



HILLINGDON
LONDON

Education & Children’s Services

Consultation Paper – 7 October 2013

Schools, Early Years & High Needs Special Educational Needs (SEN) Funding Arrangements 2014/15

Target audience:	Headteachers	Governing Bodies
	Senior Managers	Finance Officers
Deadlines for responses:	Teachers Professional Associations	Early years providers
	14-19 Representatives	Schools Forum
	17 October 2013	

Queries on this consultation paper should be directed to:

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Formal responses on the attached feedback form should be sent to:

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By: midnight on 17 October 2013



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Introduction and Background

- 1.1 This consultation paper sets out the proposed changes to Hillingdon's schools, early years and High Needs SEN funding arrangements for 2014/15. For 2014/15 the major proposed changes are due to the outcomes of the Schools Funding Reform review, undertaken by the Department for Education (DfE), which are set out in the DfE's paper; School Funding Reform – Findings from the Review of 2013/14 Arrangements and Changes for 2014/15
- 1.2 This consultation paper provides an update on the following, and in some instances is consulting on changes that are being proposed:
 - The level of the Minimum Funding Guarantee for 2014/15;
 - The proposed Early Years Single Funding Formula, to be effective for 2014/15;
 - The outcomes of the review of the Schools Funding Formula for Primary and Secondary schools, to be effective for 2014/15;
 - The proposed arrangements for High Needs SEN Funding, including Alternative Education Provision, to be effective for 2014/15.
- 1.3 The Council is required to consult with the Schools Forum annually on a set of matters prescribed in the Schools Forums (England) Regulations 2012, which are covered in this consultation paper. These are:
 - arrangements for the education of pupils with special educational needs
 - arrangements for early years provision
 - arrangements for the use of pupil referral units and the education of children otherwise than at school
 - administrative arrangements for the allocation of central government grants paid to schools via the authority
- 1.4 This paper is being circulated widely to encourage engagement with schools in order to assist Schools Forum in making a final decision on the use of Dedicated Schools Grant (DSG) funding prior to submitting the required details to the DfE (which has been set as 31 October 2013), who will advise on the suitability of the proposed funding formulas.
- 1.5 The aims of the paper are to set out the main proposals for distributing and administering the available resources in the DSG, including Early Years Funding, Primary and Secondary Schools Funding and High Needs SEN Funding, to provide an overall perspective of Hillingdon's financial position, and to provide initial indicative budgets for all nursery settings (Private, Voluntary and Independent (PVI) Nursery providers and Childminders), schools and Alternative Education Provision Establishments for 2014/15.
- 1.6 The overall level of funding will be dependent upon the results of the October 2013 census, which will determine the overall DSG funding received by the Council. At school level, the majority of funding will be determined by the pupil census data, with nursery funding being determined by participation (actual hours taken up on the free entitlement).

- 1.7 This paper sets out the distributional approach to funding nursery settings (Private, Voluntary and Independent (PVI) Nursery providers and Childminders), schools (including special schools) and Alternative Education Provision Establishments and will guide the funding principles to be adopted. Final allocations will not be finalised until February 2014, and should be viewed as a consequence of the proposals agreed in this consultation.
- 1.8 2014/15 should be seen as a one-year funding period only, as the Government will implement a National Funding Formula from 2015/16. It is therefore likely that the Government will consult further on a number of items for 2015/16 which will be shared with the Schools Forum once known. Therefore, any decisions made around the 2014/15 settlement must be appropriately considered and balanced against issues of affordability and sustainability in the medium to longer term.
- 1.9 Stakeholders are welcome to comment on any aspect of the proposals, or may wish to contribute to a sector specific response co-ordinated by Primary Forum, Hillingdon Association of Secondary Heads and the Special Headteachers group or other representation group.
- 1.10 The release of this paper at the beginning of October, unfortunately only allows a short period of time for consultation with stakeholders. Schools Forum will review the responses on the 23 October 2013, as Schools Forum have to send the signed off and completed funding pro-forma to the DfE by 31 October 2013. This means that responses will be required to be returned by midnight on 17 October 2013.
- 1.11 A number of consultation information sessions have been arranged for all stakeholders to attend, which are scheduled for:
- **11 October 2013**, 10:00 am – 12.00 noon (all schools)
(arrival from 9:45 am) Council Chamber, Civic Centre, Uxbridge,
UB8 1UW
 - **11 October 2013**, 2.00 pm – 4:00 pm (all Schools)
(arrival from 1:45pm) Council Chamber, Civic Centre, Uxbridge,
UB8 1UW

