

Notional Schools Block: 5-16
Funding

The Proposed Funding
Arrangements, including Draft
Formula for Slough

Introduction

The government announced in March reform to the arrangements for School Funding 2013-14, including arrangements for creating a simple, more consistent and transparent funding system.

The Department for Education (DfE) believe that the considerable flexibility that is currently allowed in the distribution of funding locally makes their objective to raise the aspirations and attainment of all pupils difficult to achieve. The DfE want to ensure that the money that is intended for schools reaches schools and the pupils that need it most and believes that the current system has, in too many authorities, resulted in the generation of very complex local formulae. The new, simple, more consistent and transparent funding system has been designed to:

- Maintain local discretion over funding;
- Ensure as much funding reaches schools as possible; maintaining and improving the arrangements for equivalent and consistent funding between maintained schools and Academies;
- Enable leaders to understand the basis on which their institutions are funded;
- Support the needs of pupils; and
- Be more responsive to pupil numbers and demand from parents.

The first part of the new arrangements will be to delegate as many services and as much funding as possible to schools. This will give head teachers, principals and governors much more control over how funding is spent. Only in a small number of cases will notional Schools Block¹ funding be held centrally.

The second part of the new arrangements will be to reduce the number of factors that can be used in local formulae to distribute funding. Formulae are currently based on as many as 37 different criteria or factors: this will reduce to a maximum of 12. Each local authority will be required to publish details of its formula on a simple, clear and consistent pro-forma.

The new arrangements will also enable a more efficient and effective means of funding Academies on a comparable basis to maintained schools.

¹ The Notional Schools Budget is the balance of the Dedicated Schools Grant after deducting the notional High Needs Block and the notional Early Years Block.

As the body responsible for coordinating education and school funding in Slough, Schools Forum has been consulted on the new arrangements as they have evolved. Alongside announcements regarding the new arrangements, the DfE consulted on aspects of detail during April and May. A joint response on behalf of Slough and Schools Forum was submitted. The final arrangements, clarifying important aspects of detail, were published at the end of June 2012. The proposals in respect of the notional Schools Block arrangements for Slough were reviewed by a joint meeting of SSEF (Slough Strategic Education Forum) and Schools Forum on 7 September.

Following this initial consultation and review, this document is intended to provide a detailed presentation of the proposals.

A number of factors have been taken into consideration in coming up with the proposed formula including:

- Policy drivers;
- recognition of the effectiveness of the current local formula to target resources,
- allowable factors;
- requirement to use published DfE datasets; and
- feedback from initial consultation with SASH (Slough Association of Secondary Head teachers), SSEF (Slough Strategic Education Forum) and Schools Forum.

Slough Borough Council is required to conduct open and transparent consultation on the proposals with all maintained schools and academies. The consultation is required to show the effect for each school and recoupment Academy of moving from the existing formula to the new formula, including the effect of protection. Non-recoupment Academies and free schools should also be consulted on the proposed formula itself.

In order to support the consultation, three open sessions will be held for Governors, Head teachers and Bursars as follows:

- Tuesday 25 September Noon at xx;
- Tuesday 25 September 6pm at xx; and
- Wednesday 3 October Noon at xx.

The final decision on the Slough 5-16 formula rests with the elected Members of Slough Borough the Council.

The new arrangements will be implemented for all maintained schools and Academies for the funding period commencing on 1 April 2013.

If you would like to discuss the content of the document please feel free to contact Wendy Sagar, Project Manager (Education Funding Reform) at Slough Borough Council on 01753 875627 or by email: wendy.sagar@slough.gov.uk

The Current Funding Framework

The Dedicated Schools Grant (£128m) currently funds all 5-16 education. Most of the funding (£118m) is delegated to all schools and Academies through the Slough funding formula. A small school specific contingency (£1m) and certain services supporting schools are managed by the local authority from budgets held centrally (£9m).

Individual School Budgets and the Local Formula

All Schools

Primary and secondary schools are funded through the local formula based on the number of pupils on roll at the time of the school census in January. These numbers and the characteristics of pupils feed into formula factors which generate funding streams such as pupils without statements and deprivation.

There are no adjustments made to the budget during the year to take into consideration changes in pupil numbers.

