

Milton Keynes Council

Consultation on changes to the funding formula for primary and secondary schools

Consultation period: 16 July to 28 September 2012
Late responses cannot be considered

Who should respond

Head teacher and Chair of Governing Bodies of maintained nursery schools
Head teacher and Chair of Governing Bodies of maintained primary schools
Head teacher and Chair of Governing Bodies of maintained secondary schools
Head teacher and Chair of Governing Bodies of maintained special schools
Head teacher or Principals and Chair of Governing Bodies of academies
Centre managers of alternative provision
Professional associations and unions
Other interested parties

How to respond

By email using the response sheet provided to sara.cross@milton-keynes.gov.uk

Closing date

The closing date is Friday 28 September 2012. No late responses can be considered

Introduction

The Department for Education (DfE) is legislating to make significant changes to school funding arrangements. These changes reflect the view of the DfE that ‘the vast majority of funding should be pupil-led and not driven by history, organisation or premises of the school. A pupil-led funding system allows a dynamic and responsive schools system - one that drives up quality, rather than supporting failing schools or allowing individual school decisions to determine funding levels’.

This consultation proposes a series of changes to the Milton Keynes formula which would ensure that it is compliant with the new legislation. It focuses on:

Reducing the number of allowable formula factors

Every Local Authority (LA) in England has an agreed funding formula made up of a number of factors which is then used to distribute funding locally to schools and academies. The DfE wants every LA to simplify their formula by reducing the number of factors in use to a maximum of ten and by prescribing and providing the data that must be used for deprivation, SEN and EAL factors. They are also intend to prescribe the maximum allowable lump sum each school or academy receives.

Over the last two months, the LA has been consulting with members of the Schools Forum and the Finance Discussion Group (a sub group of the Schools Forum). Through this dialogue two underpinning principles have emerged which have informed our approach to the challenge of reducing the number of formula factors. These are:

1. The majority of current grant spend (not now an allowable formula factor) should be returned to individual schools budgets through basic of per pupil entitlement (AWPU).
2. The current level of funding allocated through pupil led factors that supplement basic per pupil entitlement (AWPU) should be maintained – and where funding is distributed through a pupil led factor which is no longer allowed then it should be realigned to the most appropriate allowable factor.

The delegation of central budgets

Alongside this, it is the DfE intension to maximise the delegation of funding to schools through restricting to a very small number, the services the LA can fund from the DSG. LA maintained schools may, by sector, through a vote in the Schools Forum, decide to de-delegate funding to create a limited range of LA central budgets.

The DfE is also introducing a new way of funding pupils with higher levels of need. Further work will take place later in the year covering this important area.

Additionally, there are a number of other changes the DfE intends to introduce, including moving the count day that determines the funding for the Schools Block and school budgets being moved from the January to October. These are not negotiable and so are not included in the consultation. Visit the www.education.gov.uk for more information.

Deadline for responses

The LA is required to notify the Education Funding Agency (EFA) of the formula it will use and the values of those formula factors by 31 October each year. This consultation ends on 28 September to allow time to share the results with the Schools Forum on 25 October. The LA takes into account the views of the Schools Forum when deciding its funding formula. The final decision on the local funding formula is a political one which will need to be made between 25 and 31 October to ensure we meet DfE expectations.

Modelling data

The DfE have provided the data on which the modelling has taken place. The DfE will also be providing the data on which the actual formula will be run for 2013/14 budget shares. The data will be updated to the October 2012 census.

The modelling and budget comparisons have been based on the values of the 2012/13 budget. It is anticipated that when the 2013/14 schools budget is set unit values will be able to be increased by 1% in line with the strategy the Schools Forum agreed for the use of the surplus balance of the Dedicated Schools Grant.

1. PERMISSIBLE FORMULA FACTORS FROM 1 APRIL 2013

The DfE have limited the number of permissible formula factors to ten (our current formula has 20 factors). The following factors must be used in every local formula:

- Age Weighted Pupil Unit (AWPU) – Primary and secondary rates
- Deprivation

The following factors can be used subject to local agreement:

- Looked After Children
- Low cost high incidence SEN
- English as an Additional Language (EAL)
- A lump sum
- Split sites
- National Non Domestic Rates (NNDR)

The other two allowable factors do not apply to Milton Keynes:

- PFI contracts
- London Fringe

2. CURRENT FORMULA FACTORS NO LONGER PERMISSIBLE

The following table shows details of the current formula factors that are not permissible from April 2013 and the amount of funding that is currently allocated through them.