To book onto any one of these sessions, please contact Ruth Munro on 01895 250593 or email <mailto:schoolfinancereturns@hillingdon.gov.uk>

1. Executive Summary (Summary of Consultation Issues)

- 2.1 Schools Forum is consulting individual schools, on a set of prescribed matters relating to Schools' funding arrangements for 2014/15. **There are no proposed changes to the Early Years Single Funding Formula or High Needs Funding for 2014/15.**
- 2.2 Schools Forum is also required to consult on proposals for distributing and administering the available resources which will come from the DSG.
- 2.3 The decisions taken will shape the allocation of funding for Primary and Secondary Schools, there will be no changes to the Early Years Single Funding Formula or the High Needs SEN (including Special Schools and Alternative Education Provision) funding.

Process leading to the proposals in the consultation

- 2.4 The Council, through the Schools Forum, is required to make changes to the allocation of the DSG relating to the Primary and Secondary Schools Funding Formula, following the release of the DfE paper; Schools Funding Reform – Findings from the Review of 2013/14 Arrangements and Changes for 2014/15.
- 2.5 In May 2013, Schools Forum undertook a consultation with schools to understand what impact the changes to the 2013/14 funding formula were having on schools and to ascertain what changes, if any, schools would like Schools Forum to consider as part of its review of the Funding Formula for 2014/15.
- 2.6 At the beginning of June 2013, the DfE released its paper; Schools Funding Reform – Findings from the Review of 2013/14 Arrangements and Changes for 2014/15, which set out a range of changes to the Schools Funding Formula that need to be implemented for 2014/15.
- 2.7 In July 2013, the Government announced that it would be implementing a National Funding Formula for schools starting in the 2015/16 financial year (1 April 2015 to 31 March 2016).
- 2.8 In July 2013 Schools Forum started the process of reviewing the Schools Funding Formula, through its Sub Group, the ISB Formula Group, taking into account the feedback received from schools, the requirements as set out in the DfE paper and the Government announcement that a National Funding Formula would be implemented for 2015/16.
- 2.9 The proposed changes from the ISB Formula Group are set out in more detail in this consultation paper.

Primary and Secondary Schools Funding (Section 5)

- 2.10 The DfE have provided a very clear steer on the required changes to the Primary and Secondary schools funding, which has to be implemented from 1 April 2014, including a revised funding model that all authorities are required to use.
- 2.11 This paper sets out two options for schools to consider. Option 1 adjusts the funding formula in line with the DfE proposals only; whereas Option 2 considers adjusting the deprivation and

EAL factors on top of the required changes, ensuring that the primary to secondary per pupil rate of funding is in the ratio of 1 to 1.29.

- 2.12 All primary and secondary schools will be funded based on the approved and agreed funding model, this includes maintained, converter academies, free schools, studio colleges, university technical colleges and sponsored academies. However, the funding will still be provided as is currently the case (i.e. maintained schools will receive funding from the local authority through the DSG and all other schools will receive funding directly from the Education Funding Agency (EFA)).
- 2.13 The DSG funding will be determined based on the October pupil census. For 2014/15, the relevant census date was the 3 October 2013.
- 2.14 The determination of school budgets will be based on the data provided by the DfE to the local authority and is provided based on a percentage of pupil numbers on roll. Once the census data has been signed off by the DfE, there will be no opportunity to challenge the pupil data figures.
- 2.15 The Council continues to see a significant increase in the number of primary school age children requiring a school place. The arrangements still allows the Council to hold a growth fund contingency to support expanding schools, provide resources for new schools and to provide resources for those schools proposing to amalgamate.

