximum reduction	-£90,250	-30,442	-10.02%	-1.23%
Secondary maximum increase	£210,535	£34,895	4.08%	0.80%
Secondary maximum reduction	-£143,219	-£61,156	-3.30%	-1.41%

- 5.37 Table 4 clearly shows the moderating effect of the MFG in respect of funding transfers between schools. Whilst the post MFG changes indicate relatively small movements of funds, the protection is only guaranteed for 2 years, after which there may be different arrangements in place. Therefore, the decisions taken now could have a bigger impact in the medium to long term, which makes it important that they are right.

Proposals for the schools contingency

- 5.38 Three clarifications have been made by the DfE in their 28 June documentation that have implications on the way that school contingencies are funded, all of which must be agreed by the Schools Forum and then managed centrally by the LA to agreed criteria. All of these issues came to light after the last meeting of the Review Group.
- 5.39 The first relates to funding schools that experience significant in-year growth in pupil numbers. The DfE originally stated the intention that relevant funding would need to be added to school budgets but could then be de-delegated if agreed by relevant school representatives on the Schools Forum. The DfE now recognises that such an approach could hinder efficient planning of school places so LAs will now be able to retain a central fund for significant pupil growth, subject to agreement of the Schools Forum along with qualifying criteria and a basis to calculate allocations. Academy schools would need to be treated the same as maintained schools.
- 5.40 The second area relates to the option of holding a central contingency for allocation in year to schools facing additional costs to meet the infant class size regulations that require classes at Key Stage 1 to have no more than 30 pupils per teacher. In some instances, schools are required to employ an additional teacher when Key Stage 1 pupil numbers total one more than the nearest multiple of 30.
- 5.41 The current BF Funding Formula allocates a fixed lump sum amount of £17,063 to schools with infant classes to add to per pupil funding to help manage additional costs that may arise. With the requirement to move to a uniform fixed lump sum payment to all schools, the additional funding source currently being used to support schools in meeting the cost of the infant class size regulations is lost. To help relevant schools manage what can be unpredictable and high costs, it is proposed to create a specific fund in the school contingency.
- 5.42 To fund this new element of the contingency, it is proposed to transfer 50% of the relevant budget currently being allocated to schools with infant classes through the small schools factor through an amount per 'missing pupil', which is a factor that will no longer be allowed. There is £229k allocated through this factor to primary schools, with £224k received by 16 schools with infant classes. Therefore £112k of this

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funding is proposed to be allocated to schools 80% by headcount, 10% by deprivation and 10% by low prior attainment, with the remaining £112k moved to a Key Stage 1 class size contingency, to be allocated in-year against criteria to be agreed by the Schools Forum.

- 5.43 No change is proposed to the £16k allocated to small secondary schools, which will be recommended to in future be distributed 80% by headcount, 10% by deprivation and 10% by low prior attainment.
- 5.44 The third area for consideration in respect of the school contingency relates to allocating additional funding to new, reorganising or closing schools, as in such circumstances significant costs can be incurred that the Funding Formula is not able to compensate. For example, some new schools are expected to be required in Bracknell Forest to meet the demand for pupil places from the growing population. There will often be a large increase in pupil numbers during the year, requiring additional classes to be staffed, increasing costs. The normal formula budget will not reflect the increase in pupils as it will be based on the previous October census data. Schools facing these circumstances, where there are real, identifiable costs should have access to additional funds. The amount required, if any, would be agreed by the Schools Forum each year as part of the normal budget setting process. Jennett's Park Primary School would likely need to be funded through this mechanism as it continues to grow to a 2 form entry school.
- 5.45 Depending on responses received from schools to the consultation, and the views of the Review Group, the Schools Forum may be asked to agreed funding adjustments for some or all of the above contingency items when the 2013-14 budget is set.

Support to governors and other interested parties

- 5.46 A range of measures to support governors have also been arranged including 2 evening briefings in July to explain the proposals from the DfE, with a further 2 question and answer sessions on the BF consultation proposals set for September. A page has also been added to the schools area of the Council's website to hold all relevant DfE and Council information on school funding reform, including all the papers from the Review Group. This can be viewed at:

<http://schools.bracknell-forest.gov.uk/schoolfundingreform.htm>

- 5.47 It was originally intended to report the minutes from the Review Group to the Schools Forum, but for reasons of cost efficiency, these have not been attached to this paper, but can be viewed at the above link.
- 5.48 Copies of the consultation document and supporting annexes (circa 40 pages each) will be available at the meeting should any members require one.

