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1. School Funding Reforms – Contingency - Pupil Growth Fund – protocol for access (Kirklees Schools Forum briefing 15th Feb 2013)

Kirklees Schools Forum has agreed to the creation of a local Pupil Growth Fund for 2013-14 with an initial budget of £600,000.

- The fund is accessible to both maintained schools and academies facing significant pupil number growth between pupil census dates.
- The fund can also be used to ease circumstances where very limited pupil growth requires the creation of an additional class to comply with KS1 class size regulations.
- The Growth Fund has to operate against criteria agreed with the Schools Forum who also have to be provided with regular updates about allocations made from the Fund.
- Any unspent monies at the end of the financial year will be added to the following year's DSG budget and reallocated to schools and academies via the Schools Block Funding Formula.

The Schools Forum has considered a draft proposal setting out the circumstances in which a school or academy could trigger a support allocation from the Growth Fund.

One of the following two criteria must apply **and** the school must be able to show that the associated cost is not supportable from their existing resources...

- 1) When, at any point since the last October pupil census declaration, a school experiences an increase in pupil numbers that is sufficiently large enough to force the creation of a new class base (or class bases).
- 2) When a school with KS1 provision, during the funding year, has a pattern of KS1 pupil numbers where the base AWPU funding they attract is unlikely to cover the costs of the requisite number of class bases as specified by the KS1 minimum class size regulations.

In either of the above cases the school / academy would have to demonstrate that it could not afford the cost via its budget plan for the year in question.

The focus of the fund should be upon "unplanned" growth as it would not always be appropriate to address planned growth (such as expanding age range) from this source. It is noted that, increasingly, primary school Published Admission Numbers are being structured around multiples of 30 to try to reduce the incidence of KS1 class size problems.

The Financial Delegation Manager will be responsible for making allocation decisions (in consultation with the Head of School Organisation, Planning and Admissions) which will then be reported to the Schools Forum. It was agreed that the Schools Forum will act as an Appeal body should a school or academy wish to challenge the decision.

2. Contingency 2013-14: Schools in Financial Difficulty – protocol for access (Kirklees Schools Forum briefing 15th Mar 2013)

The Schools Forum has agreed to de-delegate from the maintained sector a sum of £700,000 in 2013-14 to establish a new Contingency arrangement. The Contingency can be used to support schools in a limited range of circumstances: -

- With exceptional unforeseen costs which it would be unreasonable to expect governing bodies to meet
- For additional costs relating to new, reorganised or closing schools
- Support for schools in financial difficulty

The school's budget plan will be scrutinised to determine that the school has taken all reasonable steps to balance its budget and that the budget is not in deficit because the school is trying to maintain provision that could be considered out-of-step with normal practice. Any intervention from the schools in financial difficulty pot would be one-off in nature and would usually constitute some financial input to enable a permanent reduction to be made in the school's expenditure level.

Unlike the Pupil Growth Fund there is no formal requirement to report the use of the schools in financial difficulty provision to the Schools Forum, but officers will keep the Schools Forum briefed about developments during the year.

The finalised protocol paper will include a section on who makes the decisions about where and how difficulty funds will be committed.

Decisions will be made by the Financial Delegation Manager with scrutiny from the Assistant Director for Learning.

3. School Funding Reforms: SEN funding and levels (Kirklees Schools Forum briefing 15th Feb 2013)

3.1 Letter to schools and funding template

A covering letter will be sent to schools with each school's SEN top-up funding statement for 2013-14. The letter covers the following aspects of the SEN funding changes: -

- The division of previous SEN funding between the Schools Funding Block (additional support costing £6000 or less per annum) and the High Needs Funding Block (to fund top-up allocations in cases where the additional costs exceed the £6000 threshold – the excess above £6000 forms the top-up).
- How the top-up funding is calculated and reviewed on a termly basis during the funding year. (Examples of the top-up notification statements were also provided).
- Advice about constructing a notional SEN budget, including the need to make contingent provision against mid-year high needs admissions.
- Simplification of the current complex SEN banding system into a simpler funding matrix which has only five levels of support allocation. There is some transitional cushioning in the first year if the difference between old and new methods produces a loss significantly greater than £500 for individual children.
- The charging system for pupils attending Kirklees schools who are resident in another local authority – the other authority will be responsible for paying top-up funding (where applicable) for such children. Similarly, Kirklees will have to pay top-up funding to schools in other authorities having Kirklees-resident "top-up" children in their schools.