Current Formula Factors	Primary £'000	Secondary £'000
Mainstreamed grants	11,865	11,031
Differential lump sum according to school size	179	79
Key stage one class size	354	-
Facilities time release	11	22
Key stage one reading scores	1,178	
CAT scores		1,850
School action, plus, numbers of statements	278	207
Tax credits - deprivation	1,007	658
Floor area	1,093	
Mobility	230	109
Personalisation		1,893
Admissions	43	49
Amalgamation funding	148	
New school set up	58	48
Pupil growth for new and expanding schools	519	375
Rent payments	8	
Joint provision		69
TOTAL	16,971	16,390

3. REALIGNING OF EXISTING FACTORS INTO NEW FACTORS

DEPRIVATION

The DfE require all LAs to include a deprivation factor in their formula. They will allow the use of one of the following options to allocate deprivation funding:

- FSM (Pupils currently eligible for FSM)
- FSM Ever 6 (Pupils eligible for FSM at any time in the previous six years).
- IDACI (Income Deprivation Affecting Children Index)
- IDACI and FSM
- IDACI and FSM Ever 6

No other method of allocating deprivation funding is permissible.

Funding that will be distributed through IDACI will have to be linked to the band range that the DfE prescribe.

The DfE summarise the advantages and disadvantages of FSM and IDACI:

Whilst FSM can be used to target funding at specific pupils who come from deprived families, IDACI allows local authorities to ensure that funding can also be distributed to schools that have pupils living in the most deprived areas who might not be eligible for, or take up FSM.

We are enabling local authorities to use IDACI (Income Deprivation Affecting Children Index) as it is the only national index of deprivation that is focussed on children, using individual postcode information. IDACI is calculated at Lower Super Output Area (LSOA) level. An IDACI score is the measure of probability that a child living in the LSOA will be deprived. In other words, a child with an IDACI score of 0.2 has a 20% chance of coming from a deprived family.

Eligible numbers for FSM funding are shown below:

	Numbers FSM	Numbers FSM Ever 6
Primary	3,198	5,233
Secondary	1,880	3,515
TOTAL	5,078	8,748

Numbers FSM show the numbers of eligible pupils at the October 2011 count

The number of eligible pupils in each IDACI band is set out below:

IDACI Band	Lower Limit	Upper Limit	Primary Pupils	Secondary Pupils
1	0.2	0.25	1,833	1,231
2	0.25	0.3	1,344	817
3	0.3	0.4	2,303	1,443
4	0.4	0.5	1,635	941
5	0.5	1	1,858	1,050
TOTAL			8,973	5,483

Pupils where the probability of them coming from a deprived family is less than 20% cannot attract deprivation funding using IDACI.

The following table shows the current formula factors and amounts of current funding that is proposed to be allocated through the new deprivation factor.

Current Formula Factor	Primary £'000	Secondary £'000
FSM eligibility	1,368	593
Social disadvantage FSM	1,836	644
Social disadvantage mobility	229	109
Pockets of deprivation	1,007	657
SEN Proxy FSM	576	283
Mainstreamed grants SSG personalisation	192	361
Personalised learning (FSM element)		662
EAL secondary sector		831
TOTAL	5,028	4,140

The view of the Finance Discussion Group was that it would still be appropriate to continue to fund the actual cost of providing free school meals using FSM data. It is proposed to retain the existing budgets for FSM which equate to £1,368k in the primary and £593k in the secondary sector.

QUESTION 1

Do you agree or disagree that one element for funding deprivation should be based on one year Free School Meal eligibility data? If you disagree with the proposal please explain your reasons and your alternative proposal.

This leaves £3,840k and £3,547k to be distributed through IDACI in the primary and secondary sectors respectively.

The view of the Finance Discussion Group was that because of the reliance on parents to claim free school meals and that FSM 6 is used to allocate Pupil

Premium Grant it would be more appropriate to use IDACI as the main determinate of deprivation funding.

The LA has the discretion to determine the values applying in each sector for each band. The value applied to each band would progressively increase as the probability of a child coming from a deprived background increases.

