



Walsall Council

Walsall Children's Services

Report to: Schools Forum

Date: 12th June 2012

Subject: Schools Funding Formula

Contact: Dan Mortiboys (mortiboysd@walsall.gov.uk)

Purpose of the report: This report highlights key information in the "School funding reform: Next steps to a fairer system" document. It highlights the actions that Walsall Schools Forum is taking to achieve the tight deadline from the DfE. The consultation itself is attached, along with the brief response from Walsall.

Recommendation: Recommendations are in the final section of the report.

1. Executive Summary

- 1.1 Department for Education (DfE) produced "School funding reform: Next steps to a fairer system" on 26 March 2012. While this document has consultative elements, in essence it informs interested parties in decisions that government has made which will start to impact from 2013/14.
- 1.2 With this document being very complex, DfE have also produced operational guidance, presentations to aid understanding, an ever increasing frequently asked questions and held meetings with school finance officers around the country. There is huge amount of detail.
- 1.3 The key points of the changes would be:
 - 1.3.1 The funding formula that each local authority produces to distribute Dedicated Schools Grant (DSG) amongst schools can now only be based on up to 10 factors (although most schools will see no more than 7) rather than the current 37 allowable factors. This will impact schools budgets substantially.
 - 1.3.2 A national funding formula will not be introduced until the next Comprehensive Spending Review period at least. The earliest that would be is 2015/16.
 - 1.3.3 The government has stated that schools will have a Minimum Funding Guarantee of 98.5% of their per pupil funding for 2013/14 and 2014/15. In practice this means that even if the formula changes impact a school they are guaranteed to lose only 1.5% per pupil. (Clearly a school will lose more than that in total if pupil numbers decrease as well).
 - 1.3.4 Special schools will be funded in a completely different way. Government are introducing a place plus approach, which gives schools £10k per agreed place and where children have needs beyond that amount there will be top up funding. DfE are keen to see engagement between the commissioner and provider of the service.
 - 1.3.5 The DSG will be split into 3 notional blocks. These are Schools Block, High Needs Block and Early Years Block. As these blocks are a notional division only, actual spend can be different.
 - 1.3.6 Funding for Special Education will now support students up to the age of 25.
 - 1.3.7 The DfE is anxious that not all areas have the appropriate representation on Schools Forum. Therefore, DfE have stated the all local authorities must look again at representation and ensure that all groups are properly represented. The big area of concern appears to be are academies appropriately represented. Although Walsall has updated membership in summer 2011, with further academy conversions this needs to be re-assessed. Also, the voting rights of who can or cannot vote has changed. This is mainly in relation to the diocese and union representation.
 - 1.3.8 Currently there are examples of DSG funding being retained by the local authority to fund activities such as Free School Meal Eligibility, Insurance and other services. This funding will now be delegated. In the case of Academies this

merely replaces their DSG LACSEG (Local Authority Central Spend Equivalent Grant) . Maintained schools will have the option to either retain this funding or 'de-delegate' it back to the local authority. The decision for maintained Primary Schools will be made by the maintained Primary School representatives on School Forum. The decision for maintained secondary schools needs to be made by maintained secondary school representatives.

1.3.9 School budgets will now be based on the October school census. Therefore any campaigns to ensure children who are eligible for Free School Meals (FSM) are registered will need to be in September.

1.3.10 The DfE require a response by the end of October. This is a very tight timeline. Under law this is a local authority decision rather than a Schools Forum decision and enough time needs to be allowed to go through the legal decision making process.

2. Next Steps

2.1 There is significant work to do before the end of October. There will need to be workstreams on High Needs and Early Years which will be covered in other documents. Below is a draft timetable for the work ahead:

Date	Action	Outcomes	Comment
30 May 2012	Initial meeting of Schools Forum Funding Formula Group	Ensure that challenges ahead are understood, scope out work and agree timetable	
30 May to c 14 June	Work to produce draft models to share with working group	Schools Finance to do this work	
12 June 2012	Schools Forum	To formally update Schools Forum on the changes that lie ahead	
C14 June/26 June 2012	Schools Forum Funding Formula Group meet to review progress	The model should either be complete or further work be required	
3 July	Papers despatched for Schools Forum		
10 July 2012	Schools Forum meet	There is no need to	This meeting needs

	to agree to send a proposed formula out to all schools	consult all schools but this would seem appropriate	to be arranged
11 July 2012	Information sent to all schools for consultation	Consultation to close Thursday 13 September.	There would be 7 working days before the end of terms and 9 working days in September
18/19 September 2012	Papers despatched for Schools Forum		
25 September 2012	Schools Forum	Schools Forum consider any consultation responses	
26 September 2012	Reports despatched to Schools Forum	Work completed on formula	
4 October 2012	Schools Forum meet	To finally recommend the funding formula	This meeting needs to be arranged
5 October 2012	Reports despatched to Cabinet Agenda Planning		
10 October 2012	Cabinet Agenda Planning	Cabinet consider the funding formula	
24 October 2012	Cabinet approve revised Schools Funding Formula	Cabinet legally approve formula	
31 October 2012	DfE receive funding formula from Walsall Council	Completion	

2.2 This timetable does not cover decisions around potential de-delegation but it is anticipated that schools would also receive information regarding this before the summer holiday and a decision would be needed in the autumn. Clearly the representatives of the primary and secondary maintained schools would need to consider the decision making progress they wish to go through.

3. Schools Forum Funding Formula Group

3.1 Through the chairs of the Walsall Association of Secondary Headteachers (WASHT) and the Primary, Special and Nursery Forum a request was communicated for volunteers to form a Funding Formula group. The first meeting of this group was Wednesday 30 May and the members are:

Sean Flynn
Gary Crowther
Max Vlahkis
Michelle Sheehy
Heather Lomas
Jenni Ward

3.2 The purpose of this group is to provide a mix of representatives from Schools Forum to work on the new funding formula. If during the process there needs to be further support, then this will be sought.

3.3 The first task this group needs to do is to understand what the current funding formula factors are, what the future options are and select for modelling purposes how these factors will be mapped across.

3.4 This will then create a succession of models and re-modelling until there is an appropriate formula to share with schools and Schools Forum through consultation

4. Allowable Funding Factors under the new formula

4.1 The following factors are allowable under the new funding formula:

- 1) A basic per-pupil entitlement – which allows a single unit for primary aged pupils and either a single unit for secondary pupils or a single unit for each of Key Stage 3 and Key Stage 4;
- 2) Deprivation measured by FSM and/or the Income Deprivation Affecting Children Index (IDACI);
- 3) Looked after children;
- 4) Low cost, high incidence SEN;
- 5) English as an additional language (EAL) for 3 years only after the pupil enters the compulsory school system;
- 6) A lump sum of limited size;
- 7) Split sites;
- 8) Rates;
- 9) Private finance initiative (PFI) contracts; and,
- 10) For the 5 local authorities⁸ who have some but not all of their schools within the London fringe area, flexibility to reflect the higher teacher cost in these schools.

5. Areas that will be delegated to schools but can be de-delegated

5.1 The following is a list taken from the consultation around services that can be delegated to maintained schools or that can be delegated back. Walsall will prepare more details on these in coming months but this is to provide examples.

- a) Support for schools in financial difficulties (this would not be a separate category but within contingencies);
- b) Allocation of contingencies;
- c) Free school meals (FSM) eligibility;
- d) Insurance;
- e) Licences/subscriptions;
- f) Staff costs – supply cover;
- g) Support for minority ethnic pupils or underachieving groups;
- h) Behaviour support services; and,
- i) Library and museum services.

6. Consultation Documents

6.1 The DfE has published significant amounts of information around this consultation. There is the consultation itself, operational guidance, frequently asked questions, diagrams of funding flows and is doing a variety of presentations around the country. **Appendix 1** is the consultation document itself and **Appendix 2** is Walsall's brief response to this consultation. **Appendix 3** is the current list of DfE Frequently Asked Questions.

7. Further Reports

7.1 There will be a series of further reports in relation to the funding formula.

8. Recommendations

8.1 To endorse the process and progress towards developing a new Funding Formula in line with DfE instructions

8.2 To note the consultation and consultation response

School funding reform:
Next steps towards a fairer system

Consultation Response Form

The closing date for this consultation is:

21 May 2012

Your comments must reach us by that date.

THIS FORM IS NOT INTERACTIVE. If you wish to respond electronically please use the online response facility available on the Department for Education e-consultation website (<http://www.education.gov.uk/consultations>).

The information you provide in your response will be subject to the Freedom of Information Act 2000 and Environmental Information Regulations, which allow public access to information held by the Department. This does not necessarily mean that your response can be made available to the public as there are exemptions relating to information provided in confidence and information to which the Data Protection Act 1998 applies. You may request confidentiality by ticking the box provided, but you should note that neither this, nor an automatically-generated e-mail confidentiality statement, will necessarily exclude the public right of access.

Please tick if you want us to keep your response confidential.

Name Dan Mortiboys

Organisation (if applicable) Walsall Schools Forum

Address: c/o Room 21
The Council House
Lichfield Street
Walsall
WS1 1 TW

If you have an enquiry related to the policy content of the consultation you can contact either

Ian McVicar : Telephone: 020 7340 7980 e-mail: ian.mcvicar@education.gsi.gov.uk or

Natalie Patel: Telephone: 020 7340 7475 e-mail: Natalie.patel@education.gsi.gov.uk

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the Consultation Unit by e-mail: consultation.unit@education.gsi.gov.uk, by Fax: 01928 794 311, or by telephone: 0870 000 2288.

Please tick the box that best describes you as a respondent.

<input type="checkbox"/> Maintained School	<input type="checkbox"/> Academy	<input type="checkbox"/> Teacher
<input type="checkbox"/> Individual Local Authority	<input type="checkbox"/> YES Schools Forum	<input type="checkbox"/> Local Authority Group
<input type="checkbox"/> Teacher Association	<input type="checkbox"/> Other Trade Union / Professional Body	<input type="checkbox"/> Early Years Setting
<input type="checkbox"/> Governor Association	<input type="checkbox"/> Parent / Carer	<input type="checkbox"/> Other

If 'Other' Please Specify:

Simplification of the local funding arrangements

Basic per-pupil entitlement

In paragraphs 1.3.10 and 1.3.11 we discuss the basic per-pupil entitlement. The difference between providing education for Key Stage 3 compared to Key Stage 4 is sometimes significant due to the additional costs of practical work and examinations incurred in the latter Key Stage.

Question 1: Should local authorities and Schools Forums be able to agree separate rates for Key Stage 3 and Key Stage 4?

Yes

Comments: Yes. Maximum flexibility should be maintained for decision making on a local level based on the needs of the students. Walsall council currently award different rates between KS3 and KS4 and removing this ability would cause more fluctuation in the system.

In para. 1.3.13 we consider setting a minimum threshold for the basic entitlement. There is an interaction between the amount of funding that goes through the basic entitlement and the amount remaining for other factors, such as deprivation and low cost SEN. There are three options available:

- a) *To require a minimum percentage to go through **the basic entitlement only** (and we think that 60% represents a reasonable starting point);*
- b) *To require a minimum percentage to go through **all of the pupil led factors** (so would include the basic entitlement, deprivation, looked after children, low cost SEN and EAL). We think that 80% represents a reasonable amount for this threshold.*
- c) *To not set a threshold at all and accept that there will be inconsistency in some areas*

Question 2 : Do you think we should implement option a, b or c?

(c)

Comments: Option C. Areas with sparsity issues and small schools will want as much flexibility as possible within the 10 factors. Insisting on pupil led factors could lead to budget pressures at smaller schools or closures. Having recently seen a school close in Walsall and the disruption to the children who were mid way through their education, option C would seem the most valid.



Deprivation

In paragraphs 1.3.15 to 1.3.23 we discuss deprivation funding and the issue of banding. Our preference is to allow banding only for IDACI under a new system, and to keep it as simple as possible, for example by only allowing a certain number of bands with a fixed unit rate applied to each and a minimum IDACI threshold. We do not propose to allow banding for FSM.

Question 3: Do you agree with our proposals on banding? How do you think they might be applied locally?

Yes

Comments: We are happy with these proposals. As some bands could in theory be awarded a fixed unit of zero that would allow formulas to concentrate funds on helping in areas of high deprivation but where FSM claiming is low.

Lump Sums

In paragraphs 1.3.38 to 1.3.42 we discuss the issue of lump sums. Many local formulae currently allocate a lump sum to schools. We want to set the upper limit on the lump sum at a level no higher than is needed in order to ensure that efficient, small schools are able to exist where they are genuinely needed. We think that the upper limit should probably fall somewhere between £100k and £150k, and is certainly no higher than £150k.

Question 4: Where within the £100k-150k range do you think the upper limit should be set?

£150k

Comments: Walsall Schools Forum has nominated £150k as this is the highest level within the consultation. Walsall would hold the view that this level should be significantly higher and be at least £250k. There are some very successful small schools, grammar schools being one example and allowing more flexibility would protect valuable school places.



Free Schools, University Technical Colleges (UTCs) and Studio Schools

In paragraphs 1.8.12 to 1.8.14 we discuss the funding of Free Schools, UTCs and Studio Schools. We have decided that Free Schools, UTCs and Studio Schools, like other Academies, should move across to be funded from 2013/14 through the relevant local simplified formula. One consequence of this is that confirmed funding levels for new schools will not be available until the spring prior to a September opening.

Question 5: What sort of information do Free School, UTC and Studio School proposers need, and at what stages, to enable them to check viability and plan effectively?

Comments:NA

Improving arrangements for funding pupils with high needs

In Section 3 and Annex 5a, b and c we discuss the new arrangements for funding pupils with high needs. In Section 3.8 we discuss the roles and responsibilities under the new place plus approach, specifically those of providers, commissioners and the EFA, We want to ensure that unnecessary bureaucratic burdens are not placed on providers and that there is clarity as to the respective roles and responsibilities of the EFA and local authorities.

Question 6: What are the ways in which commissioners can ensure responsibilities and arrangements for reviewing pupil and student progress and provider quality can be managed in a way that does not create undue administrative burdens for providers?

Comments: By its very nature providing a commissioner provider relationship then there will be significant administrative burden.

In section 3.9 we discuss transitional protection for providers. We want to ensure that the transition from the current funding system to the new arrangements is as smooth as possible. In the document we set out a number of ways we intend to provide support through the transitional period and enable commissioners and providers to become accustomed to the new approach

Question 7: Are there other ways that we can help to ensure a smooth transition for commissioners and providers to the reformed funding approach for high needs pupils and students?

Comments: Increased funding to manage the extra administrative burden.

In Annex 5a, paras 38 to 41 we discuss the level of base funding for AP settings and suggest that £8,000 would be an appropriate level of base funding.

Question 8: Do you agree that £8,000 per-planned place would be an appropriate level of base funding for AP settings within a place-plus funding approach?

Not Sure

Comments: Not Sure. Walsall council currently has arrangements with a private provider who supplies alternative provision. It is difficult to comment with the level of information currently available.

In Annex 5a paras 42 to 46 we discuss the top-up funding for AP settings. For short-term and part-time placements, we propose that appropriate pro rata arrangements would be put in place for calculating top-up funding and that it would be sensible to calculate top-up funding for short-term placements on a termly or half-termly basis, while part-time placements could be calculated on a daily rate. For very short-term placements, for example those that lasted less than ten days in an academic year, we would envisage that AWPU would not be repaid by a commissioning mainstream school and that the commissioner would pay an appropriate level of top-up funding to reflect this.

Question 9: Do you agree that it would be sensible to calculate pro rata top-up payments for short-term placements in AP on a termly or half-termly basis?

Half-termly

Comments: Half termly adds more flexibility and also stops potential abuse of the system. Proposals to make this as real time as possible would eb worthwhile.

Question 10: Do you agree that it would be sensible to calculate pro rata top-up payments for part-time placements in AP on the basis of a daily rate?

Yes

Comments: Yes

In Annex 5a paras 47 to 52 we discuss hospital education. Hospital schools occupy an important place in the education system and we need to think carefully about how hospital education is funded within the parameters of a new approach to high needs funding. Hospital education is not an area where commissioners plan education provision and where pupils and their families exercise choice about the institution in which they will be taught. In funding terms, our aim must be to ensure that high-quality education provision is available whenever a pupil has to spend time in hospital.

Question 11: What are the ways in which hospital education could be funded that would enable hospital schools to continue to offer high-quality education provision to pupils who are admitted to hospital?

Comments: NA

In Annex 5a paras 53 to 56 we discuss the base level of funding for specialist providers. Under the place-plus approach there will be a simple process, with clear responsibilities and transparent information, for reviewing and, if appropriate, adjusting the allocation of base funding for specialist placements. The key components of this process are set out in the document.

Question 12a: Do you agree with the proposed process for reviewing and adjusting the number of places for which specialist settings receive base funding?

Yes

No

Not Sure

Comments: Yes

Question 12b: Are there any other ways in which this process could be managed in a way that is non-bureaucratic and takes account of local need and choice?

Comments: NA

Simplifying arrangements for the funding of early years provision

In paragraphs 4.5.1 to 4.5.5 we discuss the 90% funding floor for three year olds. Current funding for three year olds is based on the actual number of three year olds who take up their entitlement to free early education or an amount equivalent to 90% of the estimated three year old population doing so, whichever is higher. We now think the time is right to phase out the floor so it is removed entirely from 2014-15. We also think it is right that we use 2013-14 as a transition year. Removing the floor from 2014-15 will require a level of transition support for local authorities, enabling them to increase participation levels. There are various options for how this transitional protection could operate but we think the most obvious way is to lower the floor in 2013-14 from 90% to 85%.

Question 13: Do you have any views on the move to participation funding for three year olds, particularly on how transitional protection for 2013-14 might operate?

Comments: NA

In paragraphs 4.6.1. to 4.6.3 we discuss free early education provision in academies. A small number of Academies with early years provision which existed prior to September 2010 continue to be funded by the Young People's Learning Agency (YPLA) through replication. We believe there is a strong case to be made for bringing together free early education funding for three and four year olds for all providers. This would mean that wherever a child accesses their free early education they would be funded and paid by local authorities through the EYSFF. This would further support simplicity and transparency in funding for free early education.

Question 14: Do you have any views on whether free early education in all Academies should be funded directly by local authorities?

Comments: It is important that all schools are treated the same whether they are academies or not. This proposal may cause some complexity but would seem to be the fairest way to do this.

Question 15: Have you any further comments?

Comments: Walsall Schools Forum remains concerned at the speed of change. An MFG of 98.5% means that funding anomalies from a significant time ago remain in the funding system. A lot of the work taking place now to adjust these funding formulas will not impact the system for a long time to come. Walsall Schools Forum would look for a reduced MFG over the next 2 years to speed up the pace of change.

There are a number of smaller schools in Walsall who perform valuable service, either allowing children to be educated in their local community or by providing grammar schools. The reduction of a lump sum to £150k will put pressure on these budgets. It seems to be assumed that a small school is an 'unsuccessful' school based on the increased drive towards per pupil funding. More thought needs to be given to funding small schools.



Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

Please acknowledge this reply

Here at the Department for Education we carry out our research on many different topics and consultations. As your views are valuable to us, would it be alright if we were to contact you again from time to time either for research or to send through consultation documents?

<input type="checkbox"/> Yes	<input type="checkbox"/> No
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All DfE public consultations are required to conform to the following criteria within the Government Code of Practice on Consultation:

Criterion 1: Formal consultation should take place at a stage when there is scope to influence the policy outcome.

Criterion 2: Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.

Criterion 3: Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.

Criterion 4: Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.

Criterion 5: Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.

Criterion 6: Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.

Criterion 7: Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

If you have any comments on how DfE consultations are conducted, please contact Carole Edge, DfE Consultation Co-ordinator, tel: 01928 738060/ email: carole.edge@education.gsi.gov.uk

Thank you for taking time to respond to this consultation.

Completed questionnaires and other responses should be sent to the address shown below by 21st May 2012

Send by e-mail to: schoolfunding.consultation@education.gsi.gov.uk

Send by post to:

Ian McVicar
Funding Policy and Efficiency Team
4th Floor
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

School funding reform: Next steps towards a fairer system Frequently asked questions

Introduction

This set of questions has been generated to support local areas in implementing the changes set out in the recent publication *School funding reform: Next steps towards a fairer system*. The questions have come from a variety of sources including the school funding reform mailbox (reform.schoolfunding@education.gsi.gov.uk), regional finance meetings and other meetings. The questions have been set out in the order of the corresponding chapters and sections of the school funding reform publication.

This document will be updated frequently with further detail and with new questions as they arrive which will be flagged. New questions will be in blue; old questions will have the date of response. We are very conscious of the need for local areas to make progress with revising their formula so where further detail is needed it will be provided very quickly.

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Section 1.2 – The Dedicated Schools Grant and services provided by the local authority

Q: Paragraph 1.2.8 contains information about retaining contingencies for a limited range of circumstances, and lists them. Is this before Schools Forum agreement to pool, or what it can be used for if Schools Forum want to pool?

A: Paragraph 1.2.8 describes the current system. Paragraph 1.2.9 is about what will happen in the reformed system. Contingencies can be held centrally only if maintained schools in a phase collectively agree through the Schools Forum that funding should be returned to the local authority. The purposes for which contingencies can be used remain as in paragraph 1.2.8. The local authority would need to explain to the Schools Forum how much it wanted to hold as contingency and for what purposes. {18/04/2012}

Q: We have a number of initiatives for which funding is currently delegated which schools are likely to want to continue e.g. Advanced Skills Teachers, Excellence in Clusters, Every Child Counts. Will the Schools Forum be allowed to ask the local authority to hold this funding centrally and distribute lump sums to participating schools?

A: No, the list of items for which de-delegation would be permitted is set out in paragraphs 1.2.7 and 1.2.8. If schools wish to pool funding between themselves for certain services then they will be able to, as now. {18/04/2012}

Q: There appears to be no facility for holding even a small element of DSG funding centrally for local authority-led initiatives e.g. cross-school or –phase schemes to raise standards in particular geographic and/or subject areas or perhaps programmes to develop sports in schools. Would it not be worth considering some limited local discretion to retain funding for defined purposes subject to schools / Schools Forum on an annual basis?

A: The proposals do not include central retention beyond that described in the document. We believe that such programmes should be agreed and funded by schools themselves – they could then include Academies that wished to take part. {18/04/2012}

Q: Paragraph 1.2.17 re central spend, can you clarify what is meant?

A: The paragraph means that new central commitments for the services listed in paragraph 1.2.14 would not be permitted. Historic commitments would be permitted for central retention until they run out, as explained in paragraph 1.2.16. Future expenditure would be a matter for decision by individual schools from their delegated budgets. {18/04/2012}

Q: Can you clarify the treatment of SEN home to school transport? At paragraph 1.2.21 it says that the DSG element is in the notional High Needs block but in Annex 4, transport is not listed under the composition of the High Needs Block.

A: Paragraph 1.2.21 is right and the omission in Annex 4 is an oversight. This refers only to the element of SEN transport funding that is charged to the DSG and recorded in line 1.2.5 of the section 251 budget form for 2012-13. {18/04/2012}

Q: How do we pay for deficits left from closing schools?

A: This would come within the definition of “additional costs relating to new, reorganised or closing schools” set out in paragraph 1.2.8. {18/04/2012}

Q: Para 1.2.8 refers to funding retained if the Schools Forum representative agree to its central management. In the case of a phase not agreeing, no budget would exist. But a school could still close in that phase and have a deficit. Would this be an automatic charge to the following years DSG, if not how would it be funded?

A: Deficits of closing schools can be funded from central DSG at the moment, but this is not a requirement and they can also be funded from general local authority sources. This will remain the case in future. We expect local authorities to work actively with schools to remove deficits. We would expect to retain within the regulations the current provision whereby a local authority can appeal to the Secretary of State against a decision of the Schools Forum. {26/04/2012}

Q: Where is allowance for formula errors picked up after budgets are issued?

A: With the simplified formula arrangements, we do not expect errors to be made. If adjustments are needed they should be made retrospectively to the following year’s budget rather than changing the budgets once they have been issued. {18/04/2012}

Q: Can insurance be delegated on actual cost / actual cost to local authority had we insured? The list of allowable factors suggests not but it is the current approach for maintained schools and Academies.

A: No, insurance is one of the factors that we are proposing to remove as part of the simplification. {18/04/2012}

Q: Can overheads apportioned to service directorates at year end be funded from DSG?

A: Not as a separate item. In so far as they might fit within the definitions of continuing central expenditure, they would be a legitimate charge. {18/04/2012}

Q: How can we support schools in making necessary redundancies if there is no scope for funding new redundancies as a central service?