3.2 Levels of support for mainstream schools

The funding matrix below shows the additional support funding that will be applied when calculating the pattern of top-up funding allocations. Varying levels of need will be assigned within each of the key area headings.

| key area of need | top up values | | | | |
|-----------------------------|---------------|----------|--------|-------------|--------------------|
| | exceptional | profound | severe | significant | mild / moderate |
| | A | B | C | D | E |
| Communication + Interaction | £6,900 | £3,300 | £1,900 | £500 | Schools block only |
| Cognition and Learning | £6,900 | £3,300 | £1,900 | £500 | Schools block only |
| Sensory | £6,900 | £3,300 | £1,900 | £500 | Schools block only |
| Physical and Medical | £6,900 | £3,300 | £1,900 | £500 | Schools block only |
| BESD | £6,900 | £3,300 | £1,900 | £500 | Schools block only |

3.3 Comments and questions

The new SEN funding system could present a significant challenge if a school attracts only low levels of low prior attainment and deprivation-related funding, thanks to the assumption under the new funding regime that schools take responsibility for (up to) the first £6000 of additional SEN costs per child.

The new SEN systems will be kept under review – the contents of the Children & Families bill may mean that further changes have to be made anyway – and there is an annual review process conducted of all assessment performed as a matter of course.

Q. Is there any point in submitting children for a SEN Statement in future if that statement is likely to identify lower level needs (ie below £6000)? The issue is not about funding. It is important that children's additional needs continue to be assessed in order to provide a record against which delivery by schools will be judged. A working group of school SENCOs is looking at this.

Q. What about high needs funding for nursery / reception children with SEN? Reception children with top-up requirements will be treated in the same way as older children. High needs children in part-time nursery provision don't count in the allocation of low prior attainment funding and so they will be allocated base funding (up to £6000 x 0.6fte) as well as a pro rata top-up allocation, where appropriate, both from the high needs funding block.

Q. For children resident in other local authorities will the top-up funding paid be different to Kirklees' rates? It is very likely that there will be differences between local authorities. Discussions are taking place at a West Yorkshire authority level, and there is a meeting in Wakefield in the near future, to try to agree consistent protocols to underpin payment transactions between individual authorities and schools.

Q. When do the new SEN funding arrangements impact on the academy sector? Because the Funding Reforms do not apply to academies until the start of the next academic year, academies converting before 1st April 13 will continue to be allocated full SEN statement funding up to 31st August 13. The new schools block and high needs top-up funding system will apply thereafter.

Q. Will there be local authority support for head teachers if they end up in a tribunal when a parent of an SEN child formally challenges the provision being made by the school? It is intended that the SENACT Team would provide support in such circumstances as they do now. The SENCO working group is looking at the issue with a view to drawing up guidance for head teachers to help avoid such a situation (insofar as is possible).

Q. How will the proposals for parents to take responsibility for additional need funding via personalised budgets impact upon the new SEN funding system? The implications of the new bill need to be carefully assessed, in particular the scope of the proposed individual Education, Health & Care Plan. It was thought that the personalised budget aspect would more encompass an individual's care needs rather than educational needs, however the detail in the bill will give clarification. Officers are engaged at a regional level in looking at the potential implications.

The picture of SEN funding is an evolving one. Cllr Harris promised that members and officers would keep a watching brief on developments. As part of this process officers will prepare for circulation a synopsis of the main points of the Children & Families Bill.

4. School Funding Reform: DfE consultation (Kirklees Schools Forum briefing 15th Mar 2013)

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

The DfE has been looking at the national (draft) picture from local authority funding formula submissions to the Education Funding Agency. The proportion of allocated funding spent on Age-Weighted Pupil Units varies between 60% and 87%, with half of local authorities allocating between 75% and 80%. [Kirklees' 2013-14 formula allocates 72.52% of its total via AWPU]. When other pupil-led factors are included, local authorities are allocating at least 77% of the total, with around 49% of authorities allocating between 90% and 95% on pupil-led factors. [Kirklees' pupil-led proportion stands at 90.23%]. The DfE acknowledges that it would be difficult to set a meaningful minimum percentage for AWPU funding alone given that varying levels of deprivation amongst authorities means that some naturally have to target more to deprived pupils than others. Any minimum threshold would have to be applied to the wider total of pupil-led funding instead.