The table below shows a model where the unit values increase progressively so that the highest unit value is 4 times the lowest. This model provides funding across all levels with a relatively modest progression.

IDACI Band	Lower Limit	Upper Limit	Ratio	Primary			Secondary		
				Pupil Numbers	Unit Value £	Budget £'000	Pupil Numbers	Unit Value £	Budget £'000
1	0.2	0.25	1	1,833	185	338	1,231	287	353
2	0.25	0.3	1.5	1,344	277	371	817	430	351
3	0.3	0.4	2	2,303	370	851	1,443	574	828
4	0.4	0.5	3	1,635	555	906	941	861	810
5	0.5	1	4	1,858	740	1,374	1,050	1,147	1,205
Total				8,973		£3,840k	5,483		£3,547k

Alternative models can be produced either expanding the range and/or increasing the rate of progression or not commencing funding eligibility until a higher band by allocating one or more bands a unit value of £0.

QUESTION 2

Do you agree or disagree that the ratio of funding for each IDACI band should be as set out in the table above? If you disagree with the proposal please explain your reasons and your alternative proposal.

PRIOR ATTAINMENT

It is the DfE's view that prior attainment, if used appropriately, can provide a good proxy for many SEN pupils not identified through a deprivation measure.

The pupils that can be funded are:

- In primary, infant and junior schools, pupils with an EYFSP score below 78, using data from the current year 1
- In junior schools if there is no cohort with EYFSP, it is based on latest KS2 results and

- In secondary schools pupils achieving Level 3 or below in both English and Maths at KS2

Pupils with no prior assessment should not affect the amount of funding a school receives because a percentage will be calculated for the groups of pupils which have a prior assessment and applied to the school population.

The table below shows current formula factors and amounts of current funding that are proposed to be allocated through the new prior attainment factor.

	Primary £'000	Secondary £'000
Educational disadvantage	1,177	
CAT scores		1,850
SEN proxy SA+/Statements	278	206
Personalised learning		946
Former grants mainstreamed - Personalisation	406	819
Former grants mainstreamed - One to One tuition	596	372
Former grants mainstreamed - Extended schools	334	33
TOTAL	2,791	4,226

The data provided by the DfE is based on a single year group's results. It is the view of the Finance Discussion Group that as this data is potentially volatile year on year and that the data for a single year group from a school may not be properly representative of the schools needs, that consideration should be given to reducing the amount of funding allocated through prior attainment.

The number of pupils in each sector that would attract funding is shown in the table below:

	Eligible Pupils	Unit value
Primary	3,850	£725
Secondary	1,408	£3,001
TOTAL	5,258	

QUESTION 3

Do you agree or disagree that an element for funding low level SEN though prior attainment should be included in the formula? If you disagree with the proposal please explain your reasons and your alternative proposal.

QUESTION 4

Bearing in mind data and methodology for the allocation of funding through this factor please indicate whether you agree that the total funding identified above is allocated through this factor or whether some or all of the funding should be allocated through the AWPU or IDACI. Please provide your

proposal and rationale behind it.

ENGLISH AS AN ADDITIONAL LANGUAGE (EAL)

The DfE will allow funding to be allocated for EAL pupils within their first three years in compulsory education; the vast majority of pupils are in reception to Year 2.

The data provided in the table below shows the number of pupils that would attract funding: EAL1 is for the first year only, EAL2 for the first two years and EAL3 is for the first three years. The DfE require that the unit rate per pupil is the same for each sector.

	EAL1 pupils	EAL2 pupils	EAL3 pupils
Primary	675	1,611	2,456
Secondary	108	236	347
TOTAL	783	1,847	2,803

In the current funding formula, including the former EMAG grant, there is funding of £1,449k in the primary sector and £1,036k in the secondary sector allocated using EAL data. It is proposed that the EAL3 is used as the factor, as using the three year figure will allocate funding to the most pupils and provide stability. The unit rate is determined from the overall funding available in the primary sector £590.07. When this rate is applied to the secondary sector £831k of surplus funding remains unallocated. It is proposed to add this to the funding available to the secondary sector for deprivation.

QUESTION 5

Do you agree or disagree that an element for funding pupils with EAL should be included in the formula? If yes, do you agree or disagree that it should be based on EAL3 pupil data? If you disagree with these proposals please explain your reasons and your alternative proposal.