A: Redundancies have always been a charge on the local authority budget according to the provisions in the 2002 Education Act. There are some situations where costs can be charged to an individual school's budget if the local authority has good reason to do so. This is explained in our guidance on local authority schemes for financing schools. What we are changing is the scope for any new commitments to be charged to the central part of the schools budget – this has previously been allowed if the savings to the schools budget resulting from the redundancy are at least as great as the cost of the redundancy. {18/04/2012}

Q: Can contingencies cover redundancies and compromise agreements?

A: No, because redundancies and severance payments are a charge on the local authority budget as explained in the previous answer. {18/04/2012}

Q: When you talk about redundancies - do you mean line 1.6.8 of S251? My understanding of what you said was that LA can use this budget up to 12/13 level to fund existing and new commitment before March 13 but for new redundancy costs from April 13 onwards, the LA is expected to use general fund to pick up these costs?

A: Yes, that is correct {26/04/2012}

Q: If we are currently funding school redundancy costs from the School Contingency budget (exceptional unforeseen circumstances) and this is not reported on the S251 statement under 1.6.8, can we still fund in the future if we revise our submitted S251 budget for 2012/13 and put the amount set aside onto this line and take out of 1.1.2.

A: Yes, provided that these are new costs in this year, that schools forum agree and that there are savings to the schools budget at least as great as the costs incurred {26/04/2012}

Q: You have set out a basis for allowing for pupil growth in primary schools. Why have you not allowed the same scope for secondary schools?

A: We expect the main pressure for growth to be in primaries in the near future and with significantly smaller budgets, primaries are less able to cope with additional growth and that is why we have allowed scope specifically for primaries. {18/04/2012}

Q: I can't see any reference in the paper to contingency funding for pupil growth only being allowed in primary schools-can you clarify please

A: Paragraph 30 of the Operational Guidance document refers to additional primary school places. {26/04/2012}

Q: How widely can funding be de-delegated for growing schools, e.g. can it be used for bulge classes as they pass through the school? Or, where a new school is growing or an existing school is expanding each September, can we fund them part year for the extra classes opening each year?

A: Additional funding for bulge or new classes would only be needed if the total number of pupils in the school is continuing to increase from one academic year to the next. This would be the case for several years if there was a permanent increase in admission numbers at reception. If there was a one-off bulge only, then total numbers would be stable after the first year; funding for subsequent years would be based on the new higher number, and therefore there would be no need for extra funding in those subsequent years. {18/04/2012}

Q: Where the local authority has given, in good faith, assurances that existing bulge classes, or classes allocated for September 2012, will receive guaranteed additional funding, will the local authority still be able to deliver on those assurances from within DSG?

A: Yes, provided Schools Forum members from the relevant phase for maintained schools agree. {18/04/2012}

Q: How do we cope with infant schools with just over 60 pupils? Can we fund extra 'ghost pupils' to provide sufficient funding for extra classes?

A: No. We expect there to be sufficient flexibility in the level of the lump sum to enable small schools to be supported. There is also scope for maintained schools to agree retention of contingency funding for extra unforeseen costs faced by schools and where it would be unreasonable to expect the governing body to meet such costs. {18/04/2012}

Q: Will local authorities still be able to 'hold-back' rates funding a) to continue with a local agreement for the local authority to pay all rates bills at the same time and b) to avoid numerous budget redeterminations as a result of building extensions, appeals, rate notification etc?

A: Yes. Local authorities simply need to say on the pro-forma that rates will be paid on actual cost. {18/04/2012}

Q: As a result of the loss of our premises factor PFI schools will get a windfall from the additional funding distributed through the AWPU. Do we have to continue paying 100% of the unitary charge in these circumstances?

A: The PFI formula factor is designed to deal with additional costs arising for schools as a result of their PFI status. If, as in the case you cite, paying a PFI factor at 100% would result in a profit for the PFI school, it would be reasonable to reduce the PFI factor so that it only covers the net additional costs incurred by the school concerned. {26/04/2012}

Q: Where schools agree to de-delegate funding, should the formula include the de-delegated funding and then be recouped back or should it be excluded from the formula?

A: The formula to be presented on the pro-forma to the EFA should be gross of the de-delegated funding. We are considering how and where the formula net of the de-delegated funding should be recorded and more information will follow. {18/04/2012}

Q: Does the limit on the lump sum (and the requirement that it is the same for all sectors) include the funding of differentially delegated responsibilities?

A: Yes. No variation in the lump sum is permitted for any reason. {18/04/2012}

Q: From 2013-14, would a local authority have to seek agreement from individual schools rather than the Schools Forum to increase the budget lines listed under 1.2.20?

A: It would be open to individual schools to contribute funding from their delegated budget to these lines, as with any other service provided by the local authority. {03/05/2012}

Q: In relation to the delegation of central services (exception 1, shouldn't high needs block also receive a proportion of the central services budget, e.g. staff cover, behaviour support service, Support for minority ethnic pupils or underachieving groups etc? How should this be treated in the baseline?

A: Yes. The whole of the special school column on the section 251 budget form will be included in the high needs block. {03/05/2012}

Q: Can you clarify what funding may be held centrally in 2013/14 for statutory functions of the local authority and specifically:

- 1. can responsibility for the Carbon Reduction Commitment (CRC) be delegated to all schools and academies? We assume this must be the case since the CRC is projected to increase substantially over time and the amount we may hold centrally will be limited to the 2012/13 level. So at least the increase in CRC for 2013/14 would need to be delegated.**
- 2. can you confirm that if funding for CRC is withheld in 2013/14, that would be for maintained schools only with academies meeting their own costs (otherwise maintained schools would be paying for academies' CRC commitments as well as their own!)**

A: Under current legislation, LAs are responsible for meeting the CRC costs for both maintained schools and Academies. This can be done either through delegation and recovery of cost, or by holding a central budget. Under the proposals in the document it would not be possible to increase the amount held centrally in 2013-14. Any amount held centrally will apply to both maintained schools and Academies, since the DSG before recoupment (and therefore central budgets) also applies to both maintained schools and Academies. We are discussing with the Department for Energy and Climate Change whether there should be any changes to the arrangements following their current consultation. {03/05/2012}

Q: The guidance says funding for servicing the schools forum has to be included in the schools block, but is an allowable exception up to the total budgeted in 12/13. However it also says if individual schools and academies wish to pool their budgets to support this function they can. What does this mean?

A: The costs of schools forums can be held centrally up the total budgeted in 2012-13. If an increase is wanted, this would have to be on the basis of maintained schools and Academies agreeing individually to contribute more to the costs of the forum. {03/05/2012}

Q: Can you confirm the position on school drinking milk please?

Can schools decide to pool budgets to have a centrally managed milk contract in the same way that they can for school meals?

On the direct.gov.uk website it confirms that local authorities are not obliged to provide milk to pupils, but if they choose to do so, it must be free to those pupils who qualify for free lunches. Is the requirement to provide the free milk a statutory duty which can continue to be met centrally? or must the funding go out to schools through the formula?

http://www.direct.gov.uk/en/Parents/Schoolslearninganddevelopment/SchoolLife/DG_4016089

A: The budget would have to be delegated but schools could choose to pool their funding. {03/05/2012}

Q: Local Authorities are currently able to retain centrally within the school budget block funding to support under-performing ethnic minority groups and bilingual learners, could you confirm whether or not this will be allowable under the new funding reforms or does this funding need to be delegated to schools.

A: Yes, this will still be allowed if the maintained school members in the primary or secondary phase agree. The funding would be initially allocated through the formula then de-delegated for the relevant phase of maintained schools. {03/05/2012}

Q: There are a number of budgets included in the Section 251 statement that have been allocated to the High Needs Block, can you confirm whether the following budgets are to be delegated to schools or can be held retained centrally by the Local Authority in the High Needs Block to support schools and pupils with high needs.

1.2.2 SEN Support Service

1.2.3 Support for Inclusion

1.3.3 Education out of School

A: It would be for the local authority to decide how these services are provided. No element of the High Needs Block has to be delegated to schools, other than the £10,000 or £8,000 base funding for high needs pupils in specialist settings. {03/05/2012}

Q: Exception 1 items (para 1.2.7) item (g) support for minority ethnic pupils or underachieving groups. Is this definition the same as Section 251 line 1.4.1 or are they different and item (g) has a wider scope of services? Please advise

A: This is intended to be the same definition. {03/05/2012}

Q: Fair access protocol

Our fair access protocol involves the allocation of £500 per term per eligible pupil in the academic year of admission to schools admitting pupils assigned to them under the protocol and who have either been out of the education system for some time (eg withdrawn following series of fixed term exclusions), known to criminal justice system/police (i.e. active involvement) or have previous poor attendance record They are not necessarily high cost SEN pupils, although it is true that we would have to educate them in alternative provision if we can't get them into school. Will we be allowed to continue funding these pupils? I suppose the other way this could be done (if the regulations permitted) would be to allow the LA to fund Fair Access admissions in the same way as reintegrated excluded pupils ie by a weekly pro rata AWPU transfer

Although the sums involved are small (less than £100,000 pa for Surrey) it can be an emotive issue because they are likely to be demanding pupils (generally they wouldn't be in the Fair Access process otherwise, because they would be admitted to school in the normal way)

This should also apply to academies as for all other schools, as the protocol will be unworkable if it doesn't. Hence I don't think it can work as a contingency allocation, because that would not include academies

A: If you wish to continue with this practice you would have to do so from the High Needs Block, which covers alternative provision and preventative work (paragraph 8 of Schedule 5A) as well as SEN. We do not intend to change the regulations in relation to excluded pupils. {03/05/2012}

Q: Can you clarify the mechanism in 1.2.9 for the agreement of holding funding centrally for growth in pupil numbers. I understand that funding has to be initially delegated to all schools in the formula (including academies) and that maintained schools can collectively through the Schools Forum agree for funding to be returned to the local authority. Is this for agreement by the whole Schools Forum? Is it for agreement only for schools in that particular phase? Does the vote exclude academies which will not be affected by any decision made?

A: Only maintained school members of schools forum would vote and there would be separate votes for primary and secondary. {03/05/2012}

Q: Trade Facility time is included within Exception 1 (staff costs). I assume that this would need to be de-delegated in order to retain centrally?

A: Yes. {17/05/2012}

Q: Para 1.2.19 states that for Exceptions 2 & 3 there can be no new commitments or additional expenditure. The Historic Commitments are covered by exception 3- how do we cater for unavoidable costs such as increased CRC costs for schools when CRC costs cannot be delegated and need to be picked up centrally via DSG?

A: We will consider this point further. {17/05/2012}

Q: Exceptions 2 - If schools request the LA to provide additional services under the Combined Budgets for 2013/14 - how would this agreement be managed by the LA. Are you expecting the agreement to be local with each school and they individually pay income to the LA for that service - along the lines of a school traded service rather than formalising an agreement with Schools Forum, as is now the case?

A: Any new commitments would need to be individually agreed by schools as a contribution from their budgets. {17/05/2012}

Q: Within Exception 1, contingencies can be retained centrally for maintained schools for a limited range of circumstances (Para 1.2.8). Where the LA discharges its statutory obligations such as payment of rent for VA schools without a playing field where would this be held in 2013/14 S251?

A: LAs can apply for exceptional formula factors where this would be a significant part of a school's budget and affects only a small number of schools. {17/05/2012}

Q: Is it possible to be sent EXCEL versions of the formula templates at Annex 1 and 6?

A: Annex 1 has been published as part of the Formula Tool. The Department is still working on finalising the Early Years proforma, but we have published a working version to support LAs at: <http://www.education.gov.uk/schools/adminandfinance/financialmanagement/schoolsrevenuefunding/a00205567/school-funding-reform-and-arrangements-for-2013-14> {17/05/2012}

Q: Assuming that all or some of the services in Exception 1 are de-delegated after collective agreement from maintained schools in that phase represented at Schools Forum (para 1.2.9) then does that still mean there will be no DSG LACSEG recoupment?

A: Yes. Academies will receive funding according to the total formula allocation before de-delegation. {17/05/2012}

Q: Could you tell me where the 0.1% miscellaneous expenditure lies in the new framework? It is not mentioned in the main document, currently forms part of Schools Budget LACSEG, but is not highlighted for delegation in the modelling tool. Is it included in the services in block 2 or 3 of the Schools Budget?

A: It will be included in the combined budgets total. {17/05/2012}

Q: We have 3 City Learning Centres that are currently funded from a centrally held Schools Budget - Contribution to Combined Budgets. There is a combined funding element in respect of PFI costs and specifically the Affordability Gap which is funded by the Council. Can you indicate if the reforms proposed will allow this to continue?

The affordability gap for the 9 school PFI is also met by the Council and shown as part of the budget line Capital Expenditure from Revenue. Is there a requirement for that to be delegated to schools and academies from next year even though it is not funded from DSG? I understood when that is the case that the costs concerned would also transfer to the EFA and as a result the Councils costs would then reduce.

A: Contributions to combined budgets can continue if they represent existing commitments.

Funding for the affordability gap from outside DSG does not have to be added to the Schools Budget or delegated to schools. If the LA wishes, the funding could be delegated and still be funded from outside DSG in the same way as any other top-up to DSG. Costs would transfer to the EFA only if the Department was ending the system of Academy recoupment, which it is not. {17/05/2012}

Q: There are a number of budgets that we retain funding from DSG for that don't clearly fit within the exceptions that the DfE lists, and similarly wouldn't appear to fit within the high needs block. Such headings are listed below:-

Budget Heading	Description
Targeted Intervention	Monitoring and Intervention, Improving Outcomes programme
QA Policy, Planning & Performance	Performance and Data Team, Policy and Strategy Team
14-25 Service	14-25 staffing, 14-25 grants
Child Development Service	Child Development Team
Specialist Teaching	Autism Development Team, Autism Specialism, Sensory Team
Safeguarding	Child Protection in schools and settings

Am I correct to assume that such budgets would now have to be delegated directly to schools, and not centrally retained. As some of these budgets meet staffing costs, the implications would be significant for the Local Authority, therefore I wanted to clarify my understanding.

The DfE identify that Extended Services are now required to be delegated to schools – I am not what is meant by extended services, as this is what we would usually call our breakfast and after school clubs 'extended services'.

A: To be funded from DSG, these would need to fall within the categories of eligible expenditure in the section 251 statement as prescribed by the regulations. We set out in the March documents (both the consultation and the Operational Guidance) how each line would be treated in the new system. {17/05/2012}

Q: Is the protection for federated schools with a single budget share likely to continue? i.e. will they get one lump sum or two? Is there likely to be any steer on whether LAs should be encouraging / imposing / discouraging single budget shares?

A: LAs will still be able to issue a single budget share but this must be at least as great as if the schools had still been separate. In practice under the new system this will mean calculating the budgets separately and adding them together before issuing the budget. {17/05/2012}

Q: Exception 2/3 – CERA/Combined Services/CRC – are these exception 2 or 3 as they are included under both?

A: CERA and combined services are Exception 2, CRC is Exception 3. Only paragraph 1.2.18 specifically covers Exception 3: paragraphs 1.2.19 and 20 cover both Exceptions 2 and 3. {17/05/2012}

Q: Will there be any restrictions placed on 2012/13 DSG underspends being carried forwards?

A: There will be no change to the current position that DSG underspends can be carried forward. {17/05/2012}

Q: Re. a cap on gains, can we apply a different cap on maximum gains in the primary sector and secondary sector?

A: No, the proposal is to have a single percentage cap. {25/05/2012}

Q: We amended our funding formula for 2012/13 to incorporate the old standards fund grants into the AWPU and/or deprivation. However, due to the significant re-allocation of funds from the old Specialist Schools Grant, our Cabinet agreed to allow this funding to be moved into the AWPU over a 3 year period to protect some schools from losing a significant amount of funding in a single year. 2012/13 is the first year of this transition. Do these reforms now mean that this local decision that was taken by our elected members can no longer be honoured for 2013/14 and 2014/15?

A: A historic grants factor could not be used, but losing schools will be protected by MFG. The current funding regulations are for 12-13 only, and local authorities have no powers to make any commitments for subsequent years. {25/05/2012}

Q: Could you please confirm if rates for foundation schools will continue to be funded outside of DSG?

A: Rates can continue to be funded on the basis of actuals. But they are and always have been within DSG. {25/05/2012}

Q: We don't currently delegate our PFI charges to schools - it is retained as a 'top-slice' of DSG. As there is now a formula factor for PFI contracts, do we now have to delegate this, or can it be retained as part of our existing central expenditure limit? One of the schools concerned is a special school, and I am concerned that delegating these costs will make the top up required much higher than comparative non-PFI schools, leaving the school in question at a financial disadvantage.

A: If it is funded from a line specified under the allowable central expenditure exceptions in the March document, then it will still be possible to charge any ongoing commitments here. Otherwise it would have to be met by the special school's top-up. If it is not delegated at the moment it does not have to be delegated in the future. {25/05/2012}

Q: What is happening to the EFA (YPLA) threshold funding? Currently this is allocated as a lump sum to LAs, but then for LAs to determine how to allocate (6th form pupil numbers)?

A: As confirmed in the YPLA 16-19 Funding Statement, December 2011 we are equalising the funding between schools and colleges for 16-19 funding at the funding rate applies to colleges and this includes the staged removal of the Teachers' Pay Grant. {25/05/2012}

Q: Are adjustments for AWPU for excluded pupils still required / allowed? Would these be still calculated retrospectively from the next year's budget

A: This would continue as it does at the moment. {25/05/2012}

Q: Does the PFI top up (DSG affordability gap) funding for Special schools need to be incorporated into the element 3 top up for that setting?

A: Yes, if it is not currently held centrally, in which case it can continue to be so held. {25/05/2012}

Q: With the ending of DSG LACSEG, will allowance be given for where the cost of LACSEG this year (not included in the S251 Statement) is put back into the DSG budget next year, which will increase the cash spend on certain S251 lines above that recorded in 2012/13?

A: LAs will need to add back in DSG LACSEG to determine the total amount to be delegated. {25/05/2012}

Q: How are we expected to deal with LA overheads, which have been split notionally across lines that now must be delegated? There is a risk that these overheads will not be recovered through de-delegation and provide a short fall in budget for the LA. If we moved these overheads into the Combined Budget line in 2012/13 S251 (and resubmitted our S251 Statement) would this be an acceptable solution?

A: No – these should be shown on the correct service line in the total cost of the service; it will then be for schools to decide whether to de-delegate. {25/05/2012}

Q: We have several schools that have an additional bulge class of 15 pupils, where they receive additional funding in the first year, and then top-up funding in subsequent years until the class has left the school. I am assuming that we can honour any current commitments we have to continue funding these “half bulge classes” as they will come under the Historical Commitments heading, but what about new half classes that may be set up in the future?

A: This would all have to be approved as part of a de-delegated contingency. {25/05/2012}

Section 1.3 – Formula factors for distributing the Schools Block

Q: Will the DfE be reissuing data-sets to tie in with the October Census or will prior attainment / EAL etc be based on lagged data?

A: We expect to issue a full set of school-level data shortly so that all authorities are using the same data source. We will provide information based on the most recent data the Department has. The data will include school percentages for;

Free School Meals: This will be based on the autumn 2011 census

Ever 6 Free School Meals: This will be based on the spring 2011 census (same basis as the Pupil Premium tables published on the Departments website)

IDACI: This will be based on the postcodes collected in the spring 2011 census and mapped to the autumn 2011 census at pupil level

Looked After Children: This will be based on the SSDA903 March 2011 return and mapped to the spring 2011 census at pupil level

EAL 3: This will be based on the autumn 2011 census

Prior attainment (EYFSP and KS2): This will be based on the results from the summer and mapped to pupils on the autumn 2011 census at pupil level

We are considering how data from the autumn 2012 census will be issued – more information will follow. {18/04/2012}

Q: How can we obtain data on looked after children? How will a local authority know whether a child is looked after by another local authority or is the intention that a local authority only allocates funding for the children it looks after?

A: We expect to issue a full set of school-level data shortly so that all authorities are using the same data source. This will include data on looked after children.

The number of looked after children is collected on the SSDA903 in March each year. This data is then mapped to schools so that we can see how many looked after children are in each school. {18/04/2012}

Q: Is the primary to secondary ratio given in paragraph 1.3.52 an AWPU ratio or an overall funding ratio?

A: The primary to secondary ratio given in paragraph 1.3.52 is an overall funding ratio. It explains that in total secondary pupils tend to attract more funding than primary pupils. The average ratio of 1 to 1.27 was calculated by taking into account both maintained schools and Academies. {18/04/2012}

Q: Can local authorities mix FSM and Ever 6 FSM?

A: No. We want to ensure that local decision-making is much simpler, more transparent and efficient. Our intention is to reduce the current list of formula factors from 37 to 10.

Under the new arrangements local authorities will be able to use a free school meal (FSM) indicator and/or an IDACI rating when distributing funding for deprived pupils. Local authorities can then chose whether to use a straight FSM indicator or Ever 6 FSM indicator.

The important thing is that a single indicator for FSM is used to ensure simplicity therefore local authorities will not be allowed to use a mixture of both FSM and Ever 6. {18/04/2012}

Q: Will local authorities be able to use 3 year average FSM entitlement for stability purposes? The Ever 6 count would provide funding stability but currently relies on the DfE to provide the data.

A: We recognise that there may be some benefits to using an average measure, however in designing a system where funding follows the pupil our concern is that this may not recognise need. We want to ensure that the funding intended for schools reaches schools and the pupils within them that need it most; therefore there are currently no plans to introduce a three year average as an indicator. {18/04/2012}

Q: Can rates for looked after children vary between primary and secondary phases?

A: We want to ensure that local decision-making is much simpler, more transparent and efficient. We are not aware that the cost of support for looked after children is different between the 2 phases – indeed only we are only aware of 3 authorities who currently use a varied rate. We therefore have no plans to allow the rate to vary by phase. {18/04/2012}

Q: If the ability to fund multiples of 30 children at KS1 is removed, are the rules about maximum class size being relaxed?

A: The rules around maximum class sizes of 30 are not being relaxed. {18/04/2012}

Q: For the low-cost SEN indicator are you happy for us to use a 3 year average rather than the results for a single year?

A: No. We recognise that there may be some benefits to using an average measure, however in designing a system where funding follows the pupil our concern is that this may not recognise need. We want to ensure that the funding intended for schools reaches schools and the pupils within them that need it most; therefore there are currently no plans to introduce a three year average as an indicator. {18/04/2012}

Q: Can we apply a local banding for prior attainment?

A: No. We want to ensure that local decision-making is much simpler, more transparent and efficient. We are proposing to reduce the current list of formula factors from 37 to 10. Allowing banding for prior attainment will add another level of complexity. {18/04/2012}

Q: How should a local authority view a child who has no assessment or prior attainment score in relation to supporting the development of a low cost high incidence SEN budget?

A: We expect to issue a full set of school-level data shortly so that all authorities are using the same data source.

In calculating the percentage of pupils eligible for low-cost high-incidence SEN, where there is no current cohort with either EYFSP or KS2 results we will use the school's most recent Year 6 KS2 results.

When calculating this indicator, only pupils who have undertaken assessment will be considered, therefore a pupil with no prior assessment will not need to be taken into account. {18/04/2012}

Q: Can the EAL measure be weighted according to the first language of the pupil?

A: No. Local authorities will be able to provide funding to pupils with EAL for a maximum period of 3 years from when they entered the compulsory school system. We think that 3 years of additional funding should provide enough time for a school to support a pupil with EAL. This, coupled with the deprivation and low-cost high-incidence SEN factor, will ensure that funding intended for schools reaches schools and the pupils within them that need it most. {18/04/2012}

Q: Does the 3 year limit on EAL start in any school or in the current school?

A: The three year limit starts when the child first enters the state sector. For the majority of pupils this will be in Reception. {18/04/2012}

Q: The document says EAL funding should only apply for the first 3 years of compulsory education. Does this mean reception to year 2, or will national data be available to identify older EAL children who may have arrived in the country with no previous formal schooling?

A: We expect to issue a full set of school-level data shortly so that all authorities are using the same data source. This data will include the relevant EAL data that will identify the pupils that are within their first 3 years of compulsory education in this country. The majority of these pupils will be in Reception to Year 2; however it will also identify pupils who have entered into the mainstream settings in later years. {18/04/2012}

Q: Can EAL rates vary between primary and secondary phases?