Next steps

- 5.49 Changes to the BF Funding Formula need to be agreed by the Schools Forum and confirmed to the DfE by 31 October 2012. The Schools Forum will consider this on 18 October. To provide sufficient time for schools to consider what are substantial and complex changes, the consultation period will run from 12 July to 28 September.

6 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

Borough Solicitor

6.1 The Borough Solicitor has nothing to add to the report.

Borough Treasurer

6.2 No financial implications arise at this stage. Any proposals for change arising from the Consultation will need to be reported to the Schools Forum and considered as part of the overall financial arrangements to be put in place from April 2013.

Impact Assessment

6.2 DfE has undertaken a full impact assessment and considers the proposed changes have the potential to reduce the barriers and inequalities that currently exist. The document can be found at:

<http://www.education.gov.uk/consultations/downloadableDocs/School%20funding%20reform%20-%20Equality%20Impact%20Assessment.pdf>

Strategic Risk Management Issues

6.3 The most significant issues are expected to be:

1. The redistribution of funding between schools may result in a number of schools receiving real terms reduction to their funding for a number of years. This could have an adverse impact on pupil attainment. The budget to support schools in financial difficulties would be available to support relevant schools, provided it is returned for central management.
2. Additional delegation of services to schools could result in them ceasing to be provided. If there is low interest from schools, trading may prove uneconomic which could result in the withdrawal of support services which would then be more difficult and costly to provide if a need occurred at a later date. The consultation encourages replies that support de-delegation.
3. The review of charging schools for traded services may have an impact on future take up of services by schools. Lower take up may require services to be restructured or withdrawn, with either scenario likely to result in additional one-off costs.

7 CONSULTATION

7.1 The views of the Review Group have been incorporated into the consultation document.

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Background Papers

Various DfE guidance notes on School Funding

Contact for further information

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**Summary of changes from DfE March 2012 consultation on school funding reforms and
final decisions as announced on 28 June 2012**

Ref.	Item of change / decision / new issue / update	DfE doc ref	Proposed action
<u>Simplification of local funding arrangements</u>			
1.	<p>Funding schools for significant pupil growth. This is through the school contingency and DfE originally stated the intention to require this to be added to school budgets but could then be de-delegated if agreed by relevant school representatives on the Schools Forum. There is now a recognition by the DfE that this could hinder efficient planning of school places so LAs will be able to retain a central fund for significant pupil growth, subject to agreement of the Schools Forum along with qualifying criteria and a basis to calculate allocations. Academy schools would need to be treated the same as maintained schools.</p>	<p>School Funding Reform: Arrangements for 2013-14</p> <p>Paras 19-22</p>	<p>Review current criteria for funding significant pupil growth i.e. funding allocated where there is an increase of at least 20 statutory aged pupils between January and September census dates, to then receive top up funding equivalent to Teachers Main Scale point 6, for September to March – approx £23,000.</p> <p>Seek agreement from Schools Forum in October to hold funding back for this purpose, with amount to be retained determined by the Schools Forum through the budget setting process. This is generally the current procedure.</p>
2.	<p>DfE has confirmed that funding schools for additional classes needed to meet the infant class size regulation is allowed and can be funded in the same way as significant pupil growth at line 1. This approach has not been taken by BFC before but merits consideration.</p>	<p>Operational guidance</p> <p>Paras 37</p>	<p>Add a new question to the consultation to gather views from PRIMARY schools only about whether retaining a fund to support infant class size regulations would be supported.</p> <p>The current BF Funding Formula allocates a fixed lump sum amount of £17,063 to schools with infant classes to add to per pupil funding to help manage additional costs that may arise. Moving to a uniform fixed lump sum payment to all schools removes the funding source currently being used to support schools in meeting the cost of the infant class size regulations.</p> <p>The assumption for the purposes of the consultation would be that primary schools would support this approach as there are real, identifiable costs arising from this, and the consultation will therefore propose that it is funded from the money currently set aside to fund small schools through</p>