There are 14 factors in the local formula that apply to both primary and secondary schools:

1. Age weighted pupil unit (AWPU). There are currently 6 separate per-pupil rates depending on the age of each pupil: (i) Reception £2,681; Key Stage 1 £2,701; Key Stage 2 £2,603; Key Stage 3 £3,432; Year 14 £3,933 and Year 15 £4,183.
2. Deprivation (Free School Meals). Each pupil on recorded as eligible for free school meals attract £276.05 in primary schools and £182.84 in secondary schools. This increases to £828.14 for eligible primary pupils and £548.52 for eligible secondary pupils where more than 15% of pupils in the school are eligible for free school meals.
3. Deprivation (Index of Multiple Deprivation). No payment is made for pupils in the band for the 20% most affluent pupils based on the Index of Multiple Deprivation (IMD). All other pupils attract a supplementary rate depending on their band: band 1 (most deprived 20%) £263.17 primary or £357.10 secondary, band 2 £210.53 primary or £285.68 secondary, band 3 £168.42 primary or £228.54 secondary and band 4 (least deprived) £134.74 primary or £182.83 secondary.
4. Pupils without statements (prior attainment). Key stage 2 pupils attract a supplement based on key stage 1 SATS and key stage 3 pupils attract a supplement based on key stage 2 SATS.

5. Pupils without statements (IMD). Pupils at reception, key stage 1 and key stage 4 attract a supplement based on the IMD in lieu of prior attainment data.
6. Turbulence. Any primary or secondary school attracts £2,805.22 for every extra 5 pupils who joined the school during the previous 12 months outside standard points of entry.
7. Lump sum. Each primary school receives £55,176 and each secondary school receives £54,996. Claycotts received an additional pro-rata lump sum for the new school in the Town Hall from 1 September 2012.
8. Rates. All schools are funded for the actual cost of their rates.
9. Public Finance Initiative (PFI). Penn Wood and Beechwood are funded for the actual cost of their PFI payment.
10. Catering. Each school receives a lump sum contribution to a kitchen (£1,263.84 primary; £1,306.81 secondary) plus an amount for each eligible pupil's meals (£1.75 primary; £1.96 secondary).
11. Small school protection. Primary schools with less than 240 pupils on roll attract an additional £286.40 per pupil. Secondary schools with less than 750 pupils attract £488.70 per pupil. (WS – check whether all pupils or per pupil to make up to threshold)
12. Expansion funding. Primary schools receive £80,700 for each new form of entry or bulge class planned for the following September. Secondary schools receive £100,801 for each new form of entry or bulge class planned for the following September.
13. Teachers Pay Grant. Each school receives a lump sum (£4,504 primary; £4,239 secondary) plus an additional amount per eligible teacher (£3,515 primary; £4,094 secondary).
14. Mainstreamed grants. Each school receives a historic allocation based on their share of the grants that were rolled into DSG for the financial year 2011-12.

In addition, schools are also funded for individual pupils with statements and Resource Units through their school budget shares.

Finally, where appropriate schools may also attract additional funding through the minimum funding guarantee which ensures that per pupil funding does not reduce beyond a value set by the DfE, currently -1.5%.

Primary Schools

In addition to the above common factors, primary schools also receive formula funding for:

1. Partial class size, based on the % of unfilled places.

2. New schools, through a combination of ghost funding at the AWPU rate per place and £95.07 per place for unfilled forms of entry.

Secondary Schools

In addition to the above common factors, secondary schools also receive funding for personalised learning, distributed on the basis of historic prior attainment (a 3 year aggregate as at 2009-10).

The funding for 6th forms received from the Education Funding Agency is passported direct to secondary schools.

School Specific Contingency

Slough Borough Council retains ring-fenced contingency budgets for the following:

- Arbour Vale banding correction (£321,600)
- Early Years Single Funding Formula (EYSFF) contingency (£200,000);
- Significant September intake (£216,300);
- Bulge classes / new forms of entry (£200,000);
- Rates adjustment (£49,800); and
- DSG pupil number variation (£150,000).

The banding correction and EYSFF contingency are specific to High Needs and Early Years respectively. For the balance of the contingency funding, Academies became responsible for contingency issues and budgets from 1 April 2012 through the LACSEG² grant distributed by the Education Funding Agency on a per-pupil basis. The EFA recoup this funding from Slough's DSG.

Any remaining contingency at year end is distributed back to schools in accordance with the regulations.

Local Authority Managed Budgets

² Local Authority central Services Grant

With the approval of Schools Forum, the local authority retains a number of budgets. The budgets are as follows:

- High Needs budgets (£6.661m);
- Early Years budgets (£0.2m);
- Contribution to combined budgets (£1.193m);
- Behaviour Support Services (£587,000 all primary and secondary schools and Academies);
- 14-16 More practical learning options (£339,000 all secondary schools and secondary Academies);
- Servicing of Schools Forums (£53,055);
- Staff costs – supply cover for trade union support and general £40,000 all primary and secondary schools and Academies);
- Capital expenditure from revenue (£149,100); and
- School Admissions (£277,530).

