Delegated Formula Funding Group (DFFG)

Meeting on Friday June 22nd 2012 at The Russell Hotel Maidstone

In Attendance: John Dennis (Chair), Phil Sayer, Keith Burleton, Heather Cook, Alan Cox, Theresa Davies, Jennifer King, Carole Rough, Simon Pleace, Ian Hamilton, Chris Scott (Clerk)

Apologies: Ben Cooper, Rev. Simon Foulkes, Alan Barham, Yvonne Hunter, Alison Coppitters

1) Minutes and Matters Arising

The group considered and agreed the minutes of their previous meeting.

Matters relating to Boughton-under-Blean and Dunkirk Primary School had been concluded.

2) Infant Class Size Contingency Funding and Protection for Schools With Falling Rolls.

Item 2 – minutes 2 December 2012

The groups attention was drawn to the fact that the Infant Class Size Regulations had now changed and that where previously excepted pupils were only excepted for the first year, they are now excepted until such time as they can be accommodated within the class without exceeding the limit of thirty pupils or when they left the class. This makes the process of applying for infant class size contingency obsolete.

A discussion took place about to what extent schools should be expected to accommodate excepted pupils within a class before it would be unreasonable to expect the school not to open another class and face the financial consequences of doing so. It was suggested that any claim subsequently being made to the group should be under the heading of financial difficulty rather than infant class size contingency. In any event a large reserve at the school would be expected to be part of the consideration.

It was decided not to set a particular threshold in terms of a number of pupils in a class before consideration could be given to a claim for funding but rather to produce general guidance in due course.
Item 3 minutes – 2 December

The group were advised by officers that due to changes made by the Department for Education (DfE), the power no longer existed to give schools financial assistance for falling rolls. However, representations were always possible from schools in financial difficulty.

It was noted that appeals panels do not consider financial implications arising from their decisions and that there would always be an element of ‘tidying up’ for this group to deal with.

It was agreed that considerations regarding falling rolls could be taken no further.

3) Feedback from the minutes of the SFF meeting on the 11 May 2012.

The chair fed back to the group from the above mentioned minutes.

4) School Funding Reforms from April 2013

The group heard an explanation of the paper prepared by Simon Pleace and Ian Hamilton. Points raised included:

- A vast body of questions had been built up at the DfE about the changes which now runs to in excess of 100 pages.
- The DfE has published an excel based tool for calculating budgets under the new system.
- This is predominantly directive rather than consultation.
- Funding from the Government to the LA is fixed until the end of the CSR period, which is a disappointment to Kent County Council.
- The DSG will be split into three notional blocks, Early Years, Schools and SEN. These blocks will not be ring fenced.
- Some budgets which are currently centrally held must be delegated to schools in the first instance. In the case of some of these budgets they can be delegated for maintained schools with the agreement of the Schools Funding Forum. Such decisions will be phase specific and this represents a new power for the forum.
- These new delegations will remove the need for LACSEG and due to previous delegations KCC is in a good position to deal with this relative to many other authorities.
- De Delegation is only applicable to maintained schools and special schools cant de delegate so only the relevant proportion of the budget would come back to the authority.
An example of a budget that must be delegated but could subsequently be de delegated is that of union duties.

It would be the SFF members within a particular phase that make a decision that is binding on all schools within a phase. It would need to be clear what is proposed for de delegation and why.

**Simplification of formula**

The group were advised about the requirements surrounding the simplification of the school budget formula and the following points were made:

- This group has simplified the formula in the past within the School Finance Regulations which are now changing dramatically.
- Going forward there will now be a maximum of 12 budget factors although they are not all mandatory.
- This is a stepping stone towards a national funding formula that the government wants to introduce in due course.
- New data sets are now expected so modelling has been suspended on the current data set. It will be a requirement that we use the DfE data set when the time comes to calculate the final budgets for next year.
- An all schools consultation will take place probably in September. In reality there is very little local discretion so this will be more of a communication exercise than a consultation.
- We are in a good position to deal with this due to previous simplifications, but there are still significant concerns particularly around premises. There will be much less flexibility in the new system.
- The new formula will create winners and losers.
- There will be no small school factors in the new formula but there will be a lump sum which is allowed to be up to £150k to compensate for this. Initial modelling suggests that a lump sum of circa £110k will produce the least turbulence. The lump sum must be the same for all primary and secondary schools.
- MFG has been confirmed at -1.5% for the rest of this CSR period.
- The MFG will be simplified and exclusions will be severely restricted. It is possible to apply for further exemptions and this point will be returned to later in the meeting. The key change to the arithmetic in the MFG is that 100% of the MFG per pupil figure will be used instead of 80% or 87.5% as previously. This will mean more pain for those with falling rolls and more joy for those with rising rolls.
- The budget data will now been drawn from the October census rather than the January census. This could be a problem for primary schools who still admit pupils in January.
- Major changes to high needs funding, moving to a process called place plus. High needs are defined as pupils costing in excess of £10k.
Place plus funding is made up of three elements. The first element is notionally set at £4k to mirror AWPU and other pupil led factors. The second element is notionally set at £6k which the DfE believes is the amount a school should be expected to provide out of their delegated budget towards the cost of a high needs pupil! This is seen as a major issue as many schools would not receive as much as £4k for a pupil and most schools would struggle to find £6k towards a high needs pupil out of their budget. This will be all the more of an issue for small schools with multiple high needs pupils, where in some cases the expected contribution will be far more than the AEN/SEN budget. However, this is what the DfE expects.