The arrangements for Special Educational Needs

- 2.16 The DfE are not proposing to make any further changes to the funding of SEN pupils and will retain the current arrangements which is based on a “place-plus” funding model, where all special schools and special resource provision settings will receive £10,000 per planned place and additional top up funding for each actual pupil.
- 2.17 Mainstream schools will continue to be expected to fund the first £6,000 of any SEN pupil placed in a mainstream school, and will receive only the top up funding from the commissioner.

The arrangements for Early Years

- 2.18 The DfE are not proposing to make any further changes to the Early Years Single Funding Formula and will retain the current streamlined formula, targeting resources at the child rather than the setting.
- 2.19 Funding for the Free Entitlement offer for Two Year Olds will be extended to provide a free place for those children that are in the 40% most deprived families across the country with effect from 1 September 2014, effectively doubling the number of children eligible.

The arrangements for Pupils out of School

2.20 The DfE are not proposing to make any further changes to the funding of Alternative Education Provision. Pupil Referral Units will continue to operate with a delegated budget, which will be funded through the “place-plus” funding model, where all Alternative Education settings will receive £8,000 per planned place and additional top up funding for each actual pupil from the relevant commissioner, which could be a local authority or a school.

Specific Grants (Section 9)

2.21 The Government made an announcement on 17 July 2013 that the Pupil Premium for Primary Schools will increase to £1,300 per pupil in 2014/15. It also stated that the Secondary element was under review and would be agreed in the Autumn 2013, with a likely increase in line with or above inflation. No other information has been made available relating to the other elements that are funded from the Pupil Premium.

Consultation Questions

Question 1 – Stakeholders are asked to give views on the proposed changes to the school funding formula as set out in Section 5, which need to be considered as a package. Schools Forum are proposing option 2 as the preferred model which sets the rate of per pupil funding for Deprivation and for EAL broadly in line with the national average and the ratio of per pupil funding between primary and secondary in line with the national average ratio of 1 to 1.29.

3. Overall Financial Position

Overview

- 3.1 The schools funding settlement for 2014/15 will be announced by the Secretary of State for Education in December 2013.
- 3.2 The main headlines in relation to revenue funding are:
- The funding that makes up the Dedicated Schools Grant (DSG) will be provided in three distinct blocks; Early Years, Schools and High Needs.
 - The DSG will be ring-fenced, however, the funding received for each of the blocks will not be ring-fenced.
 - The determination of the Schools Block will be based on the October 2013 census data.
 - Retained items within the Schools Block will be cash limited to 2013/14 values.
 - The baseline budget for the Early Years and High Needs Blocks, will be cash limited to 2013/14 values.
 - Funding for Early Years will be amended throughout the year based on the following census dates; January 2013 (the baseline), January 2014 and January 2015.
 - The DSG will include funding for the Free Entitlement offer for Two Year Olds, where the entitlement will be extended to cover the 40% most deprived families with effect from 1 September 2014.
 - The Minimum Funding Guarantee has been set at -1.5% for 2014/15.

Schools Block DSG Funding

- 3.3 The Schools Block DSG Funding covers funding for Primary and Secondary schools and a limited range of retained budgets.
- 3.4 The final DSG will be determined based on the October 2013 census data. The DfE intends to provide a finalised DSG by December 2013.
- 3.5 The Schools Block includes funding for a small number of retained budgets, which will be funded on the 2013/14 values. One major change being proposed, is that Schools will no longer be required to be a part of the Carbon Reduction Commitment scheme from 1 April 2014.

Early Years Block DSG Funding

- 3.6 The Early Years Block DSG Funding covers funding for children aged 3 and 4 in Primary schools, PVI Nursery settings and Childminders and a limited range of retained budgets.
- 3.7 The Early Years Block DSG Funding will be revised throughout the year based on the January 2014 pupil census data and again at the end of the year based on the January 2015 pupil census data.
- 3.8 The Early Years Block includes funding for the following retained budgets, these budgets are funded based on the 2013/14 values:

- Contingency funding for growth in Early Years pupil numbers
- Funding for three Council operated Early Years Centres
- Funding for Early Years Support Team

High Needs Block DSG Funding

3.9 The High Needs Block DSG Funding covers funding for Special Schools, Special Resource Provisions, SEN pupils in Mainstream schools, Placements in Independent Schools and Other Local Authority schools, Pupil Referral Units, Support Services, Education Other than at School (Alternative Education Provision), Post 16 SEN expenditure and the cost of high needs students aged 16-25 in further education and independent specialist providers.