A: No. We want to ensure that local decision-making is much simpler, more transparent and efficient. We are proposing to reduce the current list of formula factors from 37 to 10. Allowing a varying rate between primary and secondary phases will add another level of complexity. {18/04/2012}

Q: Where a local authority identifies certain underachieving groups (e.g. by ethnicity) will there be any other way than FSM or IDACI to target funding to at them?

A: Local authorities can target funding to under-achieving groups through three formula factors; deprivation, EAL and low-cost high-incidence SEN. The low-cost high-incidence SEN factor will not only capture those with low-cost SEN it will also capture any pupil who is underachieving. We believe that the combination of these three factors along with the other factors such as the basic per-pupil entitlement and lump sum will ensure that funding intended for schools reaches schools and the pupils within them that need it most. {18/04/2012}

Q: Can we set a different lump sum rate for each school phase while remaining within the upper limit? Is the intention to have one lump sum amount across the whole of the primary and secondary sector?

A: It is our intention that the lump sum should be the same for both phases within an authority. Authorities will not be able to set a different lump sum for primary and secondary schools.

The lump sum is predominantly aimed at supporting small schools that will not attract enough funding through their per-pupil funding. Our view is that the majority of funding should be distributed either through the basic per-pupil entitlement or the remaining pupil characteristics factors so that funding can genuinely follow the pupil.

We want to set the upper limit on the lump sum at a level no higher than is needed in order to ensure that efficient, small schools are able to exist where they are genuinely needed and to ensure that the majority of school funding is passed through the basic per-pupil entitlement. The lump sum for these reasons will be the same for all phases. {18/04/2012}

Q: Primary/Secondary - Different primary and secondary rates can be applied to the basic "AWPU". Are different rates for primaries and secondaries allowed for lump sums, free school meals, split sites, etc?

A: Different rates for primary and secondary phases can only be applied to;

- The basic per-pupil entitlement 'AWPU' ;
- The deprivation factor (both IDACI and FSM/Ever6) and
- The low-cost, high-incidence SEN factor.

All other factors will use a single rate for all phases. {18/04/2012}

Q: As part of our fair funding formula we fund at actual cost the arrangements for the joint use of a leisure centre/sports facility for 2 maintained schools and 1 academy. This is not specifically mentioned under the new funding arrangements - would this be something we would have to apply to the EFA to have as an exception?

A: This could be considered as an exceptional premises factor through an application to the EFA. {26/04/2012}

Q: Is the intention not to have a premises factor in the funding formula?

A: Yes. The intention is to remove almost all current premises factors and link more funding to pupil numbers. The only proposed exceptions are split sites, rates and PFI funding. Local authorities will also be able to ask the Secretary of State for permission to include other exceptional premises factors where they affect no more than 5% of schools and account for at least 1% of budget. {18/04/2012}

Q: Will the local authority be allowed to determine different split site allocations for different schools or sites, for example according to the number of pupils on the additional sites, or their distance from the main site?

A: Yes. Local authorities should devise a simple formula for determining split site allocations that can be entered on the pro-forma and used by the EFA for Academies. {18/04/2012}

Q: We are worried about the requirement to express our split site factor in cash. How are you expecting us to do this?

A: Whatever the basis for your split site factor there must be a way of translating it into cash. All we are asking is for this total to be displayed in the pro-forma, alongside a description of the formula used (see previous answer), with the underlying amounts for each school or Academy affected shown in the accompanying dataset. {18/04/2012}

Q: How will funding rates based on actual costs work?

A: Many local authorities do this now, usually by including a nominal sum in the formula, not including rates in the amount they actually pay schools, and then settling the rates bill centrally when they know the actual sum. For Academies, the EFA pays the Academy when it knows the actual sum.

Q: Can caretaker's council tax be funded in the same way as NNDR?

A: Yes, it could be included in the rates factor if that is the local authority's usual custom. {18/04/2012}

Q: Will we still be able to apply abatement to the lump sum, NNDR and split sites which fund parts of school costs which apply to both pre- and post-16?

A: Not to the lump sum or to NNDR. In calculating split site funding, an authority might decide to omit any premises that are used only for sixth form work. {18/04/2012}

Q: Can insurance be funded separately or should it be absorbed into the AWPU? If so, will Academies be funded on the same basis?

A: There should not be a separately identifiable factor for insurance. In the first year of the new system, we would however expect authorities to inform schools how they propose to allocate insurance funding if this is currently identified separately.

See also question under section 1.8 below. {18/04/2012}

Q: What do we do with funding that used to be given to post-16 pupils in the formula? Is it envisaged that all post-16 funding will, in future, come via the EFA formula?

A: Further detail will follow shortly. {18/04/2012}

Q: How will applications for exceptional circumstances be considered? What is the process and turn-around time? How will this work alongside consultation with schools?

A: We will issue further guidance shortly. We will encourage requests early in the process where authorities would find that helpful prior to them consulting with schools. {18/04/2012}

Q: Can a LA apply for exceptional factors outside premises - e.g. the previous years agreed transitional arrangements?

A: We will provide guidance on the process shortly, but do not expect to approve exceptions other than those relating to premises costs {26/04/2012}

Q: What exceptional factors will we be able to introduce (or will EFA consider) for high needs apart from potentially PFI? Could a school with a hydrotherapy pool be funded for this?

A: We will consider requests for exceptional factors on a case by case basis. Special Schools will be funded through base and top-up funding as described in Chapter 3. The costs of a hydrotherapy pool in a special school could be considered as part of the discussions with the school on top-up funding {26/04/2012}

Q: We have 2 secondary schools which receive funding for joint use of their facilities. For one school, the funding received in 12-13 represented 1.2% of their total budget. For the other school, the funding represented 0.75% of their total budget. The costs affect 2 out of 38 schools in our authority (5.26%). Under the circumstances, would we receive approval to include an exceptional factor?

A: We would consider each application on a case by case basis {26/04/2012}

Q: We are needing quite a few extra reception classes for the next few years. If I have read the consultation correctly then we can set up a contingency from maintained schools to supply the funds for any new classes that start in September. The problem is at school level they have an extra teacher to find. So they expect to be funded extra for 7/12ths of the year for the 30 pupils they take on. If the new class is an academy then the EFA would supply the funding.

If this is correct then I find this rather alarming for several reasons

- 1. Why would a maintained school offer up funding so that a new class can be started knowing that a school down the road is not doing the same?**
- 2. Where does the EFA get the funding for the extra class? Is it by top slicing the academies or is it an extra funding stream?**
- 3. If we have a different solution between the maintained and academies then how are the two sectors being treated the same.**

Q: On (1), this is no change from the current position, whereby the schools forum has to approve increases in contingencies, from where extra classes are usually funded. If maintained schools agree to hold a contingency for this purpose, then it will be possible to allocate extra funding for the 7 months.

On (2) we have yet to finalise arrangements

On (3), we are recognising the autonomy of Academies by requiring all budgets to be fully delegated in their budget share. There are some services, including contingencies, where maintained schools can request funding to be centrally retained. {26/04/2012}

Q: Can you confirm what happens to funding (listed at para 12 on page 4 of the Operational implications guidance for Local Authorities) in respect of special schools and nursery schools?

A: For central expenditure relating to nursery schools, this can be retained as central early years expenditure. The detail of this will need to be explained on the early years pro-forma. It will not be possible to de-delegate funding for special schools because of their new funding arrangements. They will be able to pool funding or buy into local authority services from their delegated budget. {26/04/2012}

Q: Previously there have been specific formula factors for new, reorganised and closing schools and they have also covered “significant changes as determined by the LA” (which we have used for example for bulge classes and changes of PAN where significant). Can we be clear as to what constraints the DfE intends to put on the use of school specific contingency for new, reorganised and closing schools (because this could be crucial to the viability of mergers or school expansions)? Where do we stand where a school has been promised a term of transitional funding for merger or expansion? If EFA has powers to challenge LA formulae then we need more certainty than we might have needed once.

A: We will not be prescriptive about how this funding is allocated as we recognise that circumstances may vary on a case by case basis. We would, however, expect the schools forum to agree the criteria used. We would in general expect commitments to be respected. {26/04/2012}

Q: Can the free milk element of Schools meals be retained centrally if it is de-delegated?

A: No, since it is not on the list at 1.2.7. {26/04/2012}

Q: Currently we aggregate the EYFSP results for the number of years appropriate for the school, for example, for an Infant school, we would aggregate 3 years of results to reflect the group of children passing from Reception into Yr 1 and then Yr 2. With the reformed system, would the allocation be based wholly on one year's results? Also how will it work for pupils in Reception? As far as we can see, reception pupils cannot be matched to Foundation Stage Profile data.

A: We expect to provide a full set of school level data at the end of April, so that all local authorities are using the same data source. We will provide information based on the most recent data the Department has and this will include data for prior attainment.

In the operational guidance that was published alongside the consultation document (available [here](#)) we stated that the data for setting the low cost, high incidence SEN factor would be based on the latest EYFSP and KS2 assessments.

For a primary school we would use the EYFSP results of pupils in Year 1 to calculate the percentage of pupils that did not achieve 78 points. We use Year 1 as the current Reception pupils are still undergoing assessment, and therefore do not have any EYFSP data.

The local authorities would use this cohort percentage to calculate the number of pupils in the school that would attract the funding. The same methodology would apply for setting the prior attainment data in secondary schools.

Worked example; If 10 pupils in a year 1 EYFSP cohort of 40, achieved fewer than 78 points in the EYFSP, the percentage would be 25%. In a school of 200 children this would then mean that 50 pupils (200*25%) would attract the low cost, high incidence SEN funding (if the LA chose to use this indicator).

We are, however, still finalising the details on the indicators and will confirm the methodologies for calculating the indicators shortly. This will include whether or not we apply a school

percentage or single cohort percentage to calculate prior attainment at both primary and secondary schools. {26/04/2012}

Q: In the Operational Guidance EYFSP and KS2 results can be used as a proxy for low cost SEN. We have 3 junior schools in the Authority. What should we use as a Proxy for them?

A: We are aware that a small number of junior schools will not currently have any EYFSP results. The EYFSP was introduced nationally in 2008/09, which means that Year 4 pupils will not have taken the assessment. In the data we provide shortly, we will apply the secondary school prior attainment indicator for these schools (KS2 results for the previous Year 6 class).

The data we provide will be indicative data only. The final data to be used in setting the funding for 2013-14 will be based on the October 2012 census. When this happens, the current year 3's that have EYFSP results will be in Year 4 and therefore Junior schools will be able to use EYFSP to set their prior attainment indicator. For those schools that start in Year 5 or Year 6 we will continue to use the KS2 prior attainment.

We are, however, still finalising the details on the indicators and will confirm the methodologies for calculating the indicators shortly. {26/04/2012}

Q: Can we use KS2 data rather than FSP data to fund prior attainment in primary schools?

A: No. We decided to use attainment data from the EYFSP as a proxy for identifying low cost, high incidence SEN as we found that 61% of pupils with SEN¹ did not achieve 78 points and are therefore not 'developing well'. Whilst we recognise that this is not a perfect measure of SEN, it does give us a reasonable threshold which captures most SEN pupils who are underachieving. Therefore we would not allow KS2 results to be used, except for the limited period where there is no EYFSP data (see previous question). {03/05/2012}

Q: Do pupils who achieve a Level 4 in English, but a Level 3 in mathematics attract the low cost, high incidence SEN funding.

A: No, only pupils who achieve a Level 3 or below in both English and maths will attract the low cost, high incidence SEN funding. i.e. If a child achieved a Level 3 in both English and maths, or a Level 2 in one and a Level 3 in the other they would attract the funding. {26/04/2012}

Q: Given that Pupil Premium Grant (PPG) has a Service Children allocation can we keep this factor in our formula? We have a school located on an army barracks that relies heavily on this factor?

A: We want to ensure that local decision-making is much simpler, more transparent and efficient. That is why we are proposing to reduce the current list of formula factors from 37 to 10. Our view is that the majority of funding should be distributed either through the basic per-pupil entitlement or the remaining pupil characteristics factors that we have specified to ensure that funding targets the genuine needs of pupils.

¹ SEN as recorded by schools (so either with a statement or on School Action or School Action Plus).

Schools with service children will already receive additional funding through the Pupil Premium in recognition of the need to provide additional pastoral support for these pupils. This is currently set at £250 per pupil. The Ministry of Defence has also introduced a separate fund; currently amounting to £3m a year to assist publicly funded schools mitigate the effects of mobility or deployment of their Service communities. We do not therefore believe there is a need for a separate Service Child factor

To ensure that the removal of specific factors does not cause sharp changes to schools budgets, all schools will be protected by the Minimum Funding Guarantee which we have set at -1.5% per pupil for 2013-14 and 2014-15. This will ensure that no school will receive reductions to their budgets greater than -1.5% per pupil in each of these years. {26/04/2012}

Q: Our current Insurance factor provides a different rate for VA schools to reflect the Governors 10% liability – can this continue?

A: The new simplified arrangements will no longer allow a separate factor for insurance. Schools will need to meet this cost from their overall budgets. {26/04/2012}

Q: You confirmed the direction of travel on the national formula is a school level formula - I don't see how this can ensure local discretion/flexibility? What would be our role in funding schools then?

A: We have said that we will introduce a new national funding formula during the next spending period but we have not yet made any decisions relating to how that formula would operate. We need to spend the intervening period giving careful consideration to the new formula, including whether it should be set at school or local authority level. {26/04/2012}

Q: Key stage 1 funding - When we provide KS stage 1 top up funding through the funding formula, schools automatically get an allocation for the period April to August in the following financial year - will we be able to allocate this in 2013/14?

A: Local authorities would be able to provide this funding through a contingency which would need to be agreed with the primary members of the Schools Forum. {26/04/2012}

Q: Can you confirm what is meant by the governments move to a national formula. Is it

1. The Governments intention is to move towards a national funding formula which would distribute money to local authorities based on the current needs of pupils from which each LA and School Forum would agree a formula to distribute funding locally.

And

2. In the next spending review to have a national funding formula that does not give LA's any discretion and all schools will be funded in the same way that sixth forms are funded (a national formula)

A: We have said that we will introduce a new national funding formula during the next spending period but we have not yet made any decisions relating to how that formula would operate. We need to spend the intervening period giving careful consideration to the new formula, including whether it should be set at school or local authority level. {26/04/2012}

Q: The percentage split between the base rate and pupil led at 60% or 80%, is this per school, in each phase or across primary and secondary. Is it a percentage of the whole DSG, schools block or other calculation? Would it include the EYSFF in primary schools?

A: The basic entitlement and pupil-led factor limit (80% and 60%) would be applied to all primary and secondary funding. It would be a percentage of the notional schools block only, and would not include the EYSFF in primary schools.

We are consulting on these issues and would welcome any feedback or comments you may have. {26/04/2012}

Q: Will the pupils on the October census count in the denominator for yr 11 exam results or will they still be based on the January count?

A: The Secondary School Performance tables (Key Stage 4) will continue to use the number of pupils on roll in the January census as the denominator for the attainment measures. The change in census count is only to do with calculating the Schools Block. {26/04/2012}

Q: Has the Department considered how the change to Universal Credit might impact on the use of FSM data in school funding formulae? If some authorities use FSM while others use IDACI, there could be a sharp shift in deprivation funding for some schools when FSM eligibility rules change.

A: We are currently considering proposals for new eligibility criteria which can be aligned with Universal Credit. The Department for Work and Pensions plan to phase in Universal Credit between October 2013 and 2017, replacing many current in-work and out-of-work benefits with a single payment. This means that the majority of the current criteria for determining entitlement for FSM will no longer exist. However this should not impact on funding arrangements until 2014-15 at the earliest. {26/04/2012}

Q: How would all-through school and federated school factors be accommodated under the proposals? It costs an all-through school less to run than two separate schools, but more than for a single-phase school, whereas federated schools usually make savings when joined compared to when operating separately.

A: All-through schools will be treated as one school, with two phases. Therefore if the local authority designs its formula in this way an all-through school would receive;

A single lump sum

A basic entitlement for each of its pupils - this could be different for the primary age pupils and secondary age pupils (which could be varied again at KS3 and KS4, we are consulting on this option)

Deprivation and low cost, high incidence SEN funding - this could be a different value for the primary age pupils and secondary age pupils

EAL and LAC funding - one unit value across all phases

Federated schools, under the new system, will be treated as separate schools when the local authority calculates the funding.

In the current fiscal climate we know that many schools will have to make challenging but achievable efficiency savings. If they choose to federate to make those efficiencies, we would not want to penalise them for doing so by reducing their overall budgets. {26/04/2012}

Q: Will we still be able to fund school for all four year olds full time even when they are part time in October? This will be a more important issue in October than in Jan. While we accept that at LA level, the difference between Oct and Jan counts may be small, this may not be the case for individual schools, particularly if infant class funding is also to cease.

A: Yes. We would expect to allow 4 year olds to be funded on a full time basis regardless of hours at setting. {26/04/2012}

Q: I understand that, under proposals currently out to consultation, the October 2012 School Census will be used to calculate the 2013-14 DSG allocations. What about the other census returns that contribute to the DSG – i.e. Early Years, Alternative Provision and PRU, which are only collected in January – will the data from these be added to the October School Census returns? If so, this would open up the possibility of a pupil being included on, say, a School Census return in October and an AP Census return in January, due to the different timelines.

And

Could someone please confirm, in light of the change to using the October pupil census to determine school funding, that the PRU census will take place in January 2013 and in subsequent Januaries? Does this mean there will be double funding of some pupils?

And

Will pupils under 5 be funded by the January Census? As the PRU Census and AP Census is only collected in January will there be cases where pupils are double funded?

A: The notional Early Years Block will be based on each local authority's planned early years spending for 2012-13 and on the January 2012 census count. This will then be updated using the January 2013 census count in summer 2013 and the allocations would be then be adjusted at the end of the financial year using the January 2014 census count.

The notional High Needs Block will use the 2012-13 budgeted spend on high need pupils and students as a baseline. This will be calculated from the 2012-13 Section 251 Budget Statements, and the 2011/12 information on student numbers and spend on high needs students aged 16-25 in further education (FE) providers and independent specialist providers held by the Young People's Learning Agency. We are considering whether this block should be adjusted by population projections in future. This means that neither the Pupil Referral Unit Census nor the Alternative Provision Census, which take place in January only, would need to be used for funding purposes.

As the AP and PRU census will not be used there will be no double counting of pupils. Only pupils in Reception to Year 11 that are recorded on the main school census will count towards the schools block. {26/04/2012}

Q: The consultation on banding of IDACI - are the band and unit value flexible and the table in the document is just an example or are you consulting on the band and/or unit value?

A: The unit value is flexible, it is for local authorities to set their formula and determine how much funding they wish to pass down through each of the factors.

The consultation is seeking views on whether or not the concept of banding is appropriate, i.e. that we would allow IDACI funding to vary by set bands and allow LAs to set their own unit values. {26/04/2012}

Q: Deprivation (1.3.20-1.3.22); we note that LA's will be allowed to set different units of resource for deprived pupils in primary and secondary schools. Will they be allowed to use different methods for each sector (eg different IDACI thresholds, or different combinations of FSM and IDACI)?

A: You will be allowed to set a different unit value for primary and secondary schools, for both FSM and IDACI thresholds. For example;

		Primary	Secondary
	FSM	£750	£800
	Band 1	£500	£550
	Band 2	£500	£550
IDACI	Band 3	£750	£800
	Band 4	£1,000	£1,050
	Band 5	£1,250	£1,300

The Schools Block pro-forma on page 54 of the consultation illustrates how LAs will be expected to record this information. {26/04/2012}

Q: Where we are funding the PFI gap from outside the DSG can we now move it to the DSG and delegate it?

A: Yes. Funding outside DSG can be added as a top-up to the schools budget and included in delegated funding. {26/04/2012}

Q: The list of permissible centrally managed Schools Budget functions includes 'coordinated admissions'. What about the additional admissions responsibilities borne by local authorities in respect of community schools (e.g. the cost of appeals, where the appeal is against the local authority rather than against the school)?

A: The definition in the regulations will include any other statutory responsibilities held by local authorities in relation to admissions as well as the co-ordinated admissions scheme. {26/04/2012}

Q: What should we do about equal pay/back pay issues

A: We will allow this as an item of central expenditure which is not delegated to maintained schools or Academies. Academies would need to be treated on the same basis as maintained schools in determining how liabilities are funded. {26/04/2012}

Q: What should we do with funding for non-SEN pupils in independent schools

This will be an allowable item of central expenditure. {26/04/2012}

Q: Are we required to only use prior attainment to fund low-cost SEN or can we use other factors?

A: The March document is clear (para 1.3.29) that in the new system authorities will be able to use a mixture of the basic entitlement, the deprivation element and prior attainment to create the notional SEN budget for each school. {26/04/2012}

Q: Can you please provide more clarity to the answer about the primary:secondary ratio? It is still not clear if the ratio is based on total phase funding per pupil average or total phase funding (there are more year groups in primary so even if funding was equal there would be more funding in primary) we are on the average quoted if we take the average per pupil funding at each phase but if we compare our primary 'pot' with the secondary 'pot' in total it is 1:0.94 - so that way round would have significant implications.

A: The primary secondary ratio is based on the total phase funding per pupil average. {03/05/2012}

Q: Can we have different split site funding for Primary and Secondary?

A: Different schools can have different allocations as long as these are objective and transparent. {03/05/2012}

Q: We currently abate all non-AWPU factors to remove an element of double funding for post 16 pupils. The FAQs state that lump sum and rates cannot be abated under the new regulations. Does this mean that all of the other non AWPU factors can be abated?

A: No abatement will be allowed. It should not be necessary in the new system, where very little of the funding is allocated on factors not related to 5-15 pupils. It would be possible for an authority to exclude sixth form premises from the split site, PFI or exceptional premises factors if it thought that practicable and worthwhile. {03/05/2012}

Q: Formula funding changes in future years. Assuming that DfE does not introduce a national funding formula in 2014/15, is it anticipated that LAs will be allowed to make further changes to their funding formulae in that year or will there be a two year fixed with no further adjustments allowed? I don't recall seeing anything on this

A: Further adjustments will be allowed in 2014-15, within the same regulatory framework. {03/05/2012}

Q: Can you make it clear which of the 10 formula factors are optional and which are compulsory. For example do you have to have a lump sum at all or a factor for looked after children? If a lump sum is compulsory, is there a minimum amount?

A: In the document, the only factors which are compulsory are the APWU and deprivation. However, we are consulting through the document on the most appropriate arrangements for funding small schools. This may lead to the lump sum becoming compulsory, potentially with a minimum amount, but we will clarify this once the consultation has closed and we have had a chance to consider the responses. {03/05/2012}

Q: Can we use sub levels to fund prior attainment in secondary e.g. L4C rather than L3 at KS2?

A: Pupils achieving a Level 4 in either English or mathematics are considered to be achieving well and those who achieve Level 4 or higher in both subjects are achieving above the national standard. For this reason we would not allow sub levels of Level 4 to be used. {03/05/2012}

Q: Why can't LA's use data sets other than the ones proposed that the DfE also has access too. e.g. ethnicity and mobility?

A: We want to ensure that local decision-making is much simpler, more transparent and efficient. Our intention is to reduce the current list of formula factors from 37 to 10.

We worked closely with partners from across the sector to consider which factors were most crucial when distributing funding to schools. Our starting position has been that formula factors should only be used where they directly impact on attainment or address significant, unavoidable costs.

If there are other groups of vulnerable children that for some reason are not covered by the proposed factors, it will be possible for maintained schools to agree that funding should be retained centrally to meet any exceptional costs where it would be unreasonable to expect the governing body to do so. {03/05/2012}

Q: The FAQs say those pupils without prior attainment results won't be counted for funding – this is a significant issue for our secondary schools as some have up to 21% with no known KS2 results, this coupled with the removal of mobility funding will cause a significant loss of funding for some schools. Is it possible that the DFE will review this advice?

A: Pupils with no prior assessment will not affect the amount of money a school attracts for low cost, high incidence SEN. For example if you had a Year 7 class of 100 pupils, and 20 pupils did not have a KS2 result, we would only look at the KS2 results of the 80 pupils. If 20 pupils achieved a Level 3 or below in both English and Maths we would then say the percentage of that class with low cost, high incidence SEN is 25% (20 / 80). If the school had 1000 pupils this would imply 250 (25%) were low cost, high incidence and therefore this would mean the school would receive 250 x Unit Cost. {03/05/2012}

Q: Will Local Authorities be able to have there own locally determined deprivation bandings or will there be a prescribed national banding framework.