QUESTION 6

Do you agree or disagree that the funding in the secondary sector that cannot be allocated through EAL should be allocated through the IDACI deprivation factor? If you disagree with the proposal please explain your reasons and your alternative proposal.

LUMP SUM

The DfE requires the lump sum to be the same for each primary and secondary school in the LA. It will be the only mechanism for protecting small schools. The DfE have not yet decided where in the range of £100k to £150k

the maximum allowable lump sum will be. Their current thinking is that they may set a minimum level as well.

Based on the current budget the modelling suggests that a lump sum needs to be in the order of £130k. The assumptions made to calculate this are set out in the table below:

Current lump sum allocations	£
Current primary lump sum	72,459
Small schools less than 105	9,114
0.5 class top up	18,000
	99,573
Former SSG lump sum	12,000
Former SDG lump sum	12,000
Former extended schools lump sum	5,000
Former primary strategy lump sum	2,000
Former lunch grant lump sum	600
	31,600
TOTAL	131,173

The £18k would cover the primary schools with 0.5 form of entry and would represent the equivalent of KS1 class size funding.

It could be argued that this calculation is protective rather than identifying the 'fixed costs' elements of running a school which are not directly related to pupil numbers. However schools, especially smaller schools, have for a number of years received funding that was previously allocated on a lump sum plus a per pupil amount from standards fund and grants. Any lump sum of a lower value would create significant turbulence for smaller schools and a higher lump sum would significantly increase the funding for schools of less than 100 pupils.

Based on 22,000 fundable pupils and 89 schools, £1,000 of lump sum is an equivalent of an AWPU for 247 pupils in the primary sector and for 1,166 pupils in the secondary sector. The implication being, that if the lump sum was to be increased, funding would be moved relatively from schools with pupil numbers above those points to schools with pupil numbers below.

The additional funding to source a lump sum of this size would come from the current KS1 Class Size factor and mainstreamed grants.

QUESTION 7

Do you agree or disagree with the proposal to have a lump sum factor in the formula? If yes, do you agree or disagree it should have a value of £131,200? If you disagree with these proposals please explain your reasons and your alternative proposal.

LOOKED AFTER CHILDREN

Within the formula an additional funding allocation can be made linked to the number of looked after children. The numbers of looked after children that could attract funding are set out in the table below:

	Any	At least 6 months	At least 12 months
Primary	56	42	33
Secondary	64	54	50
TOTAL	120	96	83

The Pupil Premium currently provides funding of £600 per annum directly to schools to support the education of looked after children. In this context, and taking into consideration that it is not possible to ring fence funding paid through the formula for a specific purpose, the Finance Discussion Group recommends that there should be no further allocation from the DSG.

QUESTION 8

Do you agree or disagree with the proposal not to include a separate factor in the funding formula for looked after children? If you disagree please state your reasons why and identify an appropriate rate per pupil?

SPLIT SITE

This factor currently only applies to Ousedale School. It is an allocation for schools operating on a split site of more than 500 metres apart and covers the additional management, administrative and infrastructure costs. It is proposed to continue at the level of £107k. This figure was reached through an analysis of the additional cost but this has not been updated recently.

Each split site can be considered on its own merits and a separate unit rate agreed for each split site. The reasons for the difference should be clearly demonstrable.

QUESTION 9

Do you agree or disagree with the proposal to continue to include a factor in the funding formula for schools with split sites based on the criteria set out above? If you disagree with the proposal please explain your reasons.

NATIONAL NON DOMESTIC RATES (NNDR)

The current formula funds NNDR costs on an actual basis. Foundation, Voluntary Aided schools and Academies receive a mandatory 80% rate relief. This differential renders it inappropriate to fund NNDR costs either through the AWPU or lump sum.

QUESTION 10

Do you agree with the proposal to continue to include a factor in the funding formula for National Non Domestic rates? If you disagree with the proposal please explain your reasons.

EXCEPTIONAL ITEMS

The Education Funding Agency will have discretion to consider exceptional circumstances relating to premises such as listed buildings, buildings that are rented or boarding provision. Applications should:

a) Apply to less than 5% of the schools in the local authority

and

b) Account for more than 1% of the budget of the school or schools affected

The only potential item that meets the criteria would be an element of land rental in one primary school; however, the gain from the increased lump sum allocation will more than cover this payment.