Once a school converts to Academy status, it takes on responsibility for behaviour support services, 14-16 more practical learning and staff costs (supply cover). Academies are funded through the LACSEG grant distributed by the Education Funding Agency on a per-pupil basis and the EFA recoup this funding from Slough's DSG.

Any remaining local authority managed budget remaining at year end is reported to Schools Forum as headroom and distributed according to Schools Forum decisions.

New Funding Framework

The final gross Dedicated Schools Grant for Slough in 2012-13 is £128.235m and in accordance with the new arrangements and guidance, this has been analysed over the three new notional blocks as follows:

Notional High Needs Block	£19.790m
Notional Early Years Block	£ 8.699m
Notional Schools Block	£99.746m

This consultation document addresses the proposed arrangements for the Notional Schools Block.

Under the new arrangements, all the notional Schools Block funding has to be delegated to schools unless Schools Forum approve central retention.

Schools Forum has approved the retention of historic and statutory budgets in the past and Slough will seek approval to continue to retain these budgets (£1.672m).

Funding for significant pre-16 pupil growth can also be retained before allocating formula with the agreement of Schools Forum.

Slough has a rapidly increasing population, including a 50% increase in the 0-5 population in the ten years since 2001. Schools have already delivered a key stage 1 expansion programme to support this rapid growth in pupil numbers to date. Growth is now feeding through into key stage 2 and expansion in secondary places will be required in the future. In order to support coordinated growth provision, Slough intends to create a growth fund from the Dedicated Schools Grant (DSG) in advance of allocating school budget shares. The growth fund will be ring-fenced so that it is only used for the purposes of supporting growth in pupil numbers to meet basic need and will be for the benefit of both maintained schools and Academies.

Question

Do you support the central retention of a Growth Fund for funding significant pre-16 pupil growth in primary schools, secondary schools and Academies?

Schools Forum is required to approve the transparent and consistent criteria on which any growth funding is to be allocated and agree any allocations.

Question

Do you agree with the following proposed criteria for the Growth Fund?

- **For each new form of entry recommended by the School Organisation Committee and endorsed by Schools Forum, the appropriate AWPU for a full class; and**
- **For each bulge class provided at the request of the local authority and endorsed by Schools Forum, the appropriate AWPU for a full class.**

In either case, additional funding would continue until the actual pupil numbers for the new form of entry or bulge class is included in the October count and funded through the formula.

It is proposed that the current contingencies held for Significant September Intake (£195k) and School Places (£189k) are transferred into the Growth fund. Any funds remaining at the end of the financial year will be added to the following year's DSG and reallocated to maintained schools and Academies through the formula.

Question

Do you agree that the contingency funding previously held centrally is transferred into a Growth Fund?

The balance of the notional Schools Block will then be distributed to all primary schools and Academies through a simpler, compliant local formula.

There are 10 allowable factors:

1. a basic per-pupil entitlement;
2. deprivation – measured by Free School Meals (FSM) and / or Income Deprivation Affecting Children Index (IDACI);
3. looked after children;
4. prior attainment as a proxy measure for SEN, measured by the Early Years Foundation Stage Profile for primary aged pupils and English and match attainment at key stage 2 for secondary age pupils;
5. English as an additional language, for a maximum of 3 years after the pupil enters the statutory age school system;
6. pupil mobility;

7. standard lump sum for each school;
8. split sites;
9. rates; and
10. private finance initiative (PFI) contracts.

Factors 1 and 2 are mandatory whereas factors 3 to 10 are optional.

The current factors in the local formula have been mapped as far as possible to the allowable factors in the new formula. The proposed formula is as follows:

Factor	Primary	Secondary	Data
	£	£	
Basic per-pupil entitlement	2,959	KS3 £3,757 KS4 £4,374	Pupil count Oct
Deprivation	1,368	2,480	Ever 6 FSM
			IDACI Band 1
			IDACI Band 2
	437	532	IDACI Band 3
	547	665	IDACI Band 4
	682	830	IDACI Band 5
	853	1,038	IDACI Band 6
Prior attainment	1,449		EYFSP 73 or less points
		4,703	Not achieving both English and maths at KS2
Pupil mobility	191	191	
Lump sum	55,000	55,000	
Rates			Estimated actual
PFI			Estimated actual

The above values are based on allocating the notional Schools Block funding envelope and are subject to change if, following consultation, changes are made to the proposals.

The Slough formula does not currently target resources towards children for whom English is an additional language (EAL). However, pupils with EAL often require additional support. The DfE have considered evidence on how much support is needed and have decided that 3 years – from the point at which the pupil enters compulsory education in England – should be sufficient. This factor would not target 2nd or 3rd generation pupils as it can only be applied based on data sets issued by the DfE.