A: No threshold should be imposed. The proportions allocated should continue to be a matter for local decision-making.

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

There is wide variation amongst authorities in terms of the proportion of funding devoted to deprivation support – ranging from just 2% to 25% of the total allocated. 83% of authorities have allocated between 2% and 12%. The variations will largely reflect differences in the levels of deprivation present in each authority. The DfE is wanting to understand more about the underlying reasons for the variations between authorities.

A: In Kirklees an approach was taken which recycled the current level of funding attached to its outgoing deprivation-related factors into the new FSM and IDACI factors. This previous level of funding was near to the target deprivation percentage level set by the DfE of the time.

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

There is a similar wide variation amongst authorities in the use of the low prior attainment factor. A handful of authorities have chosen not to use the factor at all. In those authorities that have employed the factor the values attached range from £125 to £8,300 for identified primary pupils and £158 to

£10,688 for identified secondary pupils. [In Kirklees we have used £1,731 for primary LPA pupils and £2,507 for secondary LPA pupils].

A: The overall amount of funds allocated to Low Prior Attainment in the new system was determined by the amount previously spent on LPA-related factors under the outgoing system.

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?

The current Early Years Foundation Stage Profile (EYFSP) system comes to an end this year. A new framework to replace it will begin to be implemented this Autumn. The DfE expects local authorities to continue to use the current method until analysis has been completed on the new framework.

A: Forum could see no alternative but to continue with the current method until the new one becomes available.

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 pupil mobility factor is there to target funding to address the additional admin costs incurred by schools that experience high levels of pupils leaving and joining during the academic year. The use of just one value for the factor means that proportionately more funding cannot be targeted to those schools with exceptionally high levels of pupil mobility.

A: Most pupil mobility in the authority is at a relatively low level so Forum was not in favour of making this differentiation.

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?

The current single lump sum arrangement is causing concern, particularly in relation to small schools serving rural areas. In Kirklees small school units generally fare badly in comparison to their position under the outgoing formula. Forum has previously acknowledged the tension between the size of the common lump sum and the value of the AWPU – for every £10k added to the Kirklees lump sum, the value of the AWPU would have to be reduced by around £31.

A: Forum considers that the cost for the majority of schools, under a single common lump sum system, of protecting a small number of other schools makes such a change unfeasible.

Q7: Would 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?

A: It was felt that the ability to have separate lump sum for the two sectors would allow some flexibility for decision-making. Middle schools would wish to be allowed to have a distinct middle lump sum value. Alternatively, the middle or all-through school lump sum would have to be a hybrid version of the local primary and secondary lump sum values.

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 to ensure the sustainability of necessary small schools?

A: Perhaps the level of the lump sum should flow from determination of the “right” proportion of pupil-led funding? It is difficult to say what the minimum level of the lump sum should be to protect small schools as we know that longer term most of our small schools will encounter serious financial difficulty. There was some comment that small primary schools often do not

serve their local community, with many of their pupils travelling to the school from other districts. The issues here are more complicated than can be addressed by a simplistic lump sum approach.

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?

The sparsity measure suggested by the DfE would be a proxy for identifying where small schools are 'necessary'. Where the distance to the next nearest school is high it would be assumed that it becomes difficult for a pupil to attend any other school than their nearest one. Different distance thresholds would apply for the primary and secondary sectors as pupil travel distance varies by phase.

A: It is unlikely that a sparsity measure of the type suggested would apply to the small schools in Kirklees, being of more use to authorities with high proportions of rurality such as North Yorkshire. Forum was not in favour of the introduction of a sparsity measure.

Q10: What average distance threshold would be appropriate?

A: Forum had no basis for answering this question.

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?

A: No comment

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

A: No comment

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?

A: There are already a couple of instances in Kirklees where the significant loss of a lump sum has caused problems for schools amalgamating (although this loss has been mitigated somewhat via the Minimum Funding Guarantee). It would clearly be helpful when considering future mergers to be able to retain both lump sums for a period of time.

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?

The DfE acknowledges that the Funding Reforms have in some authorities had the effect of moving funding away from schools with high numbers of deprived pupils. The reasons for this are to do with the removal of premises factors (schools serving deprived communities are often under-occupied) and an increased focus upon basic per pupil funding. The DfE reiterate their commitment to raising the life chances of pupils from deprived backgrounds and want to understand more about why some schools serving deprived communities appear to be worse off under the new funding arrangements.