Therefore we are not proposing to request any exceptional items are considered by the Education Funding Agency.

4. HIGH NEED PUPILS AND NOTIONAL SEN BUDGET

DfE GUIDANCE

High needs funding will comprise three elements, which can be applied across all provision for high needs pupils and students under a place-plus approach.

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 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.

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.

Under the new place-plus approach to high needs funding, mainstream schools and academies will continue to receive a clearly-identified budget for SEN. This will be the notional SEN budget.

Using their notional SEN budget, mainstream schools and academies will be expected to:

- Provide all the funding for the provision necessary to meet the needs of pupils with low-cost, high-incidence SEN; and
- Contribute towards the costs of provision for pupils with high needs (including those with high- cost, low-incidence SEN). Top-up funding will be provided on a per-pupil basis by the commissioning local authority.

The Local Authority, as part of its Local SEN Offer, is required to determine the value that a school has to fund a child’s additional learning needs. This is consistent with the current funding model. However, the methodology for identifying the funding that a school provides and the top-up from the LA is changed significantly.

The DfE is recommending that each LA constructs its funding formula around the assumption that the first £6,000 of an individual child’s additional learning needs is met from a school’s delegated budget. Costs in excess of £6,000 per pupil will be funded by the commissioning LA on a top up basis for each individual child from the High Needs Block.

This figure of £6,000 is not prescriptive. We are free to set our own limit. However, the DfE is recommending this figure because it is seeking to establish an equivalent base of funding between all providers, regardless of where a child with high needs might be placed. The DfE believes that there are considerable advantages to be gained by bringing funding more closely into line.

Places in special units will be funded in a similar way but at a higher level; that is, £10,000 for each agreed place before any top-up. Costs in excess of £10,000 will receive top up funding based on individual need for each child placed in the unit. Pupils occupying a place in a special unit will not count in the pupil count for any other formula factor.

Special schools will be funded at £10,000 per place plus a top up for each child actually placed in the school.

CURRENT SYSTEM FOR FUNDING INDIVIDUAL PUPILS NEEDS

In Milton Keynes, schools, since April 2012, have had to meet the first 20 hours of need for high incidence SEN and have the low incidence SEN fully funded on an individual pupil basis, through the banding system.

IMPLICATIONS OF PROPOSAL

The recommended level of cost, £6,000, to be met from a schools' delegated budget equates to 13.25 hours of the current financial support.

Changes to the totals of funding to be delegated to schools therefore need to be made.

- For high incidence SEN where currently the first 20 hours is met from the delegated budget, to reduce this level to £6,000, the equivalent of 6.75 hours of funding needs to be returned to the LA budget for top ups.
- For low incidence SEN where currently all funding is provided to schools as a top up, to enable schools to meet the first £6,000 of costs the equivalent of 13.25 hours will have to be moved from the LA budget for top ups to the schools delegated budget

The net effect of this is further delegation of £305k in the primary and £128k in the secondary sector.

TOP UP SYSTEM

A system of banding would be put in place to determine the top ups for all individual pupils, whether high incidence or low incidence, whose additional needs would cost in excess of £6,000.

QUESTION 11

Do you agree or disagree that Milton Keynes Council should follow the DfE recommendation that the first £6,000 of an individual child's additional learning needs is met from a school's delegated budget? If you disagree with the proposal please suggest an alternative value and rationale behind that suggestion.

IDENTIFICATION OF NOTIONAL SEN BUDGET

The Local Authority is required to identify the notional SEN budget for each of its schools. It is proposed to define the Notional SEN budget as 4% of AWPU funding, 50% of IDACI funding and 100% of Prior Attainment funding.

Schools with a disproportionately high number of children with SEN may have their notional SEN budget topped up from the High Needs Block provided costs can be shown to be higher than the funding allocated in the notional SEN budget.

QUESTION 12

Do you agree or disagree with the proposed calculation of the notional SEN budget? If you disagree with the proposal please explain your reasons and provide your alternative proposal.

5. CENTRAL SERVICES THAT WILL BE DELEGATED FROM APRIL 2013

The following table shows the services and facilities that are currently funded centrally from the DSG as well as the contingencies that are held for use by schools that the DfE will require us to delegate. The detailed figures show the funding held for LA maintained schools and the LACSEG equivalent deduction for academies which would be available for delegation through the new formula.