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Ref.	Item of change / decision / new issue / update	DfE doc ref	Proposed action
			<p>an amount per 'missing pupil' which will no longer be allowed. There is £229k allocated through this factor to primary schools, with £223k received by 16 schools with infant classes. The consultation document recommends that these funds be distributed 80% by headcount, 10% by deprivation and 10% by low prior attainment, so would be amended to assume these funds are used to create an infant class size fund. The financial exemplification in the consultation document will now assume funding is held centrally and allocated in-year against criteria to be agreed by the Forum.</p> <p>No change is proposed to the £16k allocated to small secondary schools, which will be recommended to in future be distributed 80% by headcount, 10% by deprivation and 10% by low prior attainment.</p>
3.	<p>Ability to use differential per pupil funding in secondary schools at KS3 and KS4 now confirmed as allowable. Primary aged per pupil funding must be at one uniform rate, irrespective of age.</p>	<p>School Funding Reform: Arrangements for 2013-14</p> <p>Paras 25-26</p>	<p>Review Group already agreed preference for differential funding at KS3/4. Consultation document to be updated to make clear DfE will allow differential funding.</p>
4.	<p>DfE proposal to set a minimum percentage of funding to be allocated via the basic per pupil entitlement or pupil-led factors will not be implemented in 2013-14. To be reviewed for 2014-15 after reforms have been implemented to help determine what a target rate should be, from current funding levels.</p>	<p>School Funding Reform: Arrangements for 2013-14</p> <p>Paras 27-28</p>	<p>None. But need to be aware of a potential new requirement from 2014-15, which would result in a redistribution of funding between schools if more money had to be allocated via the basic per pupil entitlement or pupil-led factors.</p>
5.	<p>DfE have updated the available IDACI bandings for deprivation funding so that there are 6, rather than 5 available to set different per pupil units of resource. No change to minimum score that can attract funding (stays at 0.2). Change is to the most deprived scores, with the original band 5 operating between 0.5 – 1, now split so that band 5 is 0.5 – 0.6, with band 6 at 0.6 – 1. This helps most deprived areas to include a higher unit of resource for the most deprived children.</p>	<p>School Funding Reform: Arrangements for 2013-14</p> <p>Paras 27-28</p>	<p>Add further 0.5 weighting to per pupil unit of resource for new band 6. Not significant to BF. From DfE data supplied in April, only 10 pupils in BF fall into the original band 5, so any additional threshold will not have a material impact. Await DfE data update to determine split of pupils between band 5 and 6, so no change to the consultation document where IDACI used.</p>

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Ref.	Item of change / decision / new issue / update	DfE doc ref	Proposed action
6.	<p>The threshold that can be used to fund primary schools on low prior attainment data as a proxy to identify low cost, high incidence SEN pupils has been amended. Two options are available from the EYFSP; either fund all pupils scoring below 73 or all pupils scoring below 78 (78 was the original level set by DfE). There is no change for secondary schools with the funding threshold set at pupils who fail to achieve Level 4 or above in both English and mathematics at KS2.</p> <p>A second change is to include all pupils in school who have a valid test result. The original proposal was to use results only from pupils taking the most recent tests, and applying the relevant percentage as a proxy for the whole school.</p> <p>This is now recognised by DfE as potentially not being reflective of the attainment levels across the whole school.</p>	<p>School Funding Reform: Arrangements for 2013-14</p> <p>Paras 33-34</p> <p>Operational guidance</p> <p>Para 14b</p>	<p>A new question will be added to the consultation to gather views from PRIMARY schools only as to whether they prefer the below 73 or below 78 score as the funding threshold. Clearly, using a score of 73 would target resources to a set of lower attainers and would allocate the same amount of funds at a higher unit of resource to fewer pupils. Current BF model uses the 78 score, and this represents around 20% of pupils taking the tests. We do not have an equivalent % figure for the below 73 score.</p> <p>We are reliant on DfE to supply relevant test data so are not in a position to accurately model the potential financial effect from using a score of 73. We are also reliant on the DfE in supplying test data from all pupils in schools that sat the tests.</p> <p>Therefore, in terms of financial exemplifications for the consultation document, we can only include the change from the model already shared with the Review Group i.e. using most recent test results as a proxy for the whole school, which we know will not be completely accurate. On balance, propose to include these exemplifications on the consultation document as it is likely to present a fair reflection of the final model.</p> <p>DfE have indicated that they propose to supply LAs with updated data in September. Provided this is received within the consultation period – to allow review and distribution by consultation response deadline of 28 September – an indication of the impact from this revision can be sent for schools for them to take into account before they make their responses.</p> <p>This change will also impact on the MFG figures quoted in the consultation.</p>
7.	<p>To recognise that the cost of supporting EAL pupils that enter secondary schools is likely to be higher than those in primary schools, DfE will now allow differential funding rates between phases, whereas originally one rate for all schools was required.</p>	<p>School Funding Reform: Arrangements for 2013-14</p> <p>Para 36</p>	<p>None. BF has traditionally funded all EAL pupils at a flat rate, irrespective of age, and the exemplifications in the draft consultation document used a uniform per pupil rate of funding.</p>