And

Q: In our existing local funding formula we currently use a straightforward IDACI banding system but define the bands in terms of the ranking of LSOAs rather than the IDACI scores. I.e. we have 3 bands with a unit rate per pupil living in the LSOAs ranked as the 0-5%, 5.1%-20% and 20.1%-50% most deprived LSOAs nationally. Please can you confirm whether under the proposals we would be able to continue to define our IDACI banding in this way?

A: The consultation is seeking views on whether or not the concept of banding is appropriate, i.e. that we would allow IDACI funding to vary by set bands and allow LAs to set their own unit values.

However, we would not allow variable bands between local authorities as we want to ensure consistency across funding formulas. Our aim is to simplify local funding formulae so that we are in a good position to introduce a national funding formula in future. {03/05/2012}

Q: Your FAQs says we cannot mix the use of FSM and Ever 6. The guidance (3.14 on page 34) with the spreadsheet says we can. Please clarify which is correct

A: Local authorities can only use FSM or Ever 6 to allocate deprivation funding. They cannot use a mixture. {03/05/2012}

Q: Please can you confirm that if using an IDACI banded methodology only pupils with an IDACI score above 0.2 can be assigned deprivation funding through this factor.

A: Yes, only pupils with an IDACI score above 0.2 can be assigned deprivation funding. {10/05/2012}

Q: Can you confirm that the pupil numbers collected in the Autumn School Census 2012 will be used to calculate the funding for 2013-14. Can you also confirm whether FSM SEN details and hours at setting/funded hours collected in Autumn 2012 will be also be used

A: Yes, the Autumn 2012 census will be used to allocate funding for 2013-14. In the meantime we are issuing data to local authorities based on the Autumn 2011 census so that they can begin modelling.

The pupil-led data (FSM, EAL and Prior Attainment SEN) will be based on the Autumn 2012 census. Looked after Children data will be based on March 2012 SSDA903 return and mapped to the Autumn 2012 census.

Hours at setting/funded hours will not be collected in Autumn 2012 census as all pupils will be funded as 1 full time equivalent. {10/05/2012}

Q: With EAL, can the LA fund a different rate for each of the 3 first years in education e.g.: year 1 - £1,000 year 2 £500 and year 3 £100 thereby reducing the support as the child progresses with its knowledge of English language?

A: No. Local authorities will need to chose between a 1 year, 2 year or 3 year indicator and allocate a flat amount. {25/05/2012}

Q: It wasn't clear from the document as to if LAs will be allowed to set their own bands or would a national bands system apply with local flexibility being allowed by setting local unit value for each band? For example, we currently use a weighted IDACI system to allocate our AEN funding although it is a banded system but the weighting in each band is calculated based on a linear relationship with the IDACI score of individual school (i.e. weighting in each band = a+bxIDACI score). Would this approach still be allowed under the proposed system?

A: This approach would not be allowed under the new system. Local authorities will need to use the bands we have provided, if they wish to allocate funding in this way.

We have consulted on whether or not this banding approach is appropriate and will be announcing our final decisions shortly. {25/05/2012}

Q: As there is not a non banded system being proposed – does this indicate if IDACI is used as the deprivation measure, it has to be a banded system? LAs should be able to arrive at a IDACI score for each school based on their pupils' postcode. Could this be allowed to be used as delegation basis?

A: IDACI can be applied in two ways,

- 1) a single threshold whereby any pupil with an IDACI score greater than say 0.5 will attract £1000 or;
- 2) IDACI banding whereby any pupils that falls into one of the set band will attract £1000, any pupils that falls into the next band will attract £1200, and so on. {25/05/2012}

Q: Would a combination of IDACI banded system and none banded system be allowed?

A: This would only be allowed in the following situation;

Primary - IDACI banded

Secondary - IDACI threshold (or vice versa)

It would not be allowed within a phase. {25/05/2012}

Q: Division between KS3 and KS4 (paras 1.1.10 to 1.3.11)

The split between KS3 and KS4 is becoming more blurred as some schools include Year 9 in KS4. Will there be discretion on where the KS3/KS4 divide is made?

A: No. The Key stage 3 and 4 will remain as Year 7, 8 and 9 Key Stage 3 and Year 10 and Year 11 as Key Stage 4. {25/05/2012}

Q: Can you advise if we are allowed to use IDACI for primary and FSM for secondary or does the deprivation factor have to be the same across sectors?

A: Whilst we would prefer local authorities to use the same indicator across each phase, they will be able to apply a different indicator. This needs to be indicated clearly on the pro forma, by setting the primary or secondary unit value to 0 when an indicator is not used. {25/05/2012}

Q: Does the EAL data cover all EAL groups irrespective of whether these groups are generally high achieving or not e.g. Chinese

A: Yes. We are aware that there are groups within the EAL category they do not have an additional need. However, given that the funding will only be available for a maximum of 3 years, our view is that this limits the degree of potential over-funding to high-achieving pupils who have EAL. {25/05/2012}

Q: We have concerns about the proposal to use year 7 attainment data as a proxy indicator of funding for all year groups. We have significant changes in the cohort in our schools and although pupils with higher attainment may be in year 7 this is not representative of the whole school. Is there any likelihood of this being changed?

A: We have previously been asked if the prior attainment indicators will be calculated using a single cohort or using all of the available data in the school. We can now confirm that we will be using a school cohort rather than a single cohort. We will be reissuing the data in due course to update this. {25/05/2012}

Q: The data for FSM figures for First schools is lower in the Autumn than at other point in the year due to the delay in identifying these pupils. Would using FSM as a measure unfairly impact these schools?

A: We are aware of this issue and we are looking at ways to resolve it. An announcement will follow shortly. {25/05/2012}

Q: What will be the process be for checking the data used in calculating the funding for schools in 13-14?

A: We are encouraging all local authorities to check that the Autumn 2011 data the Department has provided is correct. If they find that they do not agree with the data we would ask that they contact the School Funding Reform mailbox. The Department will then endeavour to look into the data problems and resolve where possible. The process for the final data will be announced in due course. {25/05/2012}

Section 1.4 – Pro-forma and timings
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Q: How do we include de-delegation in the pro-forma?

A: The formula set out in the pro-forma needs to describe the allocation of funding before any de-delegation is implemented. We accept that we need to set out a common way for describing an authority's de-delegation proposals, and will issue further guidance as soon as possible. {18/04/2012}

Q: How will MFG issues be reflected in the pro-forma?

A: The MFG calculations will need to be shown on the detailed spreadsheet of individual budget allocations accompanying the pro-forma. {18/04/2012}

Q: What happens after local authorities have sent their returns to the EFA in October? When will the local authority know whether their proposals have passed the compliance test?

A: EFA will turn these round as quickly as possible and fuller details on timescales will be provided. There may be some cases where further dialogue is necessary. {18/04/2012}

Q: Submitting by the end of October means that values will not be based on 2013-14 settlement or on October Census data, so it is inevitable that values will need to change. How quickly will EFA be able to turn around the January return, practically, when will local authorities be able to issue budgets to schools?

A: The January return should generally only contain changes to values not factors. Where values have only been marginally adjusted to deal with final census data, the EFA would be able to turn round the return very quickly so there would be no delays in authorities issuing budgets. Significant changes to the values, or changes in factors will of course require further compliance checking but we would expect these to be exceptional. {18/04/2012}

Q: Do you have any indication of when we will be able to issue school budgets after the final proforma has been submitted to the EFA by the third week of January? Will we receive a notification from EFA to confirm compliance, before budgets can be issued?

A: The checking and discussions about the information in the proforma will be carried out between the original submission in the autumn and the final proforma being submitted in January. As such we should be able to clear the final form quickly and confirm compliance to allow budgets to be issued. We expect to be able to give final clearance by the end of January. {26/04/2012}

Q: How does the Department propose to finalise funding allocations by December, only two months after the October Census. It currently takes until June to process and data cleanse the January Census information.

A: The Department recognises that this is a tight timetable. We believe that, on balance, the advantages of confirming DSG allocations much earlier than in the past make this worthwhile. The reforms mean that we will only be using the School Census in October, whereas the current process relies on the Early Years, Alternative Provision and PRU counts in January which add considerably to the data cleaning requirements. {26/04/2012}

Q: The consultation suggests that because of the use of October census data in the determination of school budget that schools will be informed earlier of this determination. However, there are still significant elements of funding, Early Years Provision, Post 16 provision, Top up funding for High Needs pupils (particularly relevant for special schools unless the expectation is that only pupils on role within special schools in October will receive a top up allocation in their formula budget share notification) the arrangements for which will result in determinations not being possible for LA's to adhere to this earlier timescale for these funding streams. Could you please clarify the DfE expectation in budget notification for these funding elements?

A: We would hope that funding for early years provision can be determined early since LAs will know the unit funding they are getting for early years and that the DSG will catch up with actual numbers in both January 2013 and January 2014. We are looking at whether notification for post-16 provision can be brought forward. So far as top-up funding for high needs pupils is concerned, it will not be part of delegated funding and will follow the pupil in real time (paragraph 3.7.5). Special schools and units will know in advance what level of top-up funding they will receive for each type of pupil, but the actual amount they receive will depend on the pupils they admit.

So it is the intention that local authorities will be able to notify schools of their base budgets earlier than now. There may be later adjustments in relation to early years, high needs and post-16 pupils, but that is already part of the current system, for example LAs fund early years providers on a termly basis. The new system will ensure that local authorities can confirm more of a school's budget earlier than now, but we recognise that there will continue to be a need for adjustments. {03/05/2012}

Q: Can you advise if there will be any flexibility in the submission deadline for the local formula pro-forma. We appreciate a deadline has been set but we would like to request that we delay submitting our pro-forma until this has been approved by our Children and Young People's committee on 5 November.

A: We expect the proforma to be submitted on time. In this situation, it could be described as subject to formal approval. {25/05/2012}

Section 1.5 – Protections

Q: How will the MFG be afforded given that the DfE has been reluctant to allow the MFG to be varied locally?

A: Local authorities will be able to limit gains in order to make the MFG affordable. {18/04/2012}

Q: It appears as if local authorities will be able to cap gains, so apply a ceiling, but no floors? Is this right? If so, it may lead to more short-term staffing changes / redundancies. Many local authorities apply a one-year transitional cash-protection.

A: The MFG itself provides a floor. We do not propose to allow other floors: we think that funding should be permitted to change with pupil numbers. {18/04/2012}

Q: Will Schools Block LACSEG be included in the MFG calculation for Academies? How will this be funded?

A: We are currently considering the detailed application of the MFG calculation, including the correct treatment of Schools Block LACSEG. Further details will be published shortly. {18/04/2012}

Q: If local authorities are receiving the Schools Block funding for Academies, does this mean that local authorities will also be picking up the additional, potentially excessive MFG?

A: Further detail will follow shortly. {18/04/2012}

Q: Where does the MFG fit in the development of the formula? Para 20 of the operational guidance says that “Authorities need to model the new formula using the MFG of -1.5% per pupil.” Does this mean that the pro-forma should show the formula after the application of the MFG and if so how do we express that in the pro-forma?

A: Further detail will follow shortly. {18/04/2012}

Q: Can we have exceptions from the MFG where 2012-13 budget includes exceptional factors?

A: There will be the opportunity for authorities to request exclusions from the MFG, but this will be considered only on an exceptional basis. {18/04/2012}

Q: Why should rates and PFI be included in the MFG calculations?

A: We want to make the MFG calculation as simple as possible. As pointed out in Annex 2 to the document, these factors are not usually likely to change much year on year. {18/04/2012}

Q: The level of the MFG has been set for two years, does this mean that locally approved management of winners and losers cannot go beyond 2 years?

A: The funding parameters beyond 14-15 are subject to the next Spending Review and decisions on the future level of protection will be made following that. {18/04/2012}

Q: Local authorities are required to show schools, as part of consultation, what the impact of changes would be with and without the MFG. Will the 2013-14 lump sum need excluding from the 2012-13 re-calculated base, and if so, what value (100% or 85%)? For those areas which will be excepted in certain circumstances – i.e. rates revaluations – will local authorities need to apply to EFA or can this one be applied locally where circumstances have changed?

A: Further detail will follow shortly. {18/04/2012}

Q: Special school / units MFG – how will this work in practice? The document suggests that the place funding (set nationally) plus the ‘commissioners funding’ (set locally by lots of different local authorities) can’t fall by more than 1.5%. The document also suggests this arrangement is just for one year only. Can you clarify?

A: The principal protection for specialist settings, including special schools and special units, will be the base level of funding of £10,000 paid for each of an agreed number of planned places. In order to ensure a smooth transition to the new funding arrangements, in addition to this, in the first year, local authorities will be required to set the top-up payments made to each school that it currently maintains or used to maintain for pupils placed at a level such that, were all high needs pupils in that setting placed by that local authority, the school’s total funding for 2013-14 would not be more than 1.5% below the funding that the school had received in 2012-13. {18/04/2012}

We provide an illustrative example of how this would work at Annex A of this Q&A document. {26/04/2012}

Q: How should we allow for de-delegation as well as extra delegation? HNP proposals will require some de-delegation in some local authorities to get to the £6,000 threshold.

A: We have recommended that mainstream schools should be expected to contribute up to £6,000 per pupil, above the age-weighted pupil unit (AWPU), and local authorities will need to consider this when making changes to their mainstream funding formulae for FY2013-14. We know that current practice in relation to delegation of funding for high-level SEN provision varies across local authorities, and that this new approach will require some de-delegation as well as extra delegation. We consider, however, that there are considerable advantages, particularly in relation to transparency, choice and the experience of pupils who move between local authorities, to be gained by bringing such approaches more closely into line. {18/04/2012}

Q: Will early years funding be within the MFG? The MFG calculations currently have to be based on the final, redetermined budget position which therefore requires the financial effect of the actual January School Census count of hours. However, the final pro-forma, with actual multipliers, has to be submitted by mid-January; an impossibility if the cost of MFG has to be taken into consideration.

A: Further detail will follow shortly. {18/04/2012}

Q: Will the MFG include single early years funding formula? We think it shouldn't because this is incompatible with equity between providers of different types

A: Further details on the working of the MFG will follow shortly. {26/04/2012}

Q: All allocations for named pupils (IAR) are outside the Minimum Funding Guarantee which includes all our statement funding. This means that unless we can apply for and are granted a special dispensation to adjust the baseline when we move from statement funding for all SEN pupils to a mix of a general allocation and personalised budgets from the high needs block, MFG will not support schools where the prior attainment funding is significantly lower level than their statement funding. Will we be able to apply to adjust the MFG baseline?

A: Any allocations from the High Needs Block will be excluded from the MFG. We are looking at how best to deal with the likely movement of funding into (and out of) the High Needs Block between 2012-13 and 2013-14. {26/04/2012}

Q: Will it still be possible to amend MFG baselines to exclude funding which was clearly of a one off nature (eg historic reorganisation funding)?

A: There will be an opportunity to request, on an exceptional basis, variations to the MFG calculation {26/04/2012}

Q: Paragraph 10 of Annex 2 says that the lump sum must be excluded from the MFG. If we include a lump sum in our new formula to ensure our smaller schools are protected, and then have to apply the same value to all primary and secondary schools, and then have to exclude the lump sum in the MFG calculation, many of our primary and secondary schools could be entitled to unnecessary MFG – because they currently do not receive a lump sum. There must be flexibility to include the lump sum in the MFG calculation if a school does not currently receive a lump sum.

A: We recognise that there may be significant changes in the size of the lump sum between years and we are reviewing the details of the calculation. {03/05/2012}

Q: Please could I have some clarification on whether the proposals for MFG will include KS1 class size funding. Schools currently receive funding to ensure they are able to comply with KS1 class size regulations, without protection on their whole budgets many schools will face significant financial implications for the removal of this from the formula

A: The MFG baseline will include KS1 allocations. {10/05/2012}

Q: Calculation of baseline for MFG purposes – as new areas of delegation are likely to go into AWPU it will be necessary to have a unitary breakdown of the AWPU element of funding so that the impact of additional delegation can be taken account of. Is this the correct approach? Will the DfE funding model incorporate this?

A: Yes, we will need to allow for adjustments to reflect new delegation. {17/05/2012}

Section 1.6 – Improved Schools Forum arrangements
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Q: Paragraph 1.6.6b suggests that union and diocesan representatives will not be able to participate in future. Is this correct? Does this only apply to contribution to discussion, what is the position on these representatives attending the Forum as observers given the proposal to make these public meetings in future?

And,

Q: We currently have observers from the Unions, and Local Authority Members (other than Lead Member). The observers do not have voting rights, but do 'sit round the table' and play an active part in Forum discussions. Can you confirm that the intention is to not allow such people to actively participate and address the Forum (i.e. as a public meeting they could attend and sit in a public area, but not actually speak at the meeting)? Will other non-Local Authority observers (e.g. Diocese) be able to continue to participate in meetings? Are Union observers classified as 'Local Authority attendees'?

A: For 2013-14, all current members can continue to participate in Schools Forums. The only exception to this relates to local authority representatives. Because we want Schools Forums discussions to be better focused, we are limiting the representation from the local authority to: the Director of Children's Services; the Lead Member; and any local authority member presenting a paper or providing specific technical or financial advice.

Trade Union members and Diocese members can continue to participate in meetings as they do now. However, only School Members and PVI Members will be able to vote on the funding formula.

Trade Unions are not classified as local authority attendees.

We will review these arrangements in the longer term. {18/04/2012}

Q: On School Forums under paragraph 53 of the Operational Implications Guidance, the third paragraph states in bold: "Authorities should, therefore, take immediate steps to ensure that access to, and details of, meetings from now on are compliant with the new regulations." The preceding paragraphs set out the intended changes to the School Forums regulations. I cannot see that there are any new regulations or draft regulations at this point. Can you confirm that there are no new regulations affecting School Forums (since 2010), whether in final form or in draft form?

A: We will be consulting shortly on new schools forums regulations to take effect from the autumn. The 2010 regulations remain in force for the moment, but we are asking authorities to take immediate steps to improve practice where necessary. {26/04/2012}

Q: Are the following three reps allowed to continue on the SFF and have voting rights? 14-19 rep,; school improvement partner and Diocese Representative.

A: The three reps mentioned can continue as members but we are proposing that they should not be able to vote on the formula once the new forum regulations come into force. {26/04/2012}

Q: The current regulations appear to allow members to serve their term of office which will make it difficult to achieve proportionality for us. Can you clarify that the proposed regulations will allow the Authority to cease the terms of membership of existing school and academy membership to allow for either a smaller Forum and to achieve a greater degree of proportionality between school and academy members?

A: It will still be for authorities to decide on the length of terms of office. We would normally expect the required increase in academy representation to be assisted by the provision in the regulations which states that members do not remain in office if "the member ceases to hold the office by virtue of which the member became eligible for election, selection or appointment to the forum." This means that maintained school heads or governors cannot remain as maintained school forum members once their school has converted. We will be removing the requirement to have at least 15 members. {26/04/2012}

Q: Will the requirement for non-school members be removed

A: We are keeping the requirement to have 14-19 partnership members for the moment because of the proposal to fund 14-16 provision in colleges through the local formula. We will review membership for 2014-15. {26/04/2012}

Q: To allow for consultation with stakeholders on changing the constitution of the forum and comply with equalities requirements and organise elections etc. for new school and Academy members the regulations will need to be published by the end of May at the latest. When will be the regulations to published?

A: We intend to consult on draft regulations in May or June. {26/04/2012}

Q: Have been thinking as to how our Schools Forum membership could potentially be slimmed down - particularly given the impending removal of the minimum 15 membership. Could you release some model structures for Forums to consider?

A: We will not be producing model structures as the composition of the forum is a matter for local decision. What we are doing is making it easier for authorities to slim down the size of forums by removing the minimum size requirement. Authorities may continue to have larger forums if they wish. {03/05/2012}

Re membership whether the following are permitted w.e.f. 1.9.12 within the new school funding reform paper, "Limit the number of other LA attendees from participating in meetings unless they are a Lead Member, DCS or DCS rep, or providing specific financial/technical advice) " ie, specifically :-

Q1: What does "participating" mean?

A: It means taking part by speaking at the meeting. {10/05/2012}

Q2: Can there be an officer working for/directly managing an education service for looked after/vulnerable children (para 1.39 Dec 2010 DfE SF operational and good practice guidance) – as a Non-schools member (voting) or observer (non-voting)?

A: Yes, this can still happen if they directly provide education to children or manage such a person. Non-schools members will not be able to vote on the formula in future though. {10/05/2012}

Q3: Non-executive LA elected members – voting or non –voting, or not permitted?

A: Allowed as non-school members but won't have voting rights in future; can be schools or Academies members if elected in the relevant category. {10/05/2012}

Q: My understanding of Schools Forum regs is that any formula changes ultimately have to be agreed by the LA and in our case cabinet. As that agreement would need to be reached before submission at the end of October this places real time pressure on the process. Do cabinet need to approve the formula changes per the consultation or is there a different legal process here?

A: How the LA approves the formula is a matter for each authority and its Constitution. We do not prescribe how this should be done but it is imperative that all maintained schools and Academies are kept fully informed at each stage of the process. It is also imperative that the first version of the pro forma is given to the EFA at the end of October – this could if necessary be on the basis that it might change after the cabinet approval process. {25/05/2012}

Q: If one or both phases of schools express a wish to de-delegate an element of their new budget shares (eg for supply cover) does the LA have the option to refuse? Can the LA charge an administration fee for managing such budgets?

Either primary or secondary schools within the Schools Forum might take the initiative in requesting that a permissible item should be de-delegated, but there would be no obligation on the LA to accept the de-delegation. The LA should make clear the terms on which it would accept de-delegation, including charging any necessary administrative costs. {25/05/2012}

Section 1.8 – Funding arrangements for Academies in 2013/14 and beyond

Q: What happens to insurance funding for Academies?

A: The policy on insurance costs for 2012/13 is currently under review and this may result in changes which would be implemented for the school year 2012/13. We will notify Academies of any changes for the 2012/13 year once the review is concluded and any announcements made, and in any event before 1st August 2012. {18/04/2012}

Q: How will recoupment work within the DSG?

A: The starting point for the Schools Block element of DSG will be each local authority's schools block GUF multiplied by the total number of pupils in the local authority. This will reflect the total number of pupils in both maintained schools and the recoupment Academies. The local authority will use this overall sum in deciding its local formula, in consultation with its schools forum.

The actual DSG received in payments by the local authority from April 2013 will be a figure after recoupment. Thus the initial total DSG will be calculated based, in respect of the Schools Block, on the schools block GUF multiplied by the number of pupils in maintained schools and Academies covered by recoupment. From this total, the amount for academies will then be deducted or recouped. The local authority will continue to calculate the amount the EFA should recoup for each Academy. It will calculate a hypothetical 13-14 financial year budget for each Academy using the agreed local 13-14 formula and apply the MFG (or any ceiling or scaling factors applied locally) by comparing the new formulaic budget with the 2012-13 baseline used for recoupment purposes (i.e. what the academy would have got on a financial year basis had it been a maintained school). Because we are requiring local authorities to maximise the delegation of funding for central services, there will no longer be a need to separately recoup from the DSG for LACSEG, as this money will be allocated to Academies directly through the new local formula.

In the case of converter and Sponsored Academies that come into being mid-year, the same process as now will apply. Thus we will recoup funding from the DSG, during the year in line with the allocation made to the school when it was maintained by the authority.

Funding for some sponsored Academies and Free Schools has always been paid centrally by DfE and therefore has never been in the DSG for local authorities. This approach will continue under the reformed system. Authorities, working with their school forums, will need to include these Academies and Free Schools in their thinking when designing the formula, but they will not be formally included in the DSG. {26/04/2012}

Q: Currently academies are funded by recoupment whereas free schools aren't Will this distinction remain post 2013?

A: Yes, though there are also some non-recoupment Academies {26/04/2012}

Q: Will Academies cease to receive SEN LACSEG?

A: Further detail will follow shortly. {18/04/2012}

Q: Will SEN LACSEG be excluded from Academies' MFG calculations?

A: Further detail will follow shortly. {18/04/2012}

Q: When will LA LACSEG consultation take place? What will it cover?

A: As part of the Government's proposals to introduce a business rates retention scheme from April 2013, we are exploring the transfer of funding for relevant central education services from Formula Grant into the Department for Education budget. The Department would then administer this money as a separate grant to authorities and Academies on a national basis, proportionate to the number of pupils for which they are responsible.

The Government plans to consult on the technical details of the proposed business rates retention scheme, including on any transfers into and out of the local government funding baseline. The consultation will be published in the summer and will run for 12 weeks.
{18/04/2012}

Q: There is no need for schools budget LACSEG, but there will be protection through an Academy MFG. What about the other areas, e.g. amounts for admissions and SEN support services?