Current Central Services	Primary £'000	Secondary £'000
General contingency*	85	50
LA initiatives (intervention funding)*	276	0
Repair and maintenance emergency fund*	54	3
Schools in financial difficulty*	134	0
Behaviour support services *	360	42
EMASS*	269	28
Free school meals administration*	25	12
Licences/subscriptions*	55	33
Hazard Safety Centre	90	0
Maternity cover (sickness supply closure)*	100	0
LA Central Spend Equivalent Grant (LACSEG)	114	256
TOTAL	1,562	424

The services and facilities marked * are those that could potentially be de-delegated by LA maintained schools to be held central budgets. Three prior commitments NNDR appeals, school trips and school closure texting service (£25k in total) can continue to be chargeable to DSG.

6. DELEGATION OF CENTRAL BUDGETS

The individual unit rates for each central budget that is to be delegated needs to be identified separately as this additional funding will need to be taken into account in the baseline for the calculation of the Minimum Funding Guarantee. This is to ensure that the 2013/14 budget is comparable to 2012/13 budget.

The values and distribution of costs between services are based on the 2012/13 Section 251 Budget Statement and include adding back the LACSEG

deduction for Academies for those services and central budgets. Behaviour Support Service, Free School Meal Eligibility and EMASS are services where funding could be de-delegated to the Local Authority.

BEHAVIOUR SUPPORT

It is proposed to delegate behaviour support services, £396k in the primary sector and £98k in the secondary sector, through IDACI, with the following unit values.

				Primary			Secondary		
IDACI Band	Lower Limit	Upper Limit	Ratio	Pupil Nos.	Unit Value £	Budget £'000	Pupil Nos.	Unit Value £	Budget £'000
1	0.2	0.25	1	1,833	19.04	35	1,231	7.93	10
2	0.25	0.3	1.5	1,344	28.57	38	817	11.90	10
3	0.3	0.4	2	2,303	38.09	88	1,443	15.87	23
4	0.4	0.5	3	1,635	57.13	93	941	23.80	22
5	0.5	1	4	1,858	76.19	141	1,050	31.73	33
TOTAL				8,973		£396k	5,483		£98k

FREE SCHOOL MEAL ELIGIBILITY

It is proposed to delegate free school meal eligibility, £27.5k in the primary sector and £28k in the secondary sector, through FSM with the following unit values:

	Numbers FSM	Rate per pupil £
Primary	3,198	8.60
Secondary	1,880	14.89
TOTAL	5,078	

ETHNIC MINORITY ACHIEVEMENT SUPPORT SERVICE (EMASS)

It is proposed to delegate EMASS, £296k in the primary sector and £42k in the secondary sector, through EAL3 with the following unit values:

	Number EAL3 pupils	Rate per pupil £
Primary	2,456	120.48
Secondary	347	120.48
TOTAL	2,803	

ADDITIONAL SEN

It is proposed to delegate the additional delegated funding for SEN, £315k in the primary sector and £128k in the secondary sector, through prior attainment with the following unit values:

	Eligible Pupils	Unit value £
Primary	3,850	79.20
Secondary	1,408	90.90
TOTAL	5,258	

OTHER CENTRAL BUDGETS, SCHOOL SPECIFIC CONTINGENCIES, SCHOOLS IN FINANCIAL DIFFICULTY BUDGET

The remaining items, £880k in the primary sector and £279k in the secondary sector, will be added to the AWPU:

	AWPU £
Primary	40.12
Secondary	19.79

QUESTION 13

Do you support the proposal to delegate current central budgets in accordance with the arrangements set out above? If you disagree with these proposals please explain your reasons.

7. DE-DELEGATION FOR PUPIL GROWTH

There is no separate formula factor allowable by the DfE for new schools, amalgamating schools and schools which are expanding.

Currently, schools which are increasing their numbers on a planned basis, agreed with the LA, have the pupils numbers on which they are funded calculated on a 5/12, 7/12 basis to provide funding for the increase in their pupils numbers in the September of each year.