Free Entitlement offer for Two Year Olds

3.10 With effect from 1 April 2013, funding for the Free Entitlement offer for Two Year Olds has been included in the DSG to provide a free place for those children that are in the 20% most deprived families across the country with effect from 1 September 2013. The Government will extend this entitlement to the 40% most deprived families across the country with effect from 1 September 2014.

4. The Funding Framework

Overview

- 4.1 The framework for funding education services for 2014/15 continues to be reviewed by the DfE as it moves towards a National Funding Formula, the outcomes and requirements of which are set out in the DfE's paper; Schools Funding Reform – Findings from the Review of 2013/14 Arrangements and Changes for 2014/15. These arrangements affect all schools (including Academies, Free Schools and sponsored academies) who receive funding from the DSG or the EFA.
- 4.2 Schools Forum started its own review of the impact of the changes to school budgets in May 2013 by consulting with all schools. It also had access to benchmarking data for all Councils, which the DfE had pulled together, which Schools Forum reviewed to see whether there were any factors that were higher or lower than the majority of councils. Subsequent to this, the DfE released further guidance requiring changes to be made for 2014/15.
- 4.3 At the end of September 2013, the Schools Forum ISB Formula Group agreed to the changes that are being proposed for the Primary and Secondary schools funding formula, having considered a wide range of formulas, taking into account feedback received from schools, the analysis of the benchmarking data and the requirements as set out in the DfE paper.
- 4.4 In practice, the arrangements set out in the DfE's paper, are very prescriptive and allow very minimal flexibility at a local level. The funding formula factors for Early Years and Primary and Secondary schools are defined by the DfE as is the funding of High Needs placements. Schools Forum are therefore only consulting on those factors that it has some discretion over.
- 4.5 In determining the Primary and Secondary schools funding formula, Schools Forum agreed a set of principles and objectives as follows, taking into account the constraints imposed by the actual formula that is prescribed within the DfE's paper:
 - To ensure that there is minimal movement in funds between the Primary and Secondary sectors
 - To ensure that the funding split per pupil between the Primary and Secondary sector is generally in line with the national average of 1 to 1.29
 - To reduce the per pupil funding range in both the Primary and Secondary sector
 - To ensure that the least funded (per pupil) school does not receive reduced funding
 - To increase the rate of funding per pupil allocated through the deprivation factor to approximately the national average
 - To set the rate of funding for EAL at the national average
 - To keep the loss of any group (e.g. small schools, infant schools, etc) to a minimum

5. Primary and Secondary Schools Formula

Overview

- 5.1 The DfE's paper; Schools Funding Reform – Findings from the Review of 2013/14 Arrangements and Changes for 2014/15, sets out further changes to the funding of Primary and Secondary schools, which have to be implemented for 2014/15. This includes the following:
- i) A minimum of 80% of the delegated schools block funding must be allocated through a locally determined combination of the pupil-led factors (defined as Age Weighted Pupil Unit (AWPU), Deprivation, Prior Attainment, Looked After Children and English as an Additional Language). Hillingdon delegates 88.9%.
 - ii) AWPU rates must be at least the following for each different stage:
 - Primary - £2,000
 - Key Stage 3 and Key Stage 4 - £3,000
 - iii) The Early Years Foundation Stage Profile (EYFSP) will still be used as the factor for determining prior attainment in Primary schools, although with the introduction of the new EYFSP, pupils will qualify where they have not achieved a good level of development in all 12 prime areas of learning as well as maths and literacy.
 - iv) The factor for Secondary schools will be amended to pick up pupils that do not achieve a level 4 or higher in English or Maths. It is anticipated that this will double the current numbers. However, from 2012, the Key Stage 2 English Assessment methodology changed. The figures that will be used include the reading or teacher assessed writing elements, but not the grammar, punctuation and spelling test results.
 - v) The factor for Looked After Children will pick up any child that is Looked After for a single day or more. No change for Hillingdon.
 - vi) The Pupil Mobility Factor will be changed so that it only picks up pupils above a 10% threshold of number on roll, where funding will be provided for only those pupils above the threshold.
 - vii) The DfE are introducing a Sparsity Factor which measures the distance pupils live from their second nearest school. It is understood that this will only be applicable to a very small number of authorities, and will not be applicable to Hillingdon.
 - viii) Lump Sum Factor set at a maximum of £175,000 (for 2013/14 it was £200,000). Hillingdon has a Lump Sum Factor of £140,000. The value for each sector can be different as long as it stays within the maximum allowance.
 - ix) Merging schools will receive funding over the two full years following the merger based on 85% of the two lump sums.