A: Further detail will follow shortly. {18/04/2012}

Q: Will the DSG LACSEG protection include line 1.2.2 SEN Support Services, 1.1.2 School Specific Contingencies and 1.6.3 Schools Admissions 1.6.9 Schools Termination costs?

A: Further detail will follow shortly. {26/04/2012}

Q: Can you tell me what protection there will be for Academies in 2013/14 for the change in LACSEG arrangements. Will there be a similar per pupil protection like MFG?

We are currently considering the detailed application of the MFG calculation, including the correct treatment of Schools Block LACSEG. Further details will be published shortly. We are also working with the Department for Local Government and Communities to transfer the funding for the central education functions in LA Block LACSEG from Formula Grant to the Department for Education. This funding would then be distributed on a national per pupil basis to both local authorities and Academies proportionate to the number of pupils for which they are responsible from 2013-14. Detailed proposals will be published in the summer. {26/04/2012}

Q: If Academies will have the DSG LACSEG for 12-13 added into their baseline and protected on this, won't this mean that Academies and maintained schools will be funded on different methods?

A: We are currently considering the detailed application of the MFG calculation, including the correct treatment of Schools Block LACSEG. Further details will be published shortly.
{26/04/2012}

Q: When we do the recoupment calculation for Academies will the amount we give back be based the on the protected LACSEG amount?

A: For the purposes of recoupment in 2013-14, authorities should treat the Academy as though it was still a maintained school. The amount recouped from the local authority will be based on the 2013-14 school budget share as calculated by the local authority, plus new delegation.
{26/04/2012}

Q: Can you confirm what happens to the funding that is currently recorded on the Section 251 statement as Miscellaneous (line 1.6.5) under the new proposals, these are currently subject to LACSEG recoupment but are not mentioned in the Consultation document as funding that will have to be delegated to schools in the first instance?

A: We are considering whether to include the "miscellaneous" line under the historic commitments category. {26/04/2012}

I understand that for 2013/2014 funding for academies will be based on the October 2012 census. Could you confirm that revenue funding for Free Schools will follow this methodology for 2013/2014?

Yes, we can confirm this. {26/04/2012}

Could you confirm whether the Academies' funding for 2013/2014 is adjusted during the year to reflect any increase in pupils as at a later census date in the year?

No. Funding is not adjusted. It will be based on the October census. {26/04/2012}

Can you clarify how the Department intends to ensure parity of treatment between maintained schools and academies on support for schools in financial difficulties? This is listed in Para 1.2.7 as one of the functions that may be de-delegated.

Q1: Should we assume that the Education Funding Agency will negotiate pooling of contributions from academies in an area or that otherwise there will be no support for academies in financial difficulties?

A: The EFA will not negotiate pooling arrangements for Academies. Academies will be responsible for managing their own budgets and are principally responsible for their own contingency. In the case of an Academy falling into serious financial difficulty, the EFA will

review the case and determine whether to provide support, and what form of support should be provided. {10/05/2012}

Q2: Similarly will the Education Funding Agency determine with academies whether there are to be deductions to create contingencies for academies for unforeseen circumstances, additional costs for reorganising, opening or closing schools or top up funding for schools with significant pupil number growth?

A: The EFA will not top slice Academy budgets for these purposes. Academies will be responsible for developing their own contingency for unforeseen circumstances and are expected to manage the costs of pupil growth. The EFA will consider cases where Academies face financial difficulties, including where the local authority is asking the Academy to take additional classes to meet basic need. The availability and nature of any EFA support will be determined on a case by case basis.

In the case of lead in costs for opening new Academies, these will be met by the Department. Local authority project development costs should continue to be met by the authority from outside DSG. Project costs associated with closing schools will relate to maintained schools and should therefore be charged to contingency de-delegated from maintained schools. {10/05/2012}

Q3: In particular, should it not be the case that any deficit remaining with the LA as a result of sponsored academy conversion is a cost against the schools block in total including academies and should therefore be funded by reducing the pro forma amount before de-delegation? Otherwise maintained schools only would have to cover these costs or the DSG overspend if no contingency was agreed.

A: The deficit should be charged against the contingency held by the local authority, as the cost was incurred in the maintained sector. {10/05/2012}

Q: How do you expect Academies to manage costs associated with pupil growth?

A: We will normally expect Academies experiencing pupil growth to manage associated costs from within their existing budget. Furthermore, Academies will be in receipt of funding that would previously have been retained centrally by local authorities for contingency and will therefore be better placed to manage pupil growth. However, we recognise that there will be exceptional cases where an Academy could face significant growth in order to meet basic need and incur associated costs. The EFA will consider the impact of costs in such cases and if appropriate may provide limited additional support. {10/05/2012}

Q: Can any of the newly delegated funding be de-delegated for Academies? The reason I question is that the words around de-delegations and approval via Schools Forum specifically relates to 'maintained schools' only.

A: De-delegation does not apply to Academies but they can still buy into LA services from their delegated budget. {25/05/2012}

Section 1.9 – Funding arrangements for 14-16 year olds wishing to study in further education colleges

Q: We are about to roll-out a pilot project whereby pupils that have been electively home educated can receive financial support for a college course at KS4. It was envisaged that the local authority would receive DSG funding which could be passed on to the college to fund the place. How would such provision be funded under the new arrangements?

A: Further detail will follow shortly. {18/04/2012}

Section 2.2 – Block arrangements for the Dedicated Schools Grant

Q: Will local authorities receive the High Needs Block and Early Years Block funding for Academies? Will local authorities also receive the Schools Block funding for Academies and hence calculate a financial year budget for recoupment purposes?

A: Local authorities will receive all the Early Years Block funding for Academies, and all the High Needs Block funding for the top-ups – the base funding of £10k per place will go to Academies through the EFA. Local authorities will also receive the Schools Block funding for recoupment Academies and calculate a financial year budget for recoupment purposes, as they do now. {18/04/2012}

Q: How does the calculation of the High Needs Block fit in with the recent YPLA consultation on the transfer of LDD funding?

A: Both the transfer of post-16 high needs funding to local authorities and the development of the High Needs Block are part of ensuring that local authority commissioners of high needs provision are able to use their high needs funding flexibly across the birth-to-25 age range.

We announced in the Green Paper on SEN and disability, *Support and aspiration*, and in the July consultation on school funding that our intention was to bring together all education funding for high needs pupils and students from birth to 25. The school funding reform document confirms that the High Needs Block will be calculated on this basis. As such, the High Needs Block will bring together funding for pupils with high-level special educational needs (SEN) pre-16 and funding for pupils and students with high-level SEN and learning difficulties or disabilities (LDD) post-16. It will also include funding for pupils placed in alternative provision (AP). {18/04/2012}

Q: There seems some ambiguity between 2.2.9 and Annex 4 as to whether funding for high needs SEN pupils aged under 5 belongs in the High Needs Block or within the Early Years Block. Can you clarify?

A: It belongs in the High Needs Block. We accept that Annex 4 is not ideally worded in this respect. {18/04/2012}

Q: What happens to part-time pupils in reception classes? How are they counted in the census?

A: We propose to count them as if they were full time pupils. {18/04/2012}

Q: What about deferred entry – i.e. reception pupils not there in October who would be in January?

A: Further detail will follow shortly. {18/04/2012}

Q: What happens if a local authority identifies duplicate pupils who should not have been counted?

A: Further detail will follow shortly. {18/04/2012}

Q: Can you clarify the DSG settlement? If the Schools Block is based on the on October Census known by December and the Early Years Block will change to reflect different Census dates, what with the High Needs Block be based on? If the DSG is not ring-fenced, will Schools Block decisions need to be taken in isolation? Will there be any changes to DSG under/over spend arrangements?

A: As explained in paragraph 2.2.10, the High Needs Block would use local authorities' budgeted spend in 2012-13 on high needs pupils and students as a baseline. As there is no ringfencing within the DSG, it will still be possible to carry forward over and underspends and to apply them to any of the blocks within DSG provided that there is compliance with regulations on the MFG and central expenditure. {18/04/2012}

Q: Into which category (exception 1, 2 or 3) in the schools block does the Trade Union Facility Time fall? It is rolled together with Staff cover line on S251 in 12/13 - does this indicate it falls into exception 2?

A: No, this will be in exception 1 {26/04/2012}

Q: Early years count. Will the 2013/14 early years block be corrected to Jan 2014 count in full or will it be weighted average of Jan 2013 and Jan 2014 reflecting the funding of terms in two academic years?

A: The Early Years Block will be adjusted to reflect both the January 2013 and January 2014 counts to ensure the best fit with the actual pupil numbers the local authority is funding. {03/05/2012}

Q: What is the schools block of the DSG? Is it the current DSG less High cost and Early years divided by October pupil numbers, or divide by the pupil numbers first and then adjust for high cost and Early years numbers.

A: It is the first methodology i.e. DSG minus Early Years minus High Needs divided by October pupil numbers. {03/05/2012}

Q: The EYSFF guidance included in paragraph 2.2.6 refers to allocations to local authorities being adjusted at the end of the financial year using the January 2014 count. Could you clarify how LAs will fund early years settings for their actual numbers in 2013/14, when the total funding made available (adjusted for actuals) will not be confirmed until June 2014.

A: Local authorities will need to continue to fund early years providers on a termly basis responding to actual numbers. The improvement for authorities compared with the current system will be that the adjustment for January 2014 pupil numbers will bring the DSG funding for early years more closely into line with actual spend. {03/05/2012}

Q: How will each LA's HLN block be calculated in the longer-term ? If this continues to be based on historic spend, then it will reward areas where there has been a high demand for HLN provision and a poorly managed LA response. What are the barriers, if any, to a system where there are nationally standardised funding levels for per pupil entitlements and lower level SEN, and where LA HLN blocks are based on a standard set of demographic factors (eg those suggested in the original PwC study)?

A: We have not decided on a longer term calculation for the High Needs Block, and would expect to look at this alongside the development of a national funding formula for mainstream provision. The challenge with developing a formula for High Needs is simply that there are no proxy factors that get particularly close to current patterns of either numbers or spend. {03/05/2012}

Q: You describe the HLN block as 'notional' and imply that there will be local flexibility regarding how this is used. Will it be possible for LAs to use this to further enhance the funding available to schools through the Schools Block (for example, by increasing the amount available in schools' delegated SEN budgets) ? Conversely, will it be possible for LAs to shift funding from the Schools Block if mainstream schools want a higher level of specialist provision ? What would be the consequences in this system of a 'notional HLN block' overspend ?

A: We have explained that we expect mainstream schools to provide roughly the first £6,000 of funding for each high needs pupil before they receive top-up funding. This is likely to require additional delegation in some local authorities and de-delegation in some others, and both are permitted. It is for the local authority to manage its overall spend within the total of DSG – an overspend or underspend on the notional blocks within DSG has no consequence. {03/05/2012}

Q: Annex 4 High Needs Block the following two areas:-

- **Special Educational Needs (SEN) support services**
- **Support for inclusion**

For the above 2 areas does the DfE have a description of services that can be included within them? These are lines 1.2.2 and line 1.2.3 on the section 251 budget form for 2012-13.

A: Guidance on these and all lines is part of the section 251 documentation which was issued and placed on the DfE website on 28 February 2012. {03/05/2012}

Q: Paragraph 3.4.6 makes it clear that the High Needs Block will include the post 16 high needs allocation. Will this element of the overall high needs block be made clear so the local authority can make an assessment of whether the income received is in line with the commitments inherited?

A: We expect to provide local authorities with full details of how each block is made up. {03/05/2012}

Q: The answer in the FAQs on the possible redistributive effect of removing recoupment implies that the high needs block will be adjusted between LAs. Does this mean that an LA who was a net gainer in recoupment income in 2012/13 will receive an increase in the high needs component of the DSG in 2013/14 compared to 2012/13?

A: Essentially, yes. The EFA will conduct full consultation with local authorities about the adjustments over the summer. {03/05/2012}

Section 2.4 – Continuation of the Pupil Premium***Q: Are there any proposals to change the looked after children element of the Pupil Premium?***

A: There are no plans to change the current funding arrangements for looked after children although we are happy to listen to suggestions for how they could be streamlined. We are allocating funding to the local authority with responsibility for the care of the looked after child as the local authority return on which the funding is based (SSDA903) is the only reliable source of data about children in care. The relevant local authority knows where the children they have responsibility for are being educated and is able to pass down that funding to the relevant school. {18/04/2012}

Q: Is there any more guidance on the implementation of summer schools?

A: Schools are free to decide how the Summer Schools funding should be spent. There is general information and FAQs on the Summer Schools programme, as well as top tips on running a summer school from experienced teachers, on our website here: <http://education.gov.uk/schools/pupilsupport/premium/summer>. {18/04/2012}

Chapter 3 – Improving arrangements for funding pupils and students with high needs

We have provided responses to the questions that we have received in relation to the reforms of funding arrangements for high needs pupils and students in the following sub-sections.

[New FAQs \(25/05/2012\)](#)

[FAQs from 17/05/2012](#)

[FAQs from 10/05/2012](#)

[FAQs from 03/05/2012](#)

1. [General questions](#)
2. [Funding for high needs pupils in mainstream placements in mainstream schools and Academies](#)
3. [Funding for high needs pupils in special units or resourced provision in mainstream schools and Academies](#)
4. [Funding for high needs pupils in special schools and special Academies](#)
5. [Additional short-term transitional protection for special schools and special Academies](#)
6. [Top-up funding for high needs pupils and students](#)
7. [Constructing the notional High Needs Block](#)
8. [Independent and non-maintained special schools](#)
9. [Hospital schools](#)
10. [Alternative Provision](#)
11. [Annex A](#)

New FAQs (25/05/2012)

Q: The FAQ's appear to indicate that site specific issues can be considered when allocating top up funding to SEN pupils in either special schools or special units. However this would appear to contradict the guidance that implies funding should be allocated on pupils needs and not on the costs of an establishment. – How can you recognise that Primary & Secondary schools with split sites incur additional costs but do not allow for that recognition in special Schools.

A: Everything in special schools is intended to be handled through the base funding and top-up, in order that the cost base is comparable across maintained special units, maintained special schools, special Academies and Free Schools, independent and non-maintained special schools. Any other approach would provide an additional subsidy to one kind of special provision as opposed to another. {25/05/2012}

Q: Could you explain how Top Up funding for SEN pupils is to be allocated to special school and resource bases i.e. at the beginning of a financial year or termly.

A: It follows the pupils, so will be payable while each pupil is in the school. We would suggest that monthly payments would be appropriate. {25/05/2012}

Q: Could you explain how you see Top Up funding being allocated for the financial year to special schools and resource bases where the following exist:

- **Primary intakes in September**
- **Secondary transfers**
- **New starters & Leavers**

A: Top-up funding is not allocated for the financial (or academic) year. It follows the pupils. {25/05/2012}

Q: Given timescales are tight and LA's have to consult with all schools when will LA's be informed of the mechanism for determining hospital schools budget share.

A: We intend to include this in our next announcement scheduled for June. {25/05/2012}

Q: When will LA's receive information from the DFE on current pupil numbers and funding allocations for Post 16 pupils in FE and any financial pressures/issues currently existing.

If funding pressures exist as we expect, will sufficient funds be allocated to cover these or is your expectation for these to be met from DSG.

Given the current level of the SEN block funding for post 16 is insufficient to support numbers of post 16 pupils currently in special schools with this provision being supported by a contribution from DSG.

A: What local authorities will get in 2013-14 is what was being spent in 2012-13, regardless of whether the source was SEN Block Grant or DSG. We are neither adding to nor taking from the total of what the LA is now spending (or is being spent by EFA on its behalf). {25/05/2012}

Q: The LA currently funds all pupils in resources with a full AWPU allocation. If the local authority is to no longer receive mainstream DSG for these pupils, but receive this funding via the High Needs block. Will the High needs block be adjusted to include the AWPU for these pupils, otherwise the funding school receive for these pupils will be reduced by the AWPU value.

A: We agree that the High Needs Block should be so adjusted and will make sure it happens. {25/05/2012}

Q: We are establishing 6 resource bases for secondary aged pupils with BESD within PRU's for 2012/13, these pupils will still be registered at the "home" school and attend both the PRU RB and the home school – how will AWPU work for these pupils

A: The home school would get the AWPU, and then make a top-up contribution to the PRU. {25/05/2012}

Q: Where schools have a large proportion of high needs pupils I realise we are allowed to provide a top up from the high needs block to target additional funding to these schools. Can this top up be distributed to these types of schools using a formulaic methodology?

Yes, and we have advised in the operational guidance document that any scheme of this kind should be based on clear principles agreed with schools so that it does not become a reason for schools not to accept their responsibilities under the local offer. {25/05/2012}

Q: As with many other authorities we have moved over a period of time to providing resources to support pupils pre-exclusion rather than making provision at the point of exclusion. Looking at the Section 251 definition of 'Education Other than at School' which in turn refers to the 1996 Education Act we are uncertain whether this pre-exclusion support falls into this expenditure category. Please could you advise.

A: No, but it will fall within the High Needs Block as support for inclusion. {25/05/2012}

Special School MFG calculation

Q: Annex A in the FAQ shows a calculation of the special school MFG for a school that does not have any MFG protection from the previous year and does not have any reduction in place numbers. We are assuming that any previous year MFG protection would have to be included as part of the place allocation calculation by apportioning it pro-rata to the different place rates. We are also assuming the MFG protection is only per place so based on the single level example if the places dropped from 100 to 95 their budget would reduce by 5 X £14,775. Please can you confirm if both our assumptions are correct.

A: The example does not say whether the school has any MFG protection from the previous year. If it did, that would be included in the base budget of the school – there is no need for a separate calculation relating to this sum. You are right that if the funded places dropped from year you should make an adjustment to the base budget to reflect that before carrying out the calculations (but the result should be much the same either way). {25/05/2012}

Q: In the current Exclusions pilot funding for AP can be delegated to groups of schools. Will funding for AP be able to be delegated to groups of schools for AP from the High Needs Block in future or will it have to transfer to the Schools Block?

A: It can be devolved to groups of schools from the High Needs Block, just as now. {25/05/2012}

Q: Is there an expectation that all LAs should delegate all low costs, high incident SEN budget using the prior attainment measures, i.e. EYFSP and KS2 level 3 both English and Math? i.e. LAs cannot use FSM, FSM6 or IDACI as delegation basis for low needs SEN?

A: No, there is no such expectation. Paragraph 1.3.29 says that "we expect that the notional SEN budget will include an identified element of the basic entitlement (AWPU) and in many cases of deprivation funding", in addition to prior attainment. {25/05/2012}

Q: Will you expect LAs to submit a proforma for high needs block schools, academies, special units, alternative provisions etc by 31st Oct too? - can I have an answer to this question as soon as possible? our high needs school forum working group is due to meet next Wednesday and we need to clarify the timescale for the work and plan on that basis.

A: No - there is no pro forma for high needs provision. {25/05/2012}

Q: We need further clarification over how permanently excluded pupils would work under the new PRU funding arrangement. If a school permanently exclude a pupil by sending him/her to a maintained PRU, currently the AWPU will follow the pupil and the school will also be expected to pay additional fee/fine. In the new funding arrangement, AWPU would be the element 1 and the fine can be element 2 but the school who commission the place would not be paying these elements over to the PRU but pay a top-up. Would the expectation be that the place in PRU for this pupil is funded by local authority, i.e. the 10K is passported through LA to the PRU and the school is not expected to pay for the 10K - If that's the case, this means that had the pupil stayed in the school, they would be expected to contribute 10K for the pupil. Wouldn't this approach introducing double funding issue then? and where would this place funding be from?

A: The proposal for base funding for PRU places is £8k rather than £10k but you are right that this base funding would come through the local authority for maintained PRUs. The source for this base funding is what local authorities pay to PRUs at present. {25/05/2012}

Q: Can you please confirm for LAs that need to de-delegate funding from schools block to the high needs block, would this be excluded from the MFG calculation? Are you aware of any LAs currently considering de-delegation that we can get in touch with to see how they propose to do this?

A: Yes, this would be excluded from the MFG calculation. We do not as yet have details of LAs proposing de-delegation: if we do get any, we will put them on the website. {25/05/2012}

Q: How will 'adjustments' for High Needs blocks occur in the absence of recoupment?

A: There should be no need for adjustments of a kind equivalent to recoupment after the initial adjustment for 2013-14. Adjustments for base funding changes in places will be made after discussion with the EFA. {25/05/2012}

Q: How will the Local Authority's High Needs block be constructed post 13/14? Will it

- (a) continue to be based on history?**
- (b) be adjusted to reflect each year's spend?**
- (c) be based on a national formula (linked to LA demographic factors)?**

If (a) or (b), then surely there is a perverse incentive for LAs to increase their HLN spend/no incentive to manage it.

A: We have not yet decided or announced how the High Needs Block will be moved forward from 2013-14, but it is most likely to be in relation to changes in population in the relevant age range. {25/05/2012}

Q: Can you confirm whether it will be possible to move money between the national HLN block and the national schools block (for example, if there is a high demand from local schools and parents for HLN provision): How will this affect mainstream Academy/free school funding?

A: Yes, money can be moved between the local Schools Block and High Needs Block, after discussion with the Schools Forum. As the document explains, mainstream Academies and Free Schools will be funded using the same formula as mainstream maintained schools. {25/05/2012}

Q: For maintained special schools, both base level and top funding are included in the national HLN block. Will base level funding for Academy/free special schools in the local area also be regarded as being part of this 'national block' (even though funds are provided directly by the EFA) or does it stand separately?

A: It is part of the national High Needs block. {25/05/2012}

Q: Some LAs have delegated a significant proportion of mainstream statement funding (which goes above the £10K threshold). Schools may be reluctant for this funding to be withdrawn. As an alternative, would it be possible to identify a proportion of delegated funds as being for HLN purposes?

A: It would be possible to do this, but we would strongly recommend LAs to move as far as they can towards the new threshold. If they continue to delegate much larger sums, one consequence will be that the top-up funding in their mainstream schools will be low and this will benefit neighbouring LAs who place high needs pupils there. {25/05/2012}

Q: Can we hold a contingency for in year adjustments to high needs e.g. movement of pupils with statements, additional provision in Special schools & other settings, where the full budget is not allocated at the start of the year?

Certainly, and indeed the full budget will not be allocated at the start of the year, since in future only the base funding (£10,000 per place) will be confirmed at the start of the year, while the rest of the budget will follow pupils. {25/05/2012}

Q: The new system is presenting a number of SEN casework concerns at LA level. Could you please advise on roles and responsibilities within the following scenarios:

Case A

A mainstream academy is asked by the LA to admit a pupil with HLN. The school says it cannot provide the first £10K of support as this money is already tied up with provision for a broader range of SEN pupils. The parents are unsure what they can reasonably expect as the school and LA are saying different things. How should this be resolved?

A: The local authority should have agreed with all its local schools and Academies arrangements for how much mainstream schools will contribute to high needs pupils, so that this situation does not arise. {25/05/2012}

Case B

Q: A special school decides to set its own top up rates. It is the only special school provision in a small LA. These rates are higher than the current banding levels and will incur significant additional spend. How should this be resolved?

A: The local authority and the school should discuss the situation. It is open to the local authority to start recommending other provision to parents if it does not think that this provision provides value for money. {25/05/2012}

Case C

Q: A Local Authority has tended to rely on a special school in a neighbouring area to make provision for some of its children. In discussion with parents and other stakeholders, it now wants to use this funding to help develop provision that is more local. The other LA special school has been granted Academy status.

Will the EFA be prepared to release place funding from the Academy to allow this to happen?

A: There are two separate issues here. The place funding for the Academy should be reviewed by the EFA on the basis of how many pupils, from all potential commissioners, the Academy is likely to attract. Separately, the LA should approach the EFA for place funding for its more local provision, and demonstrate how many pupils are likely to use that. {25/05/2012}

Top up payments to specialist settings

Q: Throughout the document, reference is made to top up funding being given to providers “on a per-pupil or per-student basis, will move in or close to real-time movement of the pupil or student, and will flow directly between the commissioner and provider”. For our maintained special schools, we currently fund an agreed number of places, across 4 bands for a term at a time, based on actual admission on one census date. Will this still be allowed, or will payment move to cover actual days of admission only?