New schools in Milton Keynes are currently funded as set out below:

Primary Schools – A new school receives funding for the two terms prior to opening. This is intended to cover costs incurred before the school opens such as recruitment costs, salaries for the Head, Deputy Head, Bursar and Caretaker as well as covering the costs of the temporary governing body and temporary office accommodation. New schools also receive a setup allocation based on an amount per pupil (based on their statutorily agreed pupil numbers for the phase). This allocation is paid 60% in year one and 20% in each of years two and three. Schools are funded based on the number on roll in the

preceding January, however, new schools require further protection whilst they are growing to capacity. New schools are funded for ghost pupils to make classes up to multiples of 15 and 30 pupils in line with the temporary admissions policy for the school. New schools formed following the closure of two or more existing schools are treated as amalgamating schools.

Secondary Schools - A lump sum is given to new schools for a period before the official opening of the school. Currently a secondary school will receive the funding for three terms prior to opening. An allowance is also paid based on the statutorily agreed pupil numbers for the phase multiplied by a unit rate will be phased over three years in a profile of 60%, 20% and 20%.

Amalgamating Primary Schools - The budget for an amalgamated school is the sum of the budgets that each school would have received had it remained as separate schools for a period of two years. After two years the budget would revert to that for a single school and the overall school system would benefit from a saving to be distributed within the schools budget.

This funding strategy for the newly amalgamated school would provide extra transitional support for a period of two years after which time the school would have to adjust its expenditure profile in preparation for a reduced budget in year 3.

Where a new school is formed following the closure of two or more existing schools a funding allocation will be made to the new school for the two terms prior to opening, where a need for additional expenditure can be demonstrated.

The guidance from the DfE is that there should be no need to adjust secondary school budgets for additional pupil growth; they should be able to absorb the additional costs and that provision for growth in the primary LA maintained sector should be created through a de-delegation process dependent on the vote of maintained primary school representatives on the Schools Forum.

In the primary sector around £800k has been allocated in 2012/13 either through the funding formula or through the contingency for additional pupils, commitments made to amalgamating schools and new schools. This would mean a reduction in AWPU for primary maintained schools of about £40 would increase dependent on the increase in number of academies in the primary sector.

QUESTION 14

For maintained primary schools only

Do you support the proposal to request the Schools Forum members to vote to de-delegate central budgets for school reorganisation, new schools and additional pupils?

8. DE-DELEGATION FOR CENTRAL SERVICES AND CONTINGENCIES

The LA will bring forward limited proposals for services and contingencies for unforeseen and/or difficult circumstances that maintained schools for the benefit of maintain schools only. These proposals are subject to further discussion but will be limited in scope.

QUESTION 15

For maintained schools only

Do you support the proposal to request the Schools Forum members to vote to de-delegate any central budgets (for example free school meals eligibility, licences, EMASS, primary behaviour support) on your behalf?

SUMMARY

9. FINANCIAL IMPLICATIONS - BUDGETS AND RATIO OF FUNDING

The following table shows the amount of funding and percentage of the total funding proposed to be allocated through each of the formula factors combining **both** the redistribution of existing factors and the additional delegation from centrally held budgets.

New Formula Factors	Primary £'000	%	Secondary £'000	%	Total £'000	%
AWPU	65,070	73.3	60,217	84.5	125,287	78.3
Deprivation FSM	1,396	1.6	621	0.9	2,017	1.3
Deprivation -IDACI	4,242	4.8	3,646	5.1	7,888	4.9
Prior attainment	3,096	3.5	4,354	6.1	7,450	4.7
EAL	1,745	2.0	247	0.4	1,992	1.2
Looked After Children	Not used					
Lump sum	11,808	13.3	1,574	2.2	13,382	8.4
NNDR	1,378	1.6	504	0.8	1882	1.2
Split site	Not used		107	0.2	107	0.1
Exceptional items	Not used					
Total	88,735	100	71,270	100	160,005	100
Total pupil led		85.1		96.8		90.3
Pupils Oct 2011	21,032		14,096			
	£		£			
Funding per pupil	4,046		5,056			

The DfE require that at least 80% of the total funding is allocated through pupil led factors.

The ratio of funding per pupil between the secondary and primary sectors is 1.25 to 1. This figure has moved slightly towards the primary sector as

significantly more funding from central budgets was held for the primary sector compared with the secondary sector.