- x) The DfE will allow a local authority to retain DSG to fund schools with falling rolls, but only where the schools Ofsted rating is good or outstanding.
- xi) The Membership of Schools Forum will be amended to replace the representative from the 14-19 partnership with a representative from an institution providing education beyond 16 (but not a school or academy).
- xii) Special school funding will be based on actual learner numbers. It is not clear how this will work yet but it is understood that the pre 16 High Needs pupils will be funded more in line with the post 16 High Needs pupils. Where an authority has vacant spaces that it is currently funding, this will potentially create some financial challenges. In the main most of the special schools in Hillingdon are full or near to full.
- xiii) The funding of Rates cannot be amended in year. This is applicable from 1 April 2013. Any amendments to the cost of Rates will be accounted for in the following years' budget determination.

5.2 As previously stated, Schools Forum consulted with schools in May 2013, to determine the impact on schools of the changes put in place for 2013/14. 22 responses were received out of 80 schools (1 Nursery School, 17 Maintained Primary, 1 Maintained Secondary, 2 Academy Secondary and the Primary Forum). The response from the Primary Forum was counted as one response although in reality this body represents all primary schools.

5.3 Set out below is a summary of the outcome of the consultation that was carried out with schools on the impact of the Schools Funding Reform Arrangements for 2013/14.

Question 1. Are the Principles and Objectives that Schools Forum were working with still valid, or would you set a different set of parameters?

5.4 The following table summarises the responses received from schools:

Response	Numbers	%
Yes	3	13.6%
No	13	59.1%
Don't Know	2	9.1%
No Response	4	18.2%
Totals	22	100.0%

5.5 It was clear from the responses received that there is a clear message that schools (primary in particular) have a number of concerns about the principles set. The most notable are set out below:

- i) The protection of the ratio of funding between primary and secondary schools was raised as a concern. Primary schools have a view that if more funds are targeted at the primary sector the pupils will be better educated when transferring to secondary and thus reduce the need for high levels of support in the secondary sector.
- ii) The AWPU for each stage should reflect the minimum needs of all pupils

- iii) Rather than moving towards the national average, the Schools Forum should consider moving towards the statistical neighbours average, which will take into account local circumstances

Question 2. Are there any particular factors, or part of the “best fit” package, you would like Schools Forum to review?

5.6 The following table summarises the responses received from schools:

Response	Numbers	%
Yes	14	63.6%
No	2	9.1%
Don't Know	2	9.1%
No Response	4	18.2%
Totals	22	100.0%

5.7 It was clear from the responses received that there is a clear message that schools (primary in particular) would like Schools Forum to undertake a further review of the funding formula. The suggested factors to be reviewed are set out below:

- i) High Needs Funding – schools are concerned that they are not receiving the £6,000; there is a need to review the 2% cluster school SEN funding level with an aim of reducing the percentage trigger
- ii) AWPU Levels
- iii) Lump Sum – differentiate between primary and secondary; reduce the level of the lump sum
- iv) Mobility – move funding into Deprivation
- v) Deprivation Funding – The level of deprivation funding should be reviewed (reduced?) as schools also receive Pupil Premium funding; consider using IDACI; increase the deprivation funding to the 2012/13 level
- vi) EAL Funding – Aim to reduce this factor, using this factor as a mathematical exercise rather than through need is questionable as EAL children generally achieve good level of attainment