A: Payment will move to reflect the actual time that the student is in the school, though you might want to agree with your schools to count that on a monthly rather than daily basis. {25/05/2012}

Alternative Provision

Q: Can you please confirm that funding currently held within line 1.3.3 of the S251 statement, Education out of school, will continue to be centrally managed by LAs and funded through the High Needs Pupils Block?

A: Yes, we can confirm that - see Annex 4 to the document. {25/05/2012}

Q: We currently commission AP for yr 10/11 pupils who are hard to place and not on a school roll. How will these pupils be counted for funding in the future? Can we use the HN block to fund the administration and cost of arranging and paying for education for these young people?

A: The funding for such pupils would form part of the High Needs Block. To the extent that you are properly able to use DSG to fund arrangements for the education of these young people at present, you would be able to continue to do so from the High Needs Block. The School Finance Regulations contain definitions of what is properly chargeable to the Schools Budget/DSG and what to the Local Authority Non-Schools Budget, financed from formula grant and council tax. {25/05/2012}

Q: A question on the HNB and the need for a banding and tariff funding model. We all seem to be scratching our heads as to how we can work on HNB modelling without a steer as to what a banding and tariff model may look like for the EHCP? Any suggestions? I have read through the Support and Aspiration: A New Approach to SEN and Disability. Document issued 15 May 2012 but it is vague on the National Banded Funding Framework section at page 83?

A: The Government will not be producing a national banding and tariff model in the near future - local authorities will need to work out their own arrangements. At the simplest, they can convert special school budgets into base funding and top-up as discussed in other FAQs, and set a tariff or tariffs for each school according to what it needs in order to provide the education. They may wish to go further and look at banded tariffs, but it is always likely that flexibility will be needed for particular schools and particular pupils. {25/05/2012}

FAQs from 17/05/2012

Q. We attended a DfE meeting on the 27th April where it was discussed and confirmed that there was to be a split site factor for Special Schools, however the FAQs on the DfE website now says that there can't be. We are now trying to model the changes so please would you confirm which is correct.

A. We apologise for causing any confusion. As we have said in the FAQs (see the answer given on 3 May), there will be two elements of funding for special schools: the place funding of £10,000 per planned place, and the per-pupil top-up funding. The document does not envisage any other factors for special schools. The top-up funding should be calculated so as to cover the total cost of educational provision and education support for the pupil in a particular setting. {17/05/2012}

Q: Will the data for underperforming pupils in SEN units be included in school SEN prior attainment data? If so, schools could receive significant additional funding per pupil through that mechanism in addition to the £10k core funding per place. This means that the school will potentially receive considerably more than £10k per place/pupil in the SEN unit. Can you please confirm that this can be taken into account in a decision as to how much further top up is allocated?

A: Pupils in SEN units will be included in the SEN prior attainment school data, and indeed they will be included in any of the pupil led factors used in the formula (deprivation, EAL etc). As local authorities will know who these pupils are we would expect them to decrease the school's 'Number on Roll' to reflect the number occupying the High Needs Places. This would then mean that the school would attract 'low cost, high incidence SEN' funding on the basis of a percentage of this deflated value.

If it is the case that the school has a high proportion of Place Led places and the pupils in them are different from others in the school, so that the above process is not sufficient, the additional funding a school receives through the main formula for pupils in SEN units can be taken into account in a decision as to how much further top up the school will receive.

Q. Is the intention that the funding for any statemented pupils who currently receive additional support worth less than £6k in total via a specific allocation should be included for delegation to schools via attainment data? This would only leave pupils who receive more than a £6k allocation being given a specific statementing top up over and above the £6k? This will result in all funding up to £6k per statemented pupil being delegated out to schools via a formula rather than being allocated from the high needs block.

A. Yes. Our strong recommendation is that local authorities bring their levels of delegation into line such that mainstream schools and Academies would be expected to contribute the first £6,000 of a pupil's support above AWPU. This funding for schools and Academies would come from the Schools Block, rather than the High Needs Block, and this may require authorities to make some adjustment between the High Needs Block and the Schools Block. The funding would be part of the school's notional SEN budget, which does not all have to be put out through attainment data – it is likely to include a combination of AWPU, deprivation and attainment. Above the £6,000, pupils in mainstream settings would receive top-up funding from the High Needs Block. It is also important to note – as we do in paragraph 3.1.8 (p.34) – that the definition of a high needs pupil or student is not tied to having a statement of SEN.
{17/05/2012}

Q. For a child in a maintained school with high-incidence low-cost SEN up to £6,000, is this funding in the Schools Block?

A. Yes. {17/05/2012}

Q. Is there an expectation that place funding will be released on a monthly basis?

A. Yes. {17/05/2012}

Q. For a child in a maintained school but not in a designated special unit or resource base, for whom we would provide “top-up” funding above £6,000, is the £6,000 in the Schools Block and the “top-up” in the High Needs Block or is all the funding in the High Needs Block?

A. For a high needs pupil educated in a mainstream setting and not placed in a special unit / resourced provision, elements 1 (AWPU) and 2 (£6,000 from the notional SEN budget) are funded through the Schools Block, and the “top-up from the High Needs Block. We are considering providing clarification in the guidance document that accompanies the modelling tool. {17/05/2012}

Q. Will local authorities be able to fund SEN central services from the High Needs Block?

A. Yes. Local authorities will be able to manage their high needs budget flexibly so as to ensure that they commission the services that meet local need most effectively. It is likely that there may be a number of areas of provision that local authorities wish to fund from the High Needs Block that do not relate directly to per-place base funding for providers or top-up funding for individual pupils. One of these areas may be central support services for high needs pupils – for example, a service for the hearing impaired, or a children out-of-school support service. {17/05/2012}

Q. Annex 5A paragraph 37 states “LA to include details of pupils based in independent AP providers in pupil census returns to receive base funding in High Needs Block.” This appears to contradict info in 2.2.10 which states “PRU census or AP census in January would not be used for funding and proposes that notional High Needs Block will use 2012/13 Section 251 Budget statements as a baseline.” Can you clarify how we would provide details of our pupils placed in Independent AP providers to receive base funding?

A. We apologise for any confusion caused. The section you cite in Chapter 2 refers to the fact that the allocation of funding for pupils in AP will be based, like the overall High Needs Block, on current budgeted spend in 2012-13. The section in Annex 5A refers to the fact that the document envisaged local authorities notifying the EFA of the number of pupils placed in independent AP settings.

Neither the PRU census nor the AP census will be used to calculate the overall High Needs Block for the local authority, but would be used to enable the EFA to calculate the place-led and pupil-led components of the High Needs Block. This to ensure that the local authority has the base funding for the placement in an independent AP setting, which can then be passed on with the total fees for the placement. We explain in more detail the distinction between the place- and pupil-led components of the High Needs Block in the document (paragraph 3.6.11, p.42).

Linked to this, we are also considering the way in which independent and non-maintained special schools will receive base funding. In particular, we are considering whether these settings would receive their base funding in the same way as independent AP providers (passed on as part of the total fee), or direct from the EFA on the basis of an agreed number of planned places. {17/05/2012}

Q. Special Schools in MK have local bank account arrangements. Is there an expectation that academy and maintained special schools invoice the commissioning authority in the same way as the non maintained sector?

A. Under these reforms, funding relationships between commissioners and providers in relation to the per-pupil top-up funding will work on the same basis for all providers. We do not think that an invoicing system should be necessary – the commissioner should be able to make monthly payments on the basis of the initial contract. {17/05/2012}

Q. Will a special school be able to cease provision for a pupil if the commissioner is lax in paying or does not make payment?

A. Local authorities and schools remain under the same statutory obligations as at present in relation to students with SEN: the high needs funding reforms do not alter the current statutory framework. There will need to be clear responsibilities and timescales for making payments. We will back this up through the DSG conditions of grant. {17/05/2012}

Q. Schools with local bank accounts are not expected to be over drawn (i.e. borrowing funds). Who will be responsible for providing additional funding to a special school with a local bank account which is overdrawn?

A. Responsibilities for this will not change as a result of the high needs funding reforms. We would expect schools to plan their finances effectively to avoid such instances. As explained above, commissioners will be under an obligation to make timely payments. {17/05/2012}

Q. We have tried to model the special school budgets but the base amount of £10,000 is far too low for Inner London authorities. Moving all the other current special school funding into a banding and top up system means that the banding rates will vary between phases, we do not understand how this proposal supports local, regional or national banding proposals. Can we have different levels of banding for different phases of school?

A. The £10,000 base funding is intended to be only part of the funding for special schools – the direct relationship between commissioner and provider in relation to educational issues and the top-up is important. Top-up funding should be arranged so as to cover the total cost of educational provision for a pupil in a particular setting. Local authorities may consider the use of local banded funding frameworks, but the rate of top-up funding paid should reflect the needs and costs associated with the individual pupil and the setting in which they are placed. As such, any bands used by local authorities will need to be sufficiently flexible to take account of this. {17/05/2012}

Q. Is there not a danger that paragraph 3.1.7 will encourage the view that the description of a high needs pupil at over £10,000 support will be the trigger for a Statement of SEN / EHSC Plan?

A. It is not our intention that the sum of £10,000 is the dividing line between those who require a statement of SEN and those who do not.

For those children with SEN, the high needs reforms mean that schools will receive delegated budgets that are not driven through formula about the number of individual children with SEN. This is the same as the current system, and, as now, schools will continue to be required to use their best endeavours to meet the SEN of all their pupils without statements from the total of their delegated budgets. In considering a case for a statutory assessment, each local authority currently pays regard to a number of factors about the child's needs and the provision already made by the school – these are referenced in Code of Practice, paragraphs 7:35 and 7:50 – rather than a specific financial amount. We do not see the criteria as changing, simply that there will be much more consistent levels of resourcing across all local authorities. We also believe that the proposal for a local offer will help local authorities and schools be much clearer about what the provision that is expected to be made at school and local authority level.

Decisions about statements need to be driven by consideration of a child's needs and the provision s/he requires rather than by sums of money.

We also need to remember that the high needs funding reforms include a wide range of vulnerable children, not all of whom have SEN, and therefore for whom the question is not applicable. {17/05/2012}

Q: A set of questions on post-16 funding

If we're giving providers money, we'll need to contract. Separate contract / Grants for the EFA funding (Elements 1 and 2) and LA funding (Element 3) cannot be helpful. Might there be a single-contract (shared EFA/LA) option, to minimise bureaucracy? Despite the 'lead-LA' role suggested, some providers will have a number of different LA contracts for the top-up funding, as well as their EFA contract.

A. We are considering the contracting arrangements that would underpin the new high needs funding arrangements. We are working closely with the EFA and the Local Government Association to develop sensible and appropriate processes, in particular in relation to contracting. We will provide further details in due course.

As we have set out in the document, we are absolutely clear that these arrangements must not create unnecessary bureaucracy. At the same time, however, we would not want to create systems that would preclude or obstruct dialogue between the commissioning local authority and a provider about a pupil or student, their needs, and expected progress. Local authorities will need to fulfil their statutory duties to review placements of high needs pupils and students. {17/05/2012}

Q: The 'lead' LA arrangement suggests the 'lead' will be on 'student progress' issues. Presumably that won't be the case where the progress (or any lack of it) is likely to mean some change to the funding, e.g. any requests from providers for additional funding for an extra term, etc.? The commissioning LA will need to lead on that.

A. We have not suggested anywhere a "lead LA" arrangement. As we set out in the document (paragraph 3.8.7, p.34), we would expect local authorities to work together and with providers to develop appropriate and consistent approaches for reviewing pupil and student progress. This would include avoiding duplicating tasks that are carried out by other local authorities or the EFA where appropriate. As we have said in response to the preceding question, local authorities will need to keep placements under review and ensure that the top-up funding

provided is appropriate to the pupil's or student's need. One of the principles of the high needs reforms on which we consulted in July was that the commissioner should monitor the effectiveness of a placement; another was that funding should not be seen as fixed, but should be responsive to the needs of the individual pupil or student. {17/05/2012}

Q: LAs working together. Where do you draw the line? Does the EFA assume we'll liaise with every LA importing a high needs resident from our area ... and vice versa? I realise the numbers aren't huge, but the amount of effort could be disproportionate and resource-intensive.

A. Local authorities will need to develop effective and appropriate ways of working together with other local authorities, including planning provision across settings from which they commission provision. At the same time, by replacing the system of inter-authority recoupment with one of direct funding relationships, we would expect that funding discussions would take place directly between the commissioning local authority and the provider. {17/05/2012}

Q: Will allocations be based on all LA-resident high needs learners at any YPLA / EFA funded institution this year, including those outside our LA area? Can the EFA data on this be shared early to enable better planning with other institutions now, by LAs ?

A. Allocations of element 1 and 2 funding for post-16 providers will be based on pupil or student numbers from the last full academic year. The EFA is working to provide data to enable local authority planning of post-16 high needs provision as soon as possible. {17/05/2012}

Q: Will Post-16 and Pre-16 funding allocations for the High Needs Block be separately identified and notified in a way that makes it easy to identify first intentions? (I understand there will also be a combined pre and post-16 number too.)

A. We will make clear the source and amount of all the elements that come together to make up the High Needs Block. The purpose of bringing pre- and post-16 high needs funding together, however, is to enable local authorities to plan, commission and use funding flexibly across the 0-25 age-range. {17/05/2012}

Q: Since post-16 providers, of whatever type, are required to be treated in the same way as regards how top-up funding is deployed, we assume there's no expectation that pre- and post-16 funding arrangements will also be the same?

A. We explain in the document that our intention in introducing these reforms is to align pre-16 and post-16 high needs funding more closely. We consider that the introduction of the place-plus approach will achieve a closer degree of alignment, such that high needs funding is arranged on the basis of a single set of principles across the 0-25 age-range. We explain the slight differences with regard to the operation of element 1 and 2 at length in the document (see sections 3.5, 3.6 and Annex 5A). Top-up funding pre- and post-16 will be arranged on the basis of the individual pupil or student, their assessed needs, and the total cost of educational provision in the setting in which they are placed. {17/05/2012}

Q: The Paper talks about introducing 'equivalence' in the funding across providers at the start of the 'financial year 2013/14'. So, does that imply our 12/13 academic year student funding and contracting arrangements will need to be set up to change to the new system for the summer term 2013 ?

A. No. In announcing the high needs reforms, we stated that we would introduce these new arrangements *from* the start of the financial year 2013-14. For post-16 providers that are funded on an academic year basis, the new arrangements would come into effect from the start

of the academic year 2013/14. We will provide further clarification on the precise timings of the introduction of these reforms shortly. {17/05/2012}

Q: Can we assume there'll be a facility to fund the additional staffing burden on LAs and that there'll be a 'topslice' facility, though no doubt a limited one, as with the Bursary Fund (5%). Is that the EFA intention?

A. We are not proposing to change the rules relating to the use of DSG, which in general require administrative costs to be met from the local authority's budget outside DSG. We do not believe that there should be an overall additional staffing burden on LAs, since we are abolishing inter-authority recoupment, and LAs should already be dealing with providers of high needs places regarding the educational needs of the pupils and students that they place. {17/05/2012}

Q: Just a comment: national banding systems and regional budgets make more sense and make more efficient use of public funds, not just in saving us all from creating lots of new bureaucracy (150 versions / new contracts ??), but also in ensuring budgets are deployed efficiently to meet peaks and troughs in different LA areas over the years. The taxpayer / public purse generally may lose out under these plans.

A. We announced in the SEN & disability Green Paper and in *School funding reform* that it is not Ministers' intention to set up a system of national tariffs for high needs provision. The reasons for this are made clear in Chapter 5 of the Green Paper. There is, however, nothing to stop local authorities working more closely together at a supra-local level to plan and commission provision, and arrange funding. Indeed, we have stated in the Green Paper and *School funding reform* that this is something Ministers' wish to encourage local authorities to explore. We have also stated in *School funding reform* that we want to avoid unnecessary bureaucracy. We are working to ensure that the processes that underpin the new funding system are consistent, appropriate and non-bureaucratic. {17/05/2012}

Q. The consultation seems to suggest that there is a burden for schools for temporarily exclude pupils, to be responsible for their alternative provision after day 6, but they are not responsible for the pupils if they permanently exclude them. Does this mean there is an incentive for schools to permanently exclude pupils?

A. This question has been raised in a number of responses to the high needs reforms. We are re-considering this issue in light of the comments we have received. We are clear that we do not want to cut across the financial and commissioning responsibilities of mainstream schools and Academies under the current statutory framework. Furthermore, we do not want to create potential perverse incentives that could prevent young people from getting the support that is right for them. {17/05/2012}

FAQs from 10/05/2012

Q: Changes to EYFSP - There are changes proposed to the framework for EYFSP from September 2012 (June 2013 results) can you confirm how the indicators permitted to fund low cost / high incidence SEN will be amended to reflect these changes?

A: We are aware that the EYFSP will be undergoing some changes from 2013-14. These changes may require us to set a new low cost/high incidence SEN measure from 2014-15. We will be looking at this over the coming months as the new EYFSP develops. {10/05/2012}

FAQs from 03/05/2012

Q: Could you please clarify how the MFG calculation will work for Special Schools if the budget for the top up element is being determined by a number of LA's? How will this work in relation to LA's informing each other in order to perform the MFG calculation. This calculation is also of particular importance if another LA's top up payment results in less funding with the host LA then being responsible for funding additional MFG to that school as a result.

A: Only the host LA has to perform the MFG calculation, and it then applies only to the pupils from the host LA. It is a guarantee of funding per pupil from the host LA, not of overall budget. {03/05/2012}

Q: Special schools – we have tried to model the proposals but please can you confirm that

- a. **There are no lump sums allowed for special schools**
- b. **Our current formula for special schools has various factors including significant grant funding including specialist status for one school – if we add into the banding there are going to be significant differences between mainstream and special school banding this will not equate with national banding levels do you have any advice on how to deal with this issue?**
- c. **Will there be a limit on the amount of funding that can be allocated for split site funding?**
- d. **If items are included in special school budgets for example outreach or exceptional needs funding does that count in the -1.5% MFG cash level?**

A: The essential point to note is that the future funding system for special schools (and units) is very different from that for mainstream schools. It does not include any of the factors set out at paragraph 1.3.6. It has only two elements - base funding per place - planned to be £10,000 - and top-up funding per pupil. So there are no lump sums, no split site factors, no other factors at all. All of this needs to be covered through the top-up funding. It is therefore to be expected that even where a local authority uses banding, the precise top-up levels will vary from school to school according to necessary costs of the school.

If a local authority funds a special school for other services such as outreach that are not related to the pupils in the school, it can decide to fund these by devolution from the high needs block rather than to include them in the top-up funding. In that case they would not be taken into account in the calculation of the MFG for the top-up funding. {03/05/2012}

Q: There is significant turnover of pupils within PRU's, given that the base funding of only £8k will be paid for each place is the expectation that top up funding will then be recalculated each time a pupil moves in and out of the PRU depending on the particular needs of those pupils?

A: Top-up funding is not part of the delegated budget and it will follow pupils in real time (paragraph 3.7.5). The extent to which funding will vary according to the needs of different pupils is a matter for local agreement. {03/05/2012}

Q: Following a review this year of our mainstream resource bases, we are planning to 'recommission' this provision, so that it is a better fit to the current needs of our HLN

pupils. A number of bases have empty places and the pattern is largely historic. Do the proposed funding reforms limit our capacity to do this ?

Possible issues:

- (i) Expectation that total funding for 2013-14 will not be more than 1.5% below the funding the host school received in 2012-13.**
- (ii) Disincentive to rationalise provision if LA HLN block for 2013-14 is to be calculated on existing spend**
- (iii) Potential impact of host school conversion to Academy status**

A: The new system will compel review over time, in that the number of places will have to be reviewed at least every two years and the EFA will not want to provide local authorities with continuing funding for empty places. For 2013-14, the general principle set out in the 26 March document is that places will be funded "as is", so that if the local authority wants to amend its numbers in 2013-14 that will require discussion with the EFA.

There is not an expectation for specialist provision that total funding will not be more than 1.5% below the funding received in 2012-13. Rather, there is an expectation that this would be true if all the places were full, since the MFG for special provision is attached to the pupil top-up funding rather than to the places. A school with empty places in its specialist provision can expect less funding if it does not fill the places.

The High Needs Block for 2013-14 will be calculated starting from the 2012-13 section 251 budget return, which local authorities should already have filled in.

Academies and maintained schools will be funded on the same basis in relation to high needs in the new system. {03/05/2012}

Q: Your FAQ responses on the funding of special schools appear to suggest that LAs will be able to agree 'top-ups' in advance, on a planned place basis, rather than negotiating levels for each individual admission. This seems sensible and will reduce the potential for adversarial relationships between schools, parents and LAs at a sensitive point in the placement process. Could this approach be usefully extended to use of other LA provision and the independent/non-maintained sector ? (ie proactive commissioning and funding of places by LAs who wish to use this provision on an ongoing basis, as opposed to individually negotiated top-ups)

A: The FAQ response does not suggest that. Top-up funding is related to individual pupils and is to be paid for the period when the pupil is in the school and not otherwise. Paying top-up for unfilled places amounts to a return to place funding and potential perverse incentives for placement. {03/05/2012}

Q: Can you please clarify further how the new system will work in the absence of inter-LA recoupmnt ? How will you ensure that LAs using other Authorities' provision make an appropriate contribution from their own HLN block/that HLN blocks are properly adjusted to take account of a provision maintained by one LA being more broadly used ?

A: We will be adjusting the High Needs Blocks for authorities in 2013-14 to take account of the abolition of recoupment in relation to base funding. The EFA will publish details of the checking arrangements for this in due course. Top-up funding will be paid directly by the commissioner to the provider. {03/05/2012}

Q: While I understand that, for Academies/free schools (special and mainstream with resource bases/unit) will receive their base-level place budgets direct from the EFA, how does this interact with the LA commissioning role ? Will this funding be topsliced from the overall HLN system before individual LA HLN blocks are constructed ? Or, will costs be deducted from the individual LA HLN allocation ?

A: This will all be part of the overall adjustment to high needs blocks for 2013-14. {03/05/2012}

Q: A number of Local Areas have introduced a system of mainstream 'cluster/family' budgets for HLN pupils. These allow greater flexibility to meet the majority of needs locally, while maintaining a system of central allocations for children with very significant and complex difficulties. Will you allow Local Areas to continue this successful practice, in the same way as you are encouraging devolution of HLN funding for AP to groups of mainstream schools ?

A: Any such arrangements would need to be within the High Needs Block. On that basis, they could be used either to provide additional funding to schools that have an unusually high number of pupils with SEN (paragraph 8 of Annex 5A), and/or to decide on the level of top-up funding for individual pupils at schools within the cluster. {03/05/2012}

Q: The Government appears to be keen on collective school commissioning of PRU/AP provision. How will this work with PRUs that are granted academy status ? Will the EFA devolve both base and top-up funding to groups of schools and regard these groups as having delegated commissioning responsibility for the PRU academy provision ?

A: In the system as proposed from 2013, base funding for Alternative Provision Academies will come from the EFA. Top-up funding can certainly be devolved by local authorities to groups of schools. The Government is currently conducting pilots on the future role of schools in AP. {03/05/2012}

Q: High cost block and SEN centres in academies

Where an academy has an SEN centre, is it anticipated that funding under the "new system" will be at £10000 per place plus per pupil top-up from April 2013 or that this will only start from the start of the following academic year ie September 2013?

Similarly for any special schools and PRUs which are already academies by then?

A: Local authorities should assume that from their point of view the new system starts from April 2013. The EFA will make any necessary adjustments to cope with the Academy financial year, and will give further details about this later. {03/05/2012}

Q: You make it clear in the FAQs that there will be no lump sum for special schools and that the top up should take account of different base costs. Surely this will encourage LAs to place high needs students in larger special schools where the top up will be less? Is this not introducing a new perverse incentive?

A: A perverse incentive is where the incentive does not reflect the actual costs. The new system will clarify the actual costs in all institutions, whether they are maintained, Academies or non-maintained/independent. It will then be for authorities to consider the needs of the child, the wishes of the parent and the costs of the provision. {03/05/2012}

Q: An example is given of where an LA may need to provide the top up to include element 2 funding if the school says that it has insufficient resources. Schools will increasingly make this case and how is the LA to determine whether this is correct – particularly if the school is an academy or in another LA? Does the DfE intend to give further advice on this?

A: We do not have an example that says this. We say that the school and the LA may need to agree on the size of element 3 in some cases. We would expect this to be a matter of dialogue between the parties, and Example E in Annex 5B explains what the outcome might be. {03/05/2012}

Q: The document is unclear whether the new high needs arrangements, particularly in mainstream schools (as special schools initially have the protection of the MFG) apply to existing students or only to newly assessed students.