QUESTION 16

Do you agree or disagree that the quantum of funding allocated for each element within the totals set out above are appropriate? If you disagree please explain your alternative proposal.

THE IMPACT ON AWPU

The table below shows the existing AWPU for 2012/13 and the average AWPU for each sector. The DfE will now allow only one AWPU for across the primary sector. The DfE are still considering where one or two different AWPU values will be allowed in the secondary sector to distinguish between KS3 and KS4. However, we are modelling one single AWPU in the secondary sector in use in Milton Keynes.

It is proposed to move the remaining funding, mainly from former mainstreamed grants and floor area funding in the primary sector, into the AWPU. The new rates include the delegation of central budgets.

Current rates			New rates	
Primary	R	£2,624	Primary	£2,967
	KS1	£2,716		
	KS2	£2,553		
	Average	£2,613		
Secondary	KS3	£3,379	Secondary	£4,272
	KS4	£4,023		
	Average	£3,637		

10. MINIMUM FUNDING GUARANTEE AND CAPPING OF GAINS

Changes to the funding formula of this magnitude will have significant impact on the budget allocations to individual schools, particularly those schools previously funded through mainstreamed grants for particular school centred initiatives.

The DfE has confirmed that it will continue to use the Minimum Funding Guarantee as a way of reducing the impact of system reform on school budgets. The same calculation will apply to all primary and secondary schools. The previous arrangements where small schools with less than 75 pupils were treated differently are to be abolished. The minimum funding guarantee does not protect schools against loss of funding due to falling rolls.

The factors which will be excluded from the minimum funding guarantee calculation are NNDR, lump sum, EYSFF, allocations from the high needs block, including those for named pupils and special units, and post 16 funding.

In 2013/14 the additional funding delegated to schools for services previously funded centrally will need to be taken into account in the minimum funding guarantee calculation.

LAs can apply to the DfE for other formula factors to be excluded from the minimum funding guarantee calculation. Milton Keynes Council has applied to have the existing new school set up, amalgamation allowance and additional pupil elements of 2012/13 schools budgets excluded from the minimum funding guarantee calculation for 2013/14.

The cost of meeting the minimum funding guarantee protection provided to schools has previously been met from the resources available to all schools. As the amount of protection is expected to high, the DfE will, however, now allow LAs to fund the protection required through the minimum funding guarantee by capping gains.

The estimated funding required to meet the minimum funding guarantee at minus 1.5% is £1,201k in the primary sector and £448k in the secondary sector. The rate for capping gains has to be set at an LA level rather than at sector level. These figures will change as the actual October 2012 pupil numbers are taken into account. By setting the cap at 2.4% growth in funding per pupil, £81k would need to be met from DSG resources.

The modelling has been undertaken on existing 2012/13 budgets. It is anticipated that the budget will be inflated by 1% to cover cost increases, increasing unit values. This would reduce the minimum funding guarantee requirement to £935k and £322k and increases could be capped at 4.6%, with £153k met from DSG resources.

QUESTION 17

Do you agree with the principle of capping gains to fund the cost of the Minimum Funding Guarantee at a level that does not move funds between the sectors? If you disagree please explain your alternative proposal.

11. ANNEX DEMONSTRATING IMPACT ON SCHOOLS AND ACADEMIES

Annex 1 shows the impact on schools funding showing the budget for 2012/13 based on the current formula, the amount of funding additional delegation of central services the school would receive, the value of the budget share based on the proposed formula and the numbers of pupils on roll as at the OCTOBER 2011. The figures compare the budget share calculated under the existing formula with that under the proposed formula. The modelling does not include any funding a school will receive under the Early Years Single Funding

Formula, top up funding for individual pupils, special units or sixth form funding.

This is not the budget share the school will receive in 2013/14. The actual budget share for 2013/14 will be based on the October 2012 census. The numbers of pupils on roll in many primary schools are increasing.

The move to an October pupil count will disadvantage schools which are growing in size as their fundable pupil count will inevitably be lower in October than January. This is reflected in the modelled budget.

Schools should be able to estimate their actual budget share based on their estimated numbers using the unit rates in this document.

Column 11 on the Annex shows the notional SEN budget using the calculation set out in Section 4.

12. EDUCATION FUNDING AGENCY PRO FORMA

Annex 2 shows the draft EFA Proforma.

For information on how to respond to the consultation see the front page