In the case of units within mainstream schools, the pupils in the unit will be excluded from the budget calculation for the school. Instead, the unit will be funded at £10k for each commissioned place in respect of elements one and two.

In all cases element 3 will be an amount which could potentially differ for every pupil in the system. The ‘vision’ of the DfE is that the school and the commissioner will have a discussion about the needs of the pupil beyond the £10k threshold. It is envisaged that the top up is likely to be to a figure similar to the current rates although the clarity and simplicity of the current system is likely to be lost. Element 3 funding is intended to follow the pupil in real time, this will mean that the funding will come and go at the same time as the pupil and this may be unpredictable especially when a pupil leaves a school other than at the usual time. KCC will only pay element 3 for its own pupils. This means that schools may have to negotiate and collect funding from authorities all over the country who may have different criteria. The chair of the SFF has made representations to the DfE about the many problems this new system will create although the expectation is that it is going to happen anyway.

Two working groups have been set up to look at the high needs funding arrangements. One is a special schools funding group and the other is to discuss units and mainstream provision.

**Alternative Provision and PRUs**

PRUs must have a delegated budget from April 2013.

KCC will commission places in PRUs which will be funded at £8k for elements one and two as discussed previously and element 3 will again be variable based on pupil need. Element 3 funding turbulence is likely to be significant in a PRU due to the nature of the pupil population there. There is currently a review taking place at KCC about alternative provision and there are a number of ways alternative provision other than in a PRU may be funded.
School Funding Forum Changes

It was explained to the group that new School Funding Forum regulations are likely to be introduced from the start of October. These regulations gave rise to the following points:

- The minimum membership of 15 will be removed although this will have no impact on such a large authority as KCC.
- There will be restrictions on the involvement of LA officers in meetings.
- Voting on funding arrangements will be limited to schools and PVI members.
- SFF papers must be published on the internet (which we already do).
- Meetings must be held as public meetings like other council committees although this is already loosely the case.
- The group wished to clarify whether members of the public were allowed to speak at the meetings.
- The EFA will have observer status at meetings.
- Membership must be proportionate to pupil numbers within different types of schools. The academies members will not be phase specific unlike the maintained schools members which gave rise to some questions.
- There may be practical issues obtaining academy members, as academies are as a group entitled to appoint whoever they like to represent them. There isn't however any such thing as an academies group so it is unclear exactly how these members would be selected.

Early Years Funding

The group was advised that there isn’t much change here and that we are broadly compliant with suggestions.

Timetable of Changes

- The group was taken through a timetable of events in respect of the funding reforms, and some points were made:
- The group looked at the formula pro forma.
- DSG will be confirmed earlier than previously.
- It was agreed that a consultation in September was reasonable in the circumstances. Although it was also suggested that this shouldn’t be branded as a consultation as there was only minimal scope for local decision making and hopes should not be raised regarding the possibility of changing the proposals.
Mapping existing funding ‘pots’ to the new system

The group was presented with a list of existing funding ‘pots’ with some suggestions as to which new factors the money could be used for. This was accompanied with a list of notes and the following points and decisions arose:

- It was agreed that the guiding principles would be to keep funding at the current levels within each phase and that funding currently targeted at a category that will still exist in the new system will remain for the same purpose where possible.
- There will be a single AWPU in the primary phase. This should have a minimal effect on primary schools but infant schools will lose to junior schools. It was acknowledged by the group that they had no influence over this.
- It was noted at this point that the groups decisions were all subject to modelling at this stage.
- It is expected that there will be a possibility to have separate KS3 and KS4 AWPU rates or a single secondary rate and the group agreed separate rates are preferable.
- The group received clarification on the nature of FSM/EVER6/IDACI/MOSAIC. It was explained that the groupings within IDACI relate to the probability of being deprived not the extent to which one is deprived. This is a significant change to Mosaic and far fewer children will be identified. Significant turbulence is expected. It was agreed that IDACI should be used as the measure for deprivation and that FSM would be used to distribute what is currently the FSM catering funding.
- It was agreed that funding looked after children from 0 months would be preferable to waiting for the 6 or 12 month thresholds.
- It was explained that primary SEN funding could be based on the proportion of pupils scoring less than 68 or 78 in the EYFSP. It was also explained that 78 is average and so 68 is below average, the current distribution targets pupils who are below average. Also, the proportion of pupils under the threshold will be measured in the last year group to be assessed and then applied to the entire school population. The group agreed that this should be modelled and a choice should be made on the basis of the closest fit to the current distribution.
- The group were a little concerned about the incentives this new system creates to understate pupils achievement at this stage in their education in order to secure funding.
- At secondary level the SEN funding will now be targeted at pupils who achieve at or below level 3 in English and maths. This is likely to identify fewer pupils than the current arrangements and the group were
interested in moving some current SEN funding to another factor rather than significantly increasing the rate.

- The group was interested in capping any gains on this factor but were told this isn’t possible as such a power isn’t conferred within the new system.
- Advice was given to the group that it would be possible to fund EAL pupils for one two or three years after they enter the school system. Different rates can apply for primary and secondary schools and the group recognised that costs may be higher to intervene later in a pupil’s learning. The group concluded that two or three years would be better than one but that a final decision should be made after some modelling.
- The group were told that there will be no traveller or military factors in the new formula so they agreed to redistribute this funding using the deprivation factor.
- As challenging circumstances will no longer be a factor the group agreed that this funding should be distributed proportionately across the deprivation and low cost SEN factors.
- In the absence of any premises factors in the new formula, the group agreed that these funds would be transferred to AWPU which in turn may be tapped to create a large enough fund for the lump sum.
- The group was shown a list of all rentals in schools that cost more than 1% of the schools budget. It was agreed that there were issues around consistency of approval of rentals within the maintained sector, and a lack of a robust system to approve rentals within academies. Furthermore, it was noted that the current distribution would be locked into the MFG in any event, but that a rentals factor is not allowed in the new factor. Although it may be possible to apply for exceptional circumstances the group agreed not to pursue this.
- The group accepted that the lump sum is what it is and is likely to increase to circa £110k. There was some concern that separate rates are not possible across different sectors.
- The group acknowledged that there is no decision to be made about London Fringe funding as the mechanism has been dictated by the DfE.
- The group was shown a list of the split site funding allocations. It was noted that very little money is allocated to very few schools and it may be difficult in the future to clarify whether an academy qualifies for the funding. As the current allocation will be included in the MFG in any event, the group agreed not to pursue this factor any further in the new formula.
- The group agreed to move the funding for detached playing fields and PE facilities into AWPU as these factors will no longer be allowed.
The group agreed to move the funding for kitchen maintenance, client services and lunch grant into AWPU which broadly represents the existing intention for next year.

- The specialist schools funding allocation will be largely preserved by the MFG for the time being, although it was agreed that within the formula for next year the full year effect of the previously agreed changes should be reflected.

- It was noted that there will be a factor for the PFI funding. The group were advised of the highly distortive effect this funding stream could have on the MFG and it was agreed that an application should be made to exclude PFI allocations from the MFG.

**Further Delegation**

The group was shown a list of currently centrally held budgets that must be delegated from next year. Some of these budgets could be delegated for maintained schools with the approval of the SFF. There needs to be some thought about what budgets it may be wise to delegate. The group advised that they did want to propose to keep a small budget for schools in financial difficulty. The group were also advised that a pupil growth budget could be established with the approval of the SFF. There was also support within the group to delegate a budget for intervention, and it was noted that someone would have to make a case for this to be presented to the SFF. Further, it was noted that more detail was needed about reorganisations and whether or how to include this in the delegation process. Further work on this is to take place in the forthcoming weeks.

The group discussed what to do with the money from further delegation and the conclusion was to put it into AWPU unless on a particular line there was a logic to allocate it with a different factor. This sparked a discussion about sixth form numbers and whether they should be taken into consideration.

---

5) Any other business

There wasn’t any other business.