A: They apply to all students. The local authority will need to review for 2013-14 the notional formula for SEN and the threshold beyond which top-up funding should apply, and agree this with local providers. It would not be practicable to do this only for new students. The local authority and schools should work together to ensure continuity of provision for students. {03/05/2012}

General questions

Q: Is it possible to publish a précis of high needs funding flows in a diagrammatic form to assist understanding? Although the examples are helpful, they do not cover all potential situations and we are unclear whether we are interpreting the document correctly. At present it is difficult to see how the local authority might start to calculate the budget requirements for special schools, Academies, LDD etc.

A: We will consider requests to publish further explanations of the reforms set out in *School funding reform*, including in diagrammatic form. In relation to pre-16 SEN and AP, the example below may be helpful. The illustrative example of a special school at Annex A of this document may be helpful. In relation to post-16 SEN and LDD provision, we will provide further information on the basis on which to calculate base and top-up funding in line with a reformed national 16-18 funding formula in due course. {18/04/2012}

Q: Annex 5C suggests that funding for elements 1 and 2 for pre-16 and post-16 pupils in mainstream Academies or Free Schools will be passported through the maintaining authority. Is this correct?

A: This is an error in the document, and we apologise for any confusion that this may have caused. Funding for elements 1 and 2 for pre-16 and post-16 pupils in mainstream Academies or Free Schools will be received by the Academy or Free School direct from the Education Funding Agency. {18/04/2012}

Q: Can you confirm exactly what funding will come direct to providers from the Education Funding Agency (EFA)?

A: The following pre-16 SEN and AP settings will receive funding direct from the EFA:

- mainstream Academies and Free Schools will receive their mainstream per-pupil funding (element 1), including their notional SEN budget (element 2);
- mainstream Academies and Free Schools will receive their base level of funding (equivalent to elements 1 and 2) for an agreed number of planned places in designated special units or resourced provision; and
- special Academies and special Free Schools, and AP Academies and AP Free Schools will receive their base level of funding (equivalent to elements 1 and 2) for an agreed number of planned places.

For maintained pre-16 SEN and AP settings in mainstream and special schools, this funding will be passported through the maintaining local authority.

All post-16 SEN and LDD providers will receive mainstream per-student funding calculated through the national 16-19 funding formula (element 1) and an allocation of additional support funding (element 2). The following settings will receive this direct from the EFA:

- further education colleges;
- independent specialist providers;
- post-16 provision in special Academies and special Free Schools; and
- post-16 provision in mainstream Academies and Free Schools.

For maintained post-16 settings in mainstream and special schools, this funding will be passported through the maintaining local authority.

All settings would receive top-up funding (element 3) from the commissioning local authority (or commissioning school or Academy in the case of some AP). This funding would come from the local authority's High Needs Block, which they would receive from the EFA. {26/04/2012}

Q: For a high cost place who is the commissioner for a looked after child placed in the authority be another i.e. a city looked after child in a fostering placement and school within the county?

A: For looked after children, commissioning responsibility is set out in the Education (Areas to which Pupils and Students Belong) Regulations 1996 (the "Belonging Regulations"). These can

be found at <https://www.education.gov.uk/publications/eOrderingDownload/00060-2010DOM-EN.pdf>. {26/04/2012}

Q: Are local authorities required to comply with the Public Contracts Regulations 2006 when considering the placement of a pupil with high-level SEN in a school?

A: No. There are two reasons for this.

- a. First, the requirement to comply with the full tender process only applies in certain instances, which do not include those relating to the placement of a pupil with high-level SEN in a school.
- b. In considering the placement of a pupil with high-level SEN in a school, local authority commissioners should ensure that they comply with the primary legislation in relation to the assessment of and educational provision for and children with SEN.

This is not to say, however, that local authorities should not, within the parameters of the SEN statutory framework, seek to develop new ways of commissioning provision based on dialogue and quality-checking of providers to ensure that the pupils they place in schools receive appropriate and high-quality provision, parents are able to make informed choices, and public money is used to best effect. Those who would like to learn more about innovative and effective examples of such practice may wish to contact the Local Government Association (LGA).

A. The EU procurement regulations

- The requirement to carry out a full tender process in accordance with the Public Contracts Regulations only applies when a contract would be let, that contract is for “Part A” services, and the value of the contract would be more than the threshold of approximately £150,000. In the case of placements of pupils with high-level SEN, where the pupil has a statement of SEN, we would expect the statement to be reviewed annually by the local authority responsible for making and maintaining it. The continuation of the placement, and thus the continuation of the funding for that placement, is dependent upon that annual review. If the local authority was not assured that the placement was not delivering adequate progress for the pupil, then the “contract” with the provider would end. As such, the placement of a pupil with high-level SEN should not be seen as a contract that will be worth a guaranteed amount of money over a specified period of time, for example a number of years. The annual review of the statement means that the contract for funding is effectively made and renewed annually. As such, it is unlikely that the cost of a placement of a pupil with high-level SEN would exceed the threshold of £150,000 for education provision in a single year.
- The provision of education services for pupils with high-level SEN would be defined as a Part B service under the regulations. This means that those commissioning these services are not under a requirement to follow the regulations in full in any event. Provided that a local authority commissioner can show that the process of selecting a placement was conducted by means of a fair, open and transparent process, the local authority’s decision to make a placement could not be challenged on the grounds that a full tender was not undertaken.

B. SEN primary legislation

- Where a local authority proposes to issue a statement or amend Part IV of an existing statement, they must name the maintained school – mainstream or special – that is preferred by the parents, providing that: the school is suitable for the child’s age, ability and aptitude and special educational needs; the child’s attendance is not incompatible with the efficient education of other children in the school; and the placement is an efficient use of resources.
- Parents can make representations for placement in an independent or non-maintained special school. The local authority is required, when making its decision, to have regard to the parent’s wishes so far as that is compatible with the efficient instruction and training of the child and the avoidance of unreasonable public expenditure. Local authorities are required by the SEN Code of Practice to provide parents with a list of all independent and non-maintained special schools.
- Following the publication of the SEN and disability Green Paper, we are also considering how to strengthen parental choice, and improve the information available to parents in exercising this choice.
- Under the current statutory framework and following any reform of the statutory framework, we envisage that placements for pupils with SEN will continue to be determined by considerations of the appropriateness of the provision, whether that placement is consistent with the effective education of other pupils, whether the placement would be an efficient use of public money, and informed by parental choice. Likewise, as under the current system, parents will have means of recourse if they consider that the decision to place their child in a school has been taken without appropriate consideration of these points. {26/04/2012}

Funding for high needs pupils in mainstream placements in mainstream schools and Academies

Q: Level of delegation – it’s not clear how this aligns with mainstream schools e.g. maternity, insurance. Can you clarify?

A: We intend that all funding for special schools should be included within their budgets either as base funding or top-up funding. We do not propose that maintained special schools should be able to formally de-delegate funding in the same way as mainstream schools. Rather, they would be able to buy into services or contingency arrangements out of their budgets. {18/04/2012}

Q: Won’t local authorities need to use the same threshold? Otherwise, won’t perverse incentives still exist?

A: They could do. This is why we have recommended strongly that local authorities should bring their levels of delegation more closely into line and that, in constructing their new mainstream funding formula, they set the level up to which a mainstream school or Academy is expected to contribute to the cost of a high needs pupil at £6,000 above the age-weighted pupil unit. {18/04/2012}

Q: With regard to a high needs pupil attending a mainstream setting – not placed in a special unit, resourced provision or special schools – will element 1 and element 2 funding be recorded in the formula block or the high needs block?

A: This will be in the notional Schools Block, not in the notional High Needs Block. For pupils placed in mainstream settings, however, the top-up funding above elements 1 and 2 will be funded by the commissioning local authority from the High Needs Block. {26/04/2012}

Q: With regard to SEN as part of mainstream funding formula, does the recommended £6,000 per-pupil include the AWPU amount each pupil receives?

A: No. As we set out clearly in *School funding reform* (paragraph 3.5.4), under the new high needs funding arrangements, mainstream providers will be expected to contribute the first £6,000 of additional educational support required by each high needs pupil. By 'additional support funding', we mean funding for the support a pupil needs to access their programme of education above the level of mainstream per-pupil funding. In other words, the £6,000 that a mainstream school will be expected to contribute to a high needs pupil's additional education support provision will be over and above the core education provision for all pupils in the school funded through AWPU. {26/04/2012}

Q: How is the £6k notional SEN calculated and from what factors. We are concerned about how to ensure that smaller schools of say 50 on role have sufficient low incidence SEN to meet the £6k for say 6 pupils with statements?

A: As we set out in *School funding reform*, (see Annex 5C, paragraph 8), the new funding arrangements will include scope for local authorities so that, in locally-agreed circumstances, they will be able to use their notional High Needs Block flexibly to provide additional funding to schools and Academies that have an unusually high number of pupils with SEN and where this is not adequately reflected in the local formula. For example, such instances may include one in which a school establishes a strong reputation for teaching pupils with SEN and receives a significantly higher number of high needs pupils than that for which they would be expected to provide through their mainstream formula allocation. In such cases, the local authority may choose to use its notional High Needs Block to ensure that the school in question is funded at an appropriate level. {26/04/2012}

Q: With regard to the calculation of the High Needs Block, in East Sussex we fund all statements through our funding formula and, in changing our formula, some statement funding (Individually Assigned Resources, or IARs) will be delegated (allocation will be by prior attainment factors). Only the low incidence high needs funding will be removed from delegated budgets. Will we be able to have the statement funding which remains delegated included in our Schools Block allocation rather than our High Needs Block?

A: Under the new high needs funding arrangements, mainstream schools and Academies will be expected to contribute the first £6,000 of a high needs pupil's additional educational support costs (i.e. over above the core education provision provided for all pupils in that setting). Local authorities will need to consider this threshold when constructing their new mainstream funding formula.

Once the new funding formula has been finalised, this will be drawn from the notional Schools Block. Funding above this level, including what may be held centrally and provided as individually-assigned or may be delegated currently, will be included in the notional High Needs Block. There will be dialogue between each local authority and the EFA to ensure the baselines are right. {26/04/2012}

Q: How will commissioner top-up work in practice? If the £6,000 is applied across the board, won't local authorities need to recalculate their 2012-13 budgets to inform the base position to reflect it? Some local authorities don't expect their schools bear this much of the additional cost at the moment (if any), some expect them to bear more.

A: We recognise that different local authorities' delegation practices vary according to the level up to which they expect their mainstream schools and Academies to contribute to the cost of provision for high needs pupils. Our recommendation is that local authorities bring this threshold more closely into line, and do so at a level of £6,000 per high needs pupil. Local authorities will need to consider this when making changes to their mainstream funding formulae for FY2013-14. {18/04/2012}

Funding for high needs pupils in special units or resourced provision in mainstream schools and Academies

Q: Currently pupils in SEN units are on the roll of the mainstream school to which the unit is attached. They receive AWPU funding and any other non-statemented AEN/SEN funding for which they meet the necessary criteria. It seems that in future they would not receive core funding through the main school budget but only High Needs SEN funding. Is that right? Does this mean also that such pupils would not count in the main DSG count?

A: Yes to both questions. Special units will be funded like special schools, with base funding (£10k per place for SEN) and top-up funding. The places, and the pupils in them, will not count towards AWPU or other mainstream school funding. And no pupils in specialist high needs settings will count towards DSG – the notional High Needs Block will be determined in a different way as set out in 2.2.8-10 of the document. {18/04/2012}

Q: Additional Resourced Provision in mainstream – will places in ARPs be funded at a base rate like special schools, or will the children be funded through the AWPU plus FSM/EAL/IDACI like the other children in the school, and therefore only receive the high needs top-up? If the latter, how would the funding for children in ARPs be different from those with statements in mainstream?

A: Designated places in resourced provision in mainstream settings will be funded in the same way as other designated places that are set aside specifically for pupils with high-level SEN, for example in special schools, special Academies and special units. In other words, they will attract base funding of £10,000 for each planned place, on top of which top-up funding will be provided on a per-pupil basis by the commissioner. {18/04/2012}

Q: With regard to a special unit in a mainstream school, will the special unit have a separate budget, and will the £10,000 base funding be included in the unit's budget or in the notional part of the school's budget?

A: Special units will not have a separate budget, but they will be funded in a different way from the mainstream formula allocation for the school. For the special unit, the school will receive an allocation of £10,000 per planned place in the unit. The school will not be expected to meet the costs of the places in the special unit from its notional SEN budget. To confirm, the base level of funding of £10,000 per planned place in the special unit will be separate from the school's mainstream formula allocation, but both of these will be part of the school's delegated budget. {26/04/2012}

Q: With regard to high need SEN pre-16, currently in our resourced provision in our mainstream schools, pupils are registered on roll for the mainstream school and receive AWPU funding. In addition, they receive place funding in the resourced provision. Is the proposed £10,000 place funding in addition to the AWPU funding?

A: No. Under the new high needs funding arrangements, there will be two distinct but broadly equivalent approaches to funding high needs pupils in mainstream and specialist placements respectively. A diagram showing this can be found in *School funding reform* (see Figure 1 on p.43).

Under this approach, where there are places set aside specifically for pupils with high needs, including places in special units or resourced provision designated by a local authority through a statutory school organisation process, these places will attract a base level of funding of £10,000 per planned place. The pupils in them will not receive AWPU funding. For high needs pupils placed in mainstream settings – where a pupil is educated in a mainstream environment and not in a designated place specifically for high needs pupils – the setting will receive mainstream formula funding, including AWPU and a notional SEN budget. {26/04/2012}

Q: Number of places to be funded agreed by who? When?

A: See the response in the section below ('Funding for high needs pupils in special schools and special Academies'). {26/04/2012}

Q: Ability to change during the year / increase number of places? If not, what happens when a school has used all of its places?

A: See the response in the section below ('Funding for high needs pupils in special schools and special Academies'). {26/04/2012}

Q: Where does enhanced resource provision within primary school sits within the proposals.

A: Resourced provision in mainstream schools and Academies, primary or secondary, will be treated in the same way. In short, designated resourced provision pre-16 will attract a base level of funding of £10,000 per place for an agreed number of planned places. Above this level,

top-up funding will be provided by the commissioning local authority on a per-pupil basis.
{26/04/2012}

Q: Pupils attending Additional Resourced Provision in mainstreamed schools do not necessarily always take up full-time places in their own school. Could you please explain how funding would be allocated in the following example: Pupil with hearing impairment is on roll of mainstream school A. She attends Additional Resourced Provision (specialising in hearing impairment) at mainstream school B for 4 days per week, and is integrated in school A for the 5th day. Would DfE need to collect data as to which pupils are accessing ARPs?

A: This would be a matter for local determination. If the commissioning local authority wished to continue to designate the resourced provision, a place in this setting would attract a base level of £10,000. {26/04/2012}

Funding for high needs pupils in special schools and special Academies

Q: What happens to high cost pupils where a special school has an outreach service?

A: Where a special school undertakes functions other than educating pupils on its own roll, the local authority should fund these functions through separate payments to the school from the High Needs Block, other than to the extent that there are local arrangements for mainstream schools to pay the special school for its services. {18/04/2012}

Q: Prevention work, undertaken by outreach forms a significant and valuable part of work being done by our PRUs. How is this to be funded in future or indeed any kind of flexible / creative solutions?

A: This can be funded separately out of the high needs block and devolved to a PRU, or indeed to a special or mainstream school (paragraph 8 of Annex 5A). {03/05/2012}

Q: Our Special school received £84,001 in 12-13 for the Autism support service it provides to our mainstreamed schools. How is the -1.5% cash limit on the school's budget affected, if we de-delegate this amount from the schools budget. Could it simply be deducted from the 12-13 budget prior to the calculation of MFG, so that we are comparing like with like?

A: See the response to the previous question. {26/04/2012}

Q: How will you allow for differences between site costs for special schools, given that there will be a standard level of base funding of £10,000 per place?

A: The base level of funding for specialist settings, including special schools, has two important functions in the new approach to high needs funding. First, base funding will provide an

appropriate degree of predictability and stability of funding for specialist settings in the context of a more pupil-led approach to high needs funding. Second, base funding will ensure that there is equivalence of funding among all specialist settings, as well as with mainstream settings.

Ensuring that the level of base funding is consistent across the country is vital if we are to ensure fairness and choice, and avoid potential perverse incentives to place pupils in one type of setting over another. It is for this reason that we have set the base level of funding at £10,000 for pre-16 high-level SEN provision in special schools, as well as for special Academies, special units or specially resourced provision in mainstream settings, and independent and non-maintained special schools.

Under the new funding arrangements, where a local authority commissioner places a pupil in a special school, the level of top-up funding agreed with and paid to the special school should be such that it should, in addition to the base level of funding, cover the full cost of educational support provision that the pupils requires. As such, any differences between the site costs, or any other differences in the cost of enabling a pupil to access their programme of learning in a particular setting, should be taken account of when setting the appropriate level of per-pupil top-up funding. {18/04/2012}

Q: Given that the funding approach for special schools will be very different to that for mainstream schools, how will LACSEG be calculated for special schools that convert to Academy status? Will local authorities be expected to “renegotiate” the level of top-up funding to recognise the cost associated with the additional responsibilities that will be taken on by a special school converting to become a special Academy?

A: LACSEG is calculated to take account of services that are provided to maintained schools by the maintaining local authority, and for which schools that convert to Academy status take responsibility upon conversion. This is entirely separate from the place-plus approach to funding provision in special schools, special Academies and other specialist settings.

Under the new approach, both maintained special schools and special Academies will receive a base level of funding of £10,000 for an agreed number of planned places, and will then receive top-up funding from the commissioning local authorities that place pupils in those settings. LACSEG will be paid to special Academies in respect of services that the local authority would have purchased and provided on its behalf, while maintained special schools will receive these services from the maintaining local authority. {18/04/2012}

Q: Number of places to be funded agreed by who? When?

A: The number of places will be set initially on the basis of the number of places funded currently. We will collect this information for pre-16 provision during FY2012-13, whereas for post-16 provision this will be based on information from the last full academic year. Thereafter, any changes to the number of planned places would be agreed between the provider and its commissioners, and a case put to the Education Funding Agency as part of a standard annual process. {26/04/2012}

Q: Ability to change during the year / increase number of places? If not, what happens when a school has used all of its places?

A: The current system for managing in-year adjustments, particularly for special Academies, is complex and bureaucratic. As the numbers of special Academies increase, this will become increasingly unworkable. Under the new funding arrangements, the need for in-year adjustments in funding will be removed. A specialist setting, such as a special school, will receive an allocation of base funding for an agreed number of planned places. This allocation will provide the school with a degree of stability of funding for that year. For each pupil placed in the school, it will be up to the school and its commissioners to agree the appropriate amount of top-up funding. This process should take account of the additional cost of admitting a pupil if the school has a significantly higher number of pupils on roll than the number of places for which it is funded. {26/04/2012}

Q: What is intended to be the approach for providing stability in residential special schools?

A: We do not intend to differentiate between different types of institution. The intention behind the base level of funding is that this provides some stability of funding for specialist providers that is consistent across all types of specialist settings and broadly equivalent to the levels up to which mainstream settings would be expected to contribute. Where a high needs pupil or student requires residential provision, we would expect that the top-up funding paid for that pupil's provision would be calculated to take account of this. {18/04/2012}

Q: Am I correct in thinking that there will only be the place factor for high needs pupils and no other factor will be used when funding units and special schools?

A: Yes. {26/04/2012}

Q: Am I correct in thinking that pupils placed in a special school will attract £10,000 per-pupil (element 1, core education funding; element 2, additional support funding) plus top-up funding?

A: This is broadly correct, but it is important not to conflate pupil-led and place-led funding. Special schools, and other specialist pre-16 SEN settings such as special units, will receive the base level of funding on a per-place basis. This base level of funding will be set at £10,000, as you suggest, and will be equivalent to elements 1 and 2 of a mainstream setting's funding.

Where a pupil is placed in a specialist setting, top-up funding above this base level of funding will be provided by the commissioning local authority on a per-pupil basis. {26/04/2012}

Q: Special schools will be funded on places and therefore will have ghost places. Will the ghost places be funded using elements 1&2 or elements 1, 2 & 3? The reason I ask this is that the funding rate will be linked to the pupil offer as per the Green Paper, obviously if it is a ghost place the pupil will not exist and therefore element 3 will not be relevant.

A: One of the key planks of the high needs funding reforms is moving away from a funding approach in which special schools receive all of their funding on the basis of planned places, to a more pupil-led funding system in which there remains an element of place-led funding to

provide an appropriate degree of stability to specialist institutions.

Under this new approach, special schools – and other specialist pre-16 SEN settings – will be funded partly on the basis of planned places. These places will attract a base level of funding of £10,000 per place. The figure of £10,000 is equivalent to elements 1 and 2 of high needs funding, as set out in *School funding reform*. Top-up funding (element 3) is not provided on the basis of planned places, but on a per-pupil basis.

As such, a special school may receive funding for 100 places at £10,000 per place. When a pupil is placed in that school by a local authority, the local authority will then pay a top-up amount (element 3), based on the pupil's assessed needs. As we have said in response to other questions we have received about top-up funding, it is a matter for local determination how top-up rates are set, and whether this is done through a local banded funding framework.

We should also emphasise that one of the drivers behind the reformed approach to high needs funding is to ensure that any places that remain empty or are no longer required are not funded indefinitely. We have set out in Annex 5A of *School funding reform* the outline of the process by which a provider's planned places would be reviewed and, if necessary, adjusted.
{26/04/2012}

Additional short-term transitional protection for special schools and special Academies

Q: How will the High Needs Block works for special schools? I understand there will be a MFG sort of protection but does this mean they will have no budget or an indicative budget to work with at the beginning of the year (e.g. higher of the protected amount and the total of £10k x number of planned places + pupil led top up funding)? This budget will change during the year I assume as children come and go? Do you expect each local authority to design a framework/formula to calculate the top-up funding? In doing this, do you expect local authorities in a region discuss among them level of needs and level of funding so that some consistency can be reached - as currently the funding level for similar needs varies in each LA?

A: Special schools, and other specialist pre-16 SEN settings, will receive a base level of funding of £10,000 per planned place. This place-led funding will be their principal source of protection in a more pupil-led approach to high needs funding. For the rest, in planning their budget they will need to estimate how many pupils they will have and what top-up funding they will receive per pupil. In addition, we have stated in *School funding reform* (see. paragraph 1.5.9) that there will be an additional form of protection in year one. We provide an illustrative example of how this would work at Annex A of this Q&A document. {26/04/2012}

Q: Can you please also describe how the budget protection for special schools will operate? I also want to clarify if the current inter authority funding (i.e. income from other LA) will be built into the base line of a school or not. For example if other LA bought 8 places from one of our special schools at @ 16K each = 128K in total, will this mean Coventry's top up protection for this school will include this element, i.e. $(128K - 10 \times 8) \times (1 - 1.5\%) = 47.28K$?

A: In relation to the point about adjusting the baselines of a special school to take account of previous inter-authority funding, as we have said elsewhere in this Q&A document, in

constructing the notional High Needs Block, we will make some adjustments between local authorities, and between local authorities and the EFA, to ensure that the place-led base funding for specialist settings is in the right place.

In terms of the additional transitional protection for specialist SEN settings in year one, as we set out in Annex A of this document, the protection applied to the setting of top-up rates will apply only to pupils placed by the maintaining local authority (or former maintaining local authority in the case of specialist settings in Academies). It will not be the case that local authorities would be required to factor in pupils placed by other local authorities in calculating minimum top-up rates in year one. It would be for the school to explain to those authorities what its top-up rates were. {26/04/2012}

Top-up funding for high needs pupils and students

Q: Are there any examples of banded funding frameworks in relation to high needs funding that can be shared?

A: The SEN and disability Green Paper pathfinders are at present exploring the development of a national banded funding framework. Prior to the development of any national framework, we see that there is a key role for local banding frameworks in discussions relating to top-up funding for high needs pupils and students. We will disseminate shortly the pathfinders' initial conclusions about the key characteristics of effective banding frameworks.

In the meantime, we know that most local authorities operate some form of banding framework to manage funding for pupils with high-level SEN in mainstream and special schools. We are aware of a number of examples of good practice through our work with local authorities involved in the pathfinder programme, including Wiltshire, Manchester, Hampshire and Calderdale. This includes good practice in relation to involving schools in agreeing the different bands and tariffs, and facilitating school-to-school moderation in agreeing funding levels for individual pupils. The Local Government Association (LGA) will be able to direct colleagues to other examples of effective banding frameworks and practice.