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Ref.	Item of change / decision / new issue / update	DfE doc ref	Proposed action
8.	EAL data baseline will be updated so time spent in Y1 – Y6 for primary will count, not N1 or N2 which DfE previously included in the data set, and was therefore included in BF modelling, and Y7 – Y11 for secondary schools.	Operational guidance Para 14e	None. The exemplifications in the consultation will include N1 and N2 as the LA does not have core DfE data to extract relevant pupils. The significance of this change is unclear. Reference to this will be made in the consultation document.
9.	The cap on lump sum payments has been set at £200k , £50k above the maximum amount anticipated in the consultation. This is to protect smaller schools but the DfE indicate this amount will be reviewed during the year and a different cap may apply in 2014-15, if there is insufficient evidence to support the need for the higher amount.	School Funding Reform: Arrangements for 2013-14 Paras 38-43	None. Retain a maximum amount of £150k, as 13 primary schools need an aggregate top up of £174k to achieve the £150k amount. A £200k limit would require a further £50k top up for the 13 already below the £150k proposed amount, plus another 12 schools above £150k but below £200k would require a top up. Overall, a further £1.094m would need to be added to lump sum payments to fund a £200k amount, which is clearly a very significant amount. Propose BF review for 2014-15 in light of DfE decision on the cap.
10.	DfE have determined that a new factor will be added to the allowable list to reflect high pupil mobility to compensate schools for the greater costs incurred. DfE will supply the data – it has not yet been made available – that must be used, which will use October census to identify the start date of each pupil who started in the last three academic years, but did not start in August or September (or January for Year 1). Separate funding rates can be applied to primary and secondary schools.	School Funding Reform: Arrangements for 2013-14 Para 46b Operational guidance Para 11	Add a question to the consultation to ask whether schools agree that a mobility factor should be included, and that should the responses support this, the Review Group will make a recommendation to the Forum on how this should be dealt with, which could include a funding cap for this factor at the same amount in the current BF Formula of £18k (all primary related). Information in the guidance documents is not sufficiently clear on how this would operate in practice, but it seems that any school admitting pupils outside normal admission patterns would qualify for funding, if the factor is used. It's not clear if a threshold would need to be crossed to target funding to only schools that had say 10% or above of pupils admitted outside normal patterns, otherwise it is not targeted on a high pupil mobility basis, which is the purpose of the factor.
11.	Two further exceptions have been added to the calculation of the MFG. The Early Years Single Funding Formula (EYSFF) – where separate protection arrangements will apply as per Line 14 below – and rates.	School Funding Reform: Arrangements for 2013-14 Para 51	The previous calculations of MFG will be updated for the consultation document. This will also have an impact on the amount required to be recovered through the cap to be applied to schools gaining money.

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Ref.	Item of change / decision / new issue / update	DfE doc ref	Proposed action
12.	<p>Funding of new, reorganised or closing schools has been clarified. Subject to agreement by the School Members on the Schools Forum, funding for these purposes can be held within contingencies, calculated on a case by case basis.</p> <p>This affects Jennett's Park.</p>	<p>Operational guidance</p> <p>Para 18</p>	<p>A new question will be added to the consultation to gather views from schools as to whether they support retention of funds in such circumstances.</p> <p>If this is supported, the amount to be held will be determined by the Schools Forum through the normal budget setting process and would take account of actual needs.</p>
<u>Improving the way that local areas are funded</u>			
13.	<p>There will now be an uplift to the DSG allocations made by DfE to fund the Schools Budget to reflect deferred entries into reception classes. This will reflect the difference in Reception pupil numbers between the October and January counts of the previous academic year.</p> <p>The funding can be applied to all schools through the per pupil amount i.e. not just those with Reception pupils, or none, but if the per pupil amount is not used, it must be distributed through the Formula and not used to fund centrally retained expenditure.</p>	<p>School Funding Reform: Arrangements for 2013-14</p> <p>Para 82</p> <p>Operational guidance</p> <p>Para 14g</p>	<p>New question to be added to the consultation to gather views on whether this funding should be allocated via an amount per pupil, or other basis.</p>
<u>Simplification of the arrangements for the funding of early years provisions</u>			
14.	<p>DfE propose to introduce an early years specific MFG to apply against all providers, including those in PVI settings.</p> <p>The same 1.5% cap on funding reductions would apply, but this would be against the 'base rate' only, amounting to £3.17 for maintained schools and £3.71 for PVI providers i.e. not against deprivation or quality supplements.</p>	<p>School Funding Reform: Arrangements for 2013-14</p> <p>Paras 122-125</p>	<p>The previous calculations of MFG will be updated for the consultation document, as set out above in line 11. There is no intention at this stage to reduce the base rate in the EYSFF, so no impact is anticipated on funding rates for Early Years providers.</p>

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