Question

Do you agree that we should include English as an Additional Language as a factor in the formula?

The DfE believe that with early intervention, pupils with EAL can achieve well, even earlier. However the cost of supporting pupils who start school in England at an older age can be considerably higher. We would be able to allocate one rate for EAL pupils in primary schools and a different rate for EAL pupils in secondary schools.

Question

If an EAL factor is included, do you agree that we should have different rates for EAL in primary and secondary schools?

Schools that operate on split sites often face higher running costs as a result of, for example, the cost of travel between sites and the care and maintenance of two sites. The current Slough formula does not make any provision for the additional costs incurred by schools operating from split sites. **Need to confirm whether we have 2 schools or a split site at Claycotts**

Question

Do you agree that we should not include a split site factor in the formula?

The new arrangements restrict the number of allowable factors in the local 5-16 formula. Most of the current factors in the Slough formula have been mapped to compliant factors. However, there are five factors which cannot be included in the formula. The compliant factors which could be used to distribute this funding are: basic pupil entitlement; deprivation; low cost, high incidence SEN; lump sum or pupil mobility.

Question

Do you agree that the funding for the following current factors which are no longer compliant should be funded through the basic per-pupil entitlement?

- (a) Teachers Pay Grant**
- (b) Small school protection**
- (c) Catering**
- (d) New Schools; and**
- (e) Partial Class Size**

The attached schedule shows the breakdown of the former mainstream grants factor in the current formula which is also no longer compliant. The compliant factors which could be used to distribute this funding are: basic pupil entitlement; deprivation; low cost, high incidence SEN; English as an additional language; lump sum and / or pupil mobility.

Question

Do you agree that the funding for the former mainstream grants, which is also no longer compliant under the new arrangements, should be funded through a combination of:

- (a) Basic per-pupil entitlement**
- (b) Deprivation; and**
- (c) Low cost / high incidence SEN**

New Delegation

Several budget items which can currently be retained centrally will now have to be delegated through the formula from 2013-14. For each of these, it is necessary to identify how funding will be delegated through allowable factors. This new delegation will support schools as commissioners through the maximum delegation of responsibilities and funding.

Question

Do you agree that the contingency funding previously held centrally or distributed to Academies through LACSEG for rates variations and changes in DSG pupil numbers should be delegated to all maintained schools and Academies using the basic per-pupil entitlement factor?

Question

Do you agree that the funding previously held centrally or distributed to Academies through LACSEG for the following:

- (a) 14-16 practical learning**
- (b) Behaviour Support Services**
- (c) Staff costs supply cover: public service**
- (d) Staff costs supply cover: trade union**

should be delegated using the basic per-pupil entitlement factor or the low cost, high incidence SEN factor?

There are some services where maintained schools will be able to decide that some funding should be taken out of their pre-16 formula budgets before they receive them and moved to central funding. For each of these, it would be for the schools forum members in the relevant phase (primary or secondary) to decide whether any of the services should be retained centrally. The decision would apply to all maintained schools in that phase.

The services where optional de-delegation for maintained schools applies are:

- Contingencies;
- Staff costs – supply cover; and
- Behaviour support services.

Question

Do you support the de-delegation of maintained school funding for Behaviour Support Services in 2013-14 to support the transition from a Council delivered service and development of provision?

Question

Do you support the de-delegation of funding for any of the following:

- (a) **Contingency**
- (b) **Staff costs – supply cover (Trade Union)**
- (c) **Staff costs – supply cover (General)**

Reception Uplift

Under the new arrangements, schools and Academies will be funded based on data from the October pupil census rather than the current January pupil count . To prevent schools with lots of deferred entries to reception classes being disadvantaged, a reception uplift could reflect the difference in Reception pupil numbers only between the October and January counts. We believe that, since Slough primary schools operate a single point of entry, this is not necessary.

Question

Do you agree that no reception uplift is applied when calculating school budget shares for pupils joining school in January

Conclusion and Summary

The above proposals are compliant with the new arrangements which local authorities are required to implement from 1 April 2013.

Appendices

- A** Slough Schools: Adjusted Budget Shares 2012-13
- B** Slough Schools: Draft Budget Shares based on proposed formula
- C** Comparison Pre-Minimum Funding Guarantee
- D** Comparison Post-Minimum Funding Guarantee
- E** Historic Grants – Breakdown of 2012-13 Historic Grants Factor
- F** Historic Grants – Breakdown of Modelled Funding and Comparison to 2012-13