We suggest that those wishing to learn more about existing banded funding frameworks may wish to consult with the LGA and their local authority colleagues, and indeed may wish to consider how to bring their existing banding frameworks into line. {18/04/2012}

Q: Is it envisaged that the 'top-up' funding for special schools will be a discrete sum decided on a pupil-by-pupil basis or a fixed sum for each special school based on the specialism of the school (e.g. an amount for a school catering for children with moderate learning difficulties and a different amount for a school catering for children on the autistic spectrum)?

A: This is a matter for local determination. As we have said in *School funding reform: Next steps towards a fairer system*, there is a key role for local banded funding frameworks in discussions relating to per-pupil top-up funding. While we want to ensure funding is driven by the needs of the individual pupil, we do not envisage that there will be lengthy and complex negotiations between commissioners and providers about funding for every single pupil with high needs. This is where local banding approaches may be of great value, as they would offer clear frameworks and processes for managing discussions about pupils' needs, provision and top-up funding.

Local authorities will wish to work with their schools, as well as with other local authority commissioners, to develop appropriate processes for setting and allocating top-up funding to all providers, including special schools. As under the present place-led funding system, special schools may attract a single tariff associated with their specialist, or may attract funding based on a specified number of different levels of provision. {18/04/2012}

Q: Will the top-up funding be determined individually for each pupil through the local offer proposed in the SEN and disability Green Paper? Will local authorities be able to use a standard rate and, if so, will there be any restriction on the number of rates a local authority can use?

A: The Green Paper did not propose that the local offer would determine individually education funding for high needs pupils. The proposals for a local offer is one that sets out what information should be made available to families about provision that is available for children and young people with SEN or who are disabled.

You may be referring to the national banded funding framework, as proposed in the Green Paper. Assuming this is the case, we would refer you to responses to the other questions about banded funding in this section.

Put shortly, it is a matter for local determination how top-up funding is arranged with schools. We suggest that local authorities may wish to consider making use of some form of local banded funding framework, building on those already in use, to do so. This may include looking at standard rates to be paid for particular types or levels of provision, as many existing local banding frameworks do, but this is a matter for local determination. In any case, the top-up rates for each individual special school or unit will need to reflect the costs of that school or unit, so it is unlikely that they can be entirely standard. {26/04/2012}

Q: Do you expect the pupil-led top-up funding to be determined by needs of particular child? This surely will differ if a child attends special school or independent provider? The paper also talk about this being part of the Individual budget – does this mean if parents choose a specific setting then they are expected to pay for the difference, e.g. if the top-up funding for a child according to the needs is assessed at £12k, which means the child can go to local special school but parents choose to go to a independent provider with a cost of £15k, parents would be expected to pay for the £3k?

A: Top-up funding for particular children will reflect both the needs of the child and the costs of the institution – see the response to the previous question. We do not have any current plans for parents to be able to pay top-up funding. The local authority will be expected to pay an appropriate top-up for the school in which the child is placed. {26/04/2012}

Q: With regard to statement funding, we currently do formula adjustments in the following financial year for the actual number of statements in schools based on a termly count. Will we be able to do this in 2013-14?

A: In relation to top-up funding for high needs pupils, we have set out in *School funding reform* that these will be paid in or close to the real-time movement of the pupil into the school. This is a change from current practice, and is designed to ensure that schools get funding promptly for high needs pupils and are not deterred from accepting them. {26/04/2012}

Q: Are you proposing that schools individually work with LAs where they have SEN pupils from out-of-borough?

A: Yes. As we set out in *School funding reform* (see section 3.7), under these new arrangements top-up funding will be provided on a per-pupil basis and will flow directly between the commissioner and provider. This will mean that funding is discussed by the commissioner and provider alongside dialogue about the pupil's needs, provision and expected progress. This will also mean an end to the current system of inter-authority recoupment for pupils placed out-of-borough, and its replacement with arrangements based on direct funding relationships between commissioners and providers. {26/04/2012}

Q: In terms of high cost pupils could you confirm my understanding please. In terms of pupils from outside the LA, the commissioning discussion will take place by the authority placing the pupil. For a County special school, the county would be responsible for commissioning a place for its pupils but for example if the City were to require a place it would be the City entering into the commissioning arrangement direct with the school, could you confirm this is correct please. If this is the case there is a risk in that the special school could determine the places go to the authority that pays the most money - what arrangements will be in place to mitigate this risk?

A: Your understanding is correct. Under the new high needs funding arrangements, we will replace the current inter-authority recoupment system with one in which commissioners and providers have direct funding relationships. In relation to the risk that you identify, we consider that this can be mitigated most effectively by local authorities working together to commission provision on a consistent basis. {26/04/2012}

Constructing the notional High Needs Block

Q: Won't removing recoupment have a redistributive effect here? The impact of removing recoupment vs. 'host' LA being funded for places vs. new funding will match existing DSG. How do these fit together?

A: The introduction of the new place-plus approach to high needs funding will require some adjustment between local authorities, and between local authorities and the EFA. This is to ensure that the base funding for planned places is in the appropriate place to be paid to the relevant providers. These adjustments will not in themselves, however, change the levels of spending power for local authorities. The removal of recoupment will not have a redistributive effect in terms of local authority spending power. {18/04/2012}

Q: How will the DSG be adjusted to account for changes in the population in high cost pupils including those pupils from other authorities in our special schools and academies?

A: As we have set out in *School funding reform* (see paragraph 3.4.5), in constructing the notional High Needs Block, we will need to make some adjustments between local authorities,

and between local authorities and the Education Funding Agency, so that the base funding for specialist settings is in the appropriate place to be paid to the relevant providers. We are still working on the precise details of these arrangements. These adjustments will not in itself create changes to the current levels of local authority spending power and will not affect the total budget available for high needs pupils or students. {26/04/2012}

Q: As current recoupment between authorities is based on unit costs less the LA DSG how will that affect the high cost block allocations?

A: In making the adjustments between local authorities, and between local authorities and the Education Funding Agency, we will reflect the fact that currently funding is recouped above the Guaranteed Unit of Funding (GUF). As we have said in response to the question above about adjusting DSG and constructing the notional High Needs Block, the adjustments to be made will not in themselves create changes to the current levels of local authority spending power. {26/04/2012}

Q: Am I right in thinking you are saying you will use historical data for pre-16 high cost pupils but academic year population for post 16. Will the post 16 allocations be on academic year allocations as per sixth form funding?

A: In relation to constructing the notional High Needs Block, as we set out in *School funding reform* (paragraph 3.4.6) we will use financial year 2012-13 budgeted spend on high needs pupils and the academic year 2011/12 information on high need student numbers and spend for post-16 high needs students.

We will also use this information to set the baseline allocations of place funding for pre-16 specialist settings, and the allocations of additional support funding for post-16 high needs pupils and students (element 2). Thereafter, these allocations will be based on the review process set out in Annex 5C of *School funding reform* (see pp.68-70). {26/04/2012}

Q: High needs block – how will the regional resource held by the YPLA previously for post 16 LLDD be delegated to local authorities? On budget or on spend? How do you work out the share for each local authorities? My understanding is currently there is a massive over-spend in the West Midland region. Does this mean the over spend will be passed to the LAs? If so, is there any expectation for the LAs to manage this?

A: In relation to constructing the notional High Needs Block, as we set out in *School funding reform* (paragraph 3.4.6) we will use financial year 2012-13 budgeted spend on high needs pupils and the academic year 2011/12 information on high need student numbers and spend for post-16 high needs students. We are still working on the details of this. {26/04/2012}

Q: Coventry had delegated the individually assigned resources a few years ago to mainstream schools. This is really funding should be included in the proposed High Needs Block but will be included in our Schools Block in 12-13 section 251 statement. How should we be treating this?

A: As we have set out in our Operational implications guidance for local authorities (see.

paragraph 32), in developing their new mainstream funding formula, local authorities will need to decide on the maximum level of funding that mainstream schools will be expected to contribute to the additional educational support of a high needs pupil. Our strong recommendation is that this level is set at £6,000. Local authorities' new mainstream funding formulae will then be used in the construction of the High Needs Block, though dialogue between each local authority and the EFA about the baselines. This will ensure that funding that may currently be treated as part of a local authority's schools budget, will be included in their notional High Needs Block under the new funding arrangements. {26/04/2012}

Q: Can you explain how High Needs Block funding changes when the number of funded places changes? (i.e. who bears the cost of additional places or benefits from a reduction in the number of funded places)? I understand that the purpose of “place plus” is to avoid “own” maintained special school places being artificially cheaper than OLA or NMI places – but without being clearer about the adjustment process I can’t fully understand whether this will be true?

A: A local authority's High Needs Block will be based on current spend on high needs provision for the immediate short-term, but will be adjusted to allow for the extent to which maintained high needs provision in the authority is accessed by pupils from other authorities. To construct local authorities' High Needs Blocks, we will collect information about the planned places that they fund in specialist settings. We will use this information to calculate the place- and pupil-led components of the High Needs Block. Where a local authority wishes to designate additional high needs places in a setting, they will receive additional base funding for this setting, but their overall High Needs Block will only be increased to reflect the extent to which their provision is accessed by pupils from other authorities.. These adjustments are designed to be neutral in terms of the local authority's overall spending power on high needs. {26/04/2012}

Independent and non-maintained special schools

Q: The consultation proposes that for high needs providers there will be fixed place value transferred to each provider in the independent sector. What will be the process for determining the number of places and which providers will receive this funding? Will there be criteria that a setting has to meet in order to access this funding?

A: We are clear that we must avoid a situation in which independent and non-maintained special schools (INMSSs) are funded in a different way to other specialist SEN providers. We are considering currently whether INMSSs that are dedicated specialist SEN providers should receive base funding, equivalent to that received by other state-funded specialist SEN providers, direct from the EFA or whether this should be passed on to them by placing local authorities as part of the total cost of the placement. As part of this work, we are also working with stakeholders to consider the process for determining the number of places and what the criteria will be for determining which providers receive this funding. {26/04/2012}

Q: Can you give us some idea on when we will have more information about hospital schools and INMSS funding arrangements?

A: We will provide further information about future funding arrangements for INMSSs and hospital schools as soon as we can. We are conscious that we need to move quickly in order

to ensure we can put in place the necessary arrangements by the start of FY2013-14.
{18/04/2012}

Hospital schools

Q: Can you give us some idea on when we will have more information about hospital schools and INMSS funding arrangements?

A: See response to the question in the preceding section ('Independent and non-maintained special schools'). {18/04/2012}

Q: In Camden we have two hospital schools – Great Ormond Street Children’s Hospital and Royal Free. I cannot find any reference in the guidance as to how hospital schools will be funded in the future. Could you advise please whether these will be treated as part of the Schools Block, High Needs Block or funded direct by central government? Could you also confirm how the replacement recoument process will work in relation to hospital schools?

A: As we set out in *School funding reform* (see paragraphs 47-52 of Annex 5A), we are considering carefully the way in which we hospital education is funded in a reformed approach to school and high needs funding. To do this, we are working with the sector to develop sustainable, non-bureaucratic funding arrangements for hospital education. We will provide further details of our proposals in due course. {26/04/2012}

Alternative provision

Q: My local authority’s AP is not arranged in formal places, such as pupil referral units (PRUs). How will this be handled under the new system?

A: A local authority’s High Needs Block will be based on current spend on high needs provision. To construct local authorities’ High Needs Blocks, we will collect information about the planned places that they fund in specialist settings. We will use this information to calculate the place- and pupil-led components of the High Needs Block.

Local authorities that do not organise their AP through planned places will not be disadvantaged by the introduction of the new funding arrangements. These local authorities will have access to the same level of spending power on high needs provision as at present. The pupil-led component of their High Needs Block will simply account for a larger proportion of their High Needs Block than the place-led component. Under these arrangements, local authorities will be able to use their High Needs Block flexibly to commission the provision that best meets local need. Any subsequent adjustments to the place- and pupil-led components of their High Needs Block will not affect the local authority’s overall spending power for high needs. {26/04/2012}

Q: Do we have to issue PRUs with individual school budgets given that we are taking

part in the national AP trial?

And

Q: Will there be any possibility of shadow delegation for the PRU where there are factors that result in delegation at this point in time not being conducive to improving outcomes i.e. previous OfSTED category, a management committee working with a new head to improve outcomes where delegation may loose focus on improvement.

A: As we have stated in *School funding reform* (see paragraph 36 of Annex 5A), we recognise that work is required from local authorities in order to establish clear information about the agreed number of planned places in AP settings, as well as to confirm overall levels of spend on AP, in preparation for the introduction of these reforms. The Education Act 2011 contained provisions that allow finance regulations to be applied to PRUs to give PRUs delegated budgets in the same way as maintained schools. These regulations should be in place by April 2013, and preparation for PRUs being given delegated budgets should assist in establishing clear information about planned places and current funding levels. {26/04/2012}

Section 4.3 – Simplifying funding for free early education

Q: Does the rationalisation of formula factors apply to the EYSFF?

A: The EYSFF can use school formula factors as well as the early years specific factors (deprivation, sustainability, flexibility and quality). Where an EYSFF uses school formula factors, then these will need to be rationalised for the EYSFF just as with school formulae. {18/04/2012}

Q: Can we have a sustainability or sparsity formula factor in the early years single funding formula for free early education?

A: Yes. The early years specific formula factors remain as before - covering quality, flexibility and sustainability and with a compulsory deprivation factor. Local authorities will retain the ability to allocate funding on the basis of a sustainability (sometimes called a rurality) factor. {18/04/2012}

Q: Can we have lump sums for some institutions only?

A: Yes. The EYSFF permits LAs to give lump sums to some providers, and this can continue. Lump sums should though be used carefully and justifiably. {18/04/2012}

Q: Can we have separate transitional arrangements?

A: Further detail will follow shortly. {18/04/2012}

Q: Can stand alone maintained nursery schools (taking nursery age children only) receive the lump sum and other factors like primary and secondary schools, or must all their funding come from the EYSFF?

A: Local authorities are able in their EYSFF to use school level formula factors and provide lump sums to some providers, so these can be used to fund maintained nursery schools. {18/04/2012}

Q: Must funding for high incidence low need/deprivation/EAL be based only on Reception children and above, or can it include nursery children if they have a nursery?

A: Further detail will follow shortly. {18/04/2012}

Q: Does the Deprivation factor in the EYSFF need to change and be in line with the Primary and Secondary? Can it remain as, is even though not using FSM as not applicable and not used IDACI in the same banding methodology advised

A: No, LAs can have a deprivation factor in the EYSFF which is different to that for primary and secondary schools. This can also include using the same measure (eg IDACI) but with different weightings. {26/04/2012}

Q: Does the lump sum applied to Nursery Schools need to be the same as in Primary and Secondary

A: No, it doesn't. {26/04/2012}

Q: Nursery schools and classes previously received standards fund allocations. How do these fit it with the new arrangements? If they are to be distributed via the EYSFF then this will be distributed to PVI providers as well and will have cost implications

A: We do not see the need for any change to current arrangements. The Standards Fund for the extension of the free entitlement ended in 2011-12. From 2011-12 LAs have been funded on the basis of the number of hours attended by 3 and 4 year olds, up to the entitlement of 15 hours, as recorded on the January census. So LAs continue to be funded for the extended entitlement and should be reflecting that in their EYSFF. {26/04/2012}

Q: We have included our Early Years contingency for 12/13 in the contingency line of the S251, which will be in the schools block - but I think this really should be in the EY block. I cannot see how you would get to this information.

A: We will check the block baselines with authorities, but any amount on the contingency line and in the early years column will be included in the early years block {26/04/2012}

Q: Within our EYSFF for our Deprivation supplement, we use each child's IDACI score to arrive at an average score for the provider setting. It is this average score for the setting which then determines the level of Deprivation supplement per hour to pay for each child in the setting so that all pupils receive the same level of funding. Is this compliant with regulations?

A: This approach will be acceptable as it is based on the deprivation of each child attending a setting, which is then combined and expressed as an average for that setting. This is different to an approach which, for example, uses the deprivation of the setting regardless of the characteristics of those children who attend the setting. The latter approach would not be acceptable. {26/04/2012}

Q: Given that all early years settings need to be funded through the EYSFF we would appreciate your advice as to how we can fund PFI costs at our PFI nursery school.

A: The EYSFF will be able to use the same factors as in the main school formula and these allow for the use of a PFI factor. {03/05/2012}

Q: Birmingham City Council has for many years supported full-time places within nursery provision for some children that is over and above the free minimum entitlement, and there has been strong support and commitment from schools to continue to do so. This has been funded by directing additional funding from DSG over above that received for the 15 hours entitlement, to early years settings (with the agreement of schools forum)

The way in which the places are allocated has been substantially reviewed in order to ensure that the places are targeted to those children most in need, in a fair and equitable way. Children will receive funding for full time provision (25 hours) within the EYSFF as long as they meet set defined and prescribed criteria.

Settings offer full time places as follows:

Maintained Nursery Schools offer full-time places to children who are identified as meeting the criteria for a full-time place first, and then offer remaining places on a part-time basis according to the criteria below.

Maintained Primary Schools with a nursery class offer their places to all children on a part-time basis first. If capacity exists after all children have been offered a place, those children identified as meeting the criteria for a full-time place should be offered the place on a full-time basis.

PVI's settings can only offer a full-time place to an eligible child if they meet the settings criteria, and a place is not available in the local area in a maintained nursery school or class

Birmingham strongly believes that flexibility should remain within the funding arrangements to allow us to continue to support the most vulnerable children within our society

In light of the above could you answer the following.

Q1: Will Birmingham be allowed to continue funding full time places in 2013/14 and when a national funding formula is implemented? The guidance issued does not refer to this practice.

A: Yes. It remains for LAs to decide whether to fund additional hours of free early education. {03/05/2012}

Q2: The current Early Years funding shown in Birmingham's S251 budget statement for 2013/14 includes the budget for full time provision in early year's settings. We are concerned that any calculation of a revised schools block GUF will not include the full time provision funding and that this may also be omitted from the Early Years block moving forward.

A: Any expenditure on full-time provision will appear in the early years block, as the baseline for this will include all expenditure distributed through the early years single funding formula. {03/05/2012}

Q3: The Early Years Pro forma does not appear to allow us anyway to record the budget provision for full time pupils, could you please advise as to where this should be recorded.

A: We will consider what adjustment is needed to the Early Years Pro Forma for this purpose. {03/05/2012}

Q: For the Early Years Single Funding Formula (EYSFF) we are basing the Initial indicative budget on the full year, so at the last three census points (for 2012/2013 on the May 2011, October 2011 and January 2012 census points). With the schools funding reform will it still be possible to run the EYSFF in this way?

A: Yes. We are not changing the processes for calculating and adjusting the EYSFF. {03/05/2012}

Q: How does the new system fund 2 years olds which receive support through our nursery and special schools? Does the document suggest that we should not provide places for these children?

A: The funding of two year olds in education comes under the SEN provisions of the Education Act 1996 and therefore within scope of the High Needs Block. Two year olds in special schools should be funded in the same way as other special school pupils. High needs pupils in mainstream settings are discussed at paragraph 14 of Annex 5A. {03/05/2012}

Q: We fund each of our maintained nursery schools for a number of resourced SEN places @£7k per place. Will we continue to fund this through the EYSFF or will this funding come from the High Needs Block?

A: You will be expected to use the high needs block for this purpose (paragraph 14 of Annex 5A). {03/05/2012}

Q: Early Years – Individually Assigned Resources. Should this be in the Early Years block or in the High Needs Block?

A: In the High Needs Block. {17/05/2012}

Q: You mention that you will continue to allow a Flexibility factor to be used in the EYSFF but that it must now be based on child level definitions of eligibility rather than setting. We currently fund this factor based on the flexibility on opening/closing times of the setting. Could you provide an example of how you might define flexibility at child level?

A: We will now require that the deprivation supplement be based on the characteristics of the child, i.e. child level. We do not require child level definitions for any other permissible supplements, such as flexibility. {25/05/2012}

Q: Our four nursery schools have continued to receive the minimum funding guarantee which has maintained their funding at a high level and our funding formula has allocated the former standards funds such as SSG, SDG and EMAG to which they were entitled previously

The consultation states that the MFG will be applied to primary and secondary schools but does not mention nursery schools. From this we assume that they are excluded from the MFG.

The impact on our nursery schools will be to virtually halve their funding from 2013/14 which threatens their viability. We need to know urgently: is the MFG to be applied to nursery schools?

If not, can we provide them with transitional funding (with the approval of the Schools Forum) for one or two years?

A: No decision has yet been made on this, but even if the MFG were not to apply to early years funding, we would still allow local transitional arrangements. Local authorities will have a great deal of freedom over the early years formula and could for example allocate a substantial lump sum to nursery schools. {25/05/2012}

Q: Allowing for the change in funding EY through the DSG to be based on more accurate pupil numbers, can we still hold a contingency for EY adjustments?

A: Yes {25/05/2012}

Q: Currently we use IMD as a deprivation measure, for our EYSFF and Primary and Secondary funding formulae. With the move to using IDACI for Primary and Secondary deprivation funding, will we also have to use IDACI in our EYSFF?

A: No {25/05/2012}

Q: Where do LAs obtain IDACI data for children accessing the free entitlement funding?

A: If a local authority chooses to use IDACI to set the deprivation element of the Early Years formula they can access this data from the following link.

<http://www.education.gov.uk/cgi-bin/inyourarea/idaci.pl> {25/05/2012}

ANNEX A**X SPECIAL SCHOOL****(i) TURNING CURRENT PLACE-LED FUNDING INTO PLACE-PLUS FUNDING (BASE-PLUS-TOP-UP)**

X special school is a school that is funded for 100 planned places. In 2012-13 it is funded through a formula including place funding, premises funding, deprivation funding and a lump sum to produce a total delegated budget of £1.5m.

In order to construct funding for 2013-14, in advance of the introduction of the new funding arrangements, there are three steps that need to be taken. The first step is for the whole of this sum to be turned into a per-place value. The funding per place is therefore £15,000.

Under the new, place-plus funding arrangements, every planned place in the special school will attract £10,000 base funding. As such, the second step in constructing the budget for X special school under the new funding arrangements is to calculate the amount that is to be paid to the school as base funding. Since there are 100 planned places at X special school, the total base funding for X special school is therefore 100 places times £10,000 funding = £1m.

The third and final step is to set the level of top-up funding that will be paid to X special school for pupils placed in the school. As such, the remaining £0.5m of the school's 2012-13 funding is to be expressed as top-up funding. If all the places at the school were funded at the same level in 2012-13, the top-up funding under the new arrangements would be £5,000 per-pupil.

It may well be, however, that the school caters for different categories of special educational needs, or offers different levels of provision according to the severity of a pupil's needs, and thus that different places were funded at different levels during 2012-13. For example, special school X may be funded for four different levels of provision. As place-led funding during 2012-13, these four levels attracting funding that can be expressed as £12,000, £14,000, £16,000 and £18,000 per-place respectively. If there are 25 places for each of these, under the new funding arrangements the top-up funding for the four different levels of provision would be £2,000, £4,000, £6,000 and £8,000, adding back to £0.5m.

(ii) ADDITIONAL TRANSITIONAL PROTECTION FOR YEAR ONE

The figures above are based on the proposition that the budget for the school in 2013-14 is to be about the same as in 2012-13, which would be consistent with the 2011-15 settlement of flat cash per pupil.

If, however, the local authority would be reducing funding for this school, an additional consideration in setting the level of top-up funding to be paid to the school for pupils placed there would be the transitional protection arrangements for special schools, special Academies and special units or resourced provision, set out at paragraph 1.5.9 of *School funding reform*. This stated that we would set, as a condition of grant, that the level of top-up funding provided to these settings by the maintaining local authority (or former maintaining local authority in the case of specialist settings in Academies) would be such that, were all high needs pupils in that setting placed by that local authority, the school's total funding for 2013-14 would not be more than 1.5% below the funding that the school had received in 2012-13.

The target for the budget is therefore $£1.5m \times 0.985 = £1,477,500$. The base funding – of 100 places at £10,000 = £1m – is fixed, so the top-up funding has to add up to £477,500.

If there was a single level of place funding in 2012-13, the top-up in 2013-14 would be £4,775.

If, as in the example above, there were four levels of provision, and thus four different levels of place funding in 2012-13, in 2013-14 the value of each would be reduced by $£4,775/£5,000 = 0.955$. The value of the four top-ups would then be £1,910, £3,820, £5,730 and £7,640.