Other Comments

5.8 A number of other comments were received that raised concerns on the datasets used, however, these are set by the DfE and cannot be changed, but they are noted below for completeness:

- i) Primary schools would like to have a separate AWPU for reception classes
- ii) Primary schools are concerned at the use of the Early Years Foundation Stage Profile
- iii) The DfE should be lobbied to include a Cost of Free School Meals Factor into the funding formula
- iv) Schools should be rewarded and funded for improved achievement
- v) The data used should not be based on historical information
- vi) Expanding schools are not being fully funded by the Local Authority

Suggested Remodelling

- 5.9 Based on the information received through this consultation and the requirements as set out in the DfE's paper for 2014/15, officers of the local authority suggested running a number of funding models to provide a steer for Schools Forum on the most appropriate funding formula for 2014/15, these included the following:
1. Using the national average funding rates
 2. Using the statistical neighbours average funding rates
 3. Increasing deprivation funding to the national average
 4. Reducing the level of EAL funding
 5. Considered removing the EAL funding in its entirety
 6. Introducing IDACI as a factor for distributing Deprivation funding
- 5.10 Schools Forum has considered the impact of the changes required by the DfE, taking into account, where possible, the comments received from schools and where it has the ability to influence the impact of them on school budgets, has proposed a solution that it is now consulting all schools on. For completeness, two options have been provided, where the first reflects the do nothing model, which only takes into account the changes that the DfE require all Councils to make. The second is the preferred model that Schools Forum has agreed is the best fit as we move towards a National Funding Formula. **These proposals need to be considered as a package of changes, as any movement in any one of the proposals would have a significant impact on all of the other factors.**

Option 1 – Do Nothing (DfE adjustments only)

- 5.11 Option 1 makes changes to the Attainment pupil numbers in secondary schools and the mobility numbers across both sectors in line with the requirements as set out in the DfE paper. Any balance is then adjusted through the AWPU rates. This moves approximately £1.5 million into the secondary sector from the primary sector.

Option 2 – DfE Adjustments, FSM and EAL rates per pupil set at National Average Rate and adjust AWPU to deliver a Primary to Secondary ratio of 1 to 1.29

- 5.12 Option 2 makes changes to the Attainment pupil numbers in secondary schools and the mobility numbers across both sectors in line with the requirements as set out in the DfE paper, adjusts the rates of per pupil funding for FSM and EAL to the national average and then adjusts AWPU rates to achieve a Primary to Secondary funding ratio of 1 to 1.29. This moves approximately £150k into the primary sector from the secondary sector
- 5.13 **Question 1 – Stakeholders are asked to give views on the proposed changes to the school funding formula as set out above, which need to be considered as a package. Schools Forum are proposing option 2 as the preferred model which sets the rate of per pupil funding for Deprivation and for EAL broadly in line with the national average and the ratio of per pupil funding between primary and secondary in line with the national average ratio of 1 to 1.29**

6. Specific Grants

Pupil Premium

- 6.1 The coalition Government has indicated that the level of the Pupil Premium for 2014/15 will increase to £1,300 per pupil for primary aged pupils (an increase of £400 on last years rate of £900). The Government have also indicated that the rate for secondary aged pupils will also increase by at least the rate of inflation. The method used for distribution will be based on those pupils who have been eligible for Free School Meals at any point in the last six years (known as Ever 6 FSM). It however has not indicated whether a revision will then be made for Looked After Children or the additional amount for the children of members of the armed forces.
- 6.2 The Pupil Premium grant to each school will be calculated based on the number of qualifying pupils counted in the January School Census, multiplied by the funding rate described above. This data is currently not held by the Local Authority.
- 6.3 All schools are encouraged to accurately determine and record all of the pupils eligible for Free School Meals as this will maximise the level of Pupil Premium funding received by schools in Hillingdon.