A: It was felt that the Funding Reforms themselves inhibit support for deprivation with their removal of fixed cost premises funding and increased emphasis upon funding per pupil. The new system also does not permit funding to be targeted towards those schools with high proportions of deprived pupils as might have happened under previous funding arrangements – such schools can lose significant levels of resource as a consequence.

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?

Around the country, some schools with large numbers of service children have lost funding as a consequence of the new formula arrangements. This is because such schools received higher levels of targeted funding under their previous funding regime. The existence of a pupil mobility factor acknowledges that the mobile nature of children from service families can sometimes create additional costs for schools. The DfE has no evidence that service children as a group do not achieve as well as their peers.

A: No comment. The DfE itself offers no evidence that service children under-perform.

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

A: Yes – looked-after children. A once-a-year snapshot of where such children are being educated provides no flexibility to target support to where these children are during the year. Funding is wasted if the child leaves soon after the census, other schools could have to wait in excess of a year for the support funding to land and some will receive no support funding at all if the pupil in question misses consecutive census returns. There needs to be a system where funding can follow the child. Children in kinship care and children subject to a child protection plan are also ignored in the new funding arrangements. In general, the funding changes inhibit our ability to target the needs of particular groups of children. The requirement to increase the amount of funding delegated to schools has also had an impact on the provision of some centrally-delivered services that were focused upon support for particular groupings of children.

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

The concern here is that some schools will disappear from the system at the very time that capacity is needed to accommodate rising pupil numbers. There is one local high school where intake numbers are currently very low but wider pupil number projections indicate that their spare places will be needed to cope with demand.

A: The new requirement to fund premises costs on a per pupil basis rather than treating buildings as fixed costs mitigates against sensible planning for the supply of school places. The authority has very limited scope to target resources to a school to ensure its necessary presence within the system in the medium to long term. Only local intelligence can sensibly address the future needs of the system. Perhaps there needs to be a national review of the DfE funding level channelled to each local authority and also of the amount an authority is allowed to retain centrally to be able to sensibly navigate population planning issues?

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

A: Overall population trends and the sudden imposition by the DfE of new schools into an area where they are not really necessary and produce a mismatch between places and actual numbers of children.

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?

Some local authorities have reported that the new formula arrangements do not allow funds to be targeted to pupils with particular needs or to those schools which attract a higher number of pupils with high needs because they have a good reputation for meeting those needs. Local authorities could actually use their high needs block to address these issues after consulting their local Schools Forum.

The DfE is planning to introduce a new marker within the pupil census to capture those pupils in receipt of 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. The factor would be introduced for 2015-16.

A: It would be better to provide local flexibility to determine how best to support schools. There is a mismatch between the low prior attainment factor (as a proxy for SEN) and actual SEN related to physical difficulties or to behavioural issues. Sometimes the proportions of SEN children at a school make it difficult for that school to meet their needs as the school is obliged to meet (up to) the first £6000 of additional need costs. Concerns were expressed that more and more children would be diverted inappropriately to specialist provision in future as a consequence. If the proposed census marker is created who will determine what incidence of SEN is deemed to be “disproportionate” to then trigger further support?

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?

A: In general, a standardised approach was felt to be a good idea. It was questioned whether £6,000 was the “right” figure anyway given its arbitrary nature. Is the standard £6,000 there, in principle, to permit the setting of consistent top-up values between local authorities?

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

This question also relates to high needs top-up funding and good practice which reduces bureaucracy for authorities, schools and pupil referral units and for those institutions which receive top-up funding.

A: No.

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

The administrative processes for pre and post-16 have not yet been harmonised, with separate data collection exercises and implementation timetables currently applying. The DfE is looking to substantially improve matters for 2014-15.

A: No ideas as yet. The bringing together of the two systems is being worked through locally anyway.

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?

A: There will undoubtedly still be a range of different practices amongst local authorities. Effectiveness boils down to the level of inclusiveness of a Forum’s stakeholders. It was felt that there was an inverse relationship between the effectiveness of a Forum and the number of members it has. Kirklees Forum sees itself as operating in an effective, inclusive and transparent manner because of its composition and its practice of building consensus about the issues it considers rather than relying on a divisive voting approach. No further measures need to be imposed by the Department.