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# NOTICE OF MEETING

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## SCHOOLS FORUM

WEDNESDAY, 24 OCTOBER 2012 AT 4.30 PM

## CONFERENCE ROOM B - CIVIC OFFICES

Telephone enquiries to Jane Di Dino 023 9283 4060

Email: [jane.didino@portsmouthcc.gov.uk](mailto:jane.didino@portsmouthcc.gov.uk)

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### Membership

#### Schools Members

One head teacher representative - nursery phase

Three head teacher representatives - primary phase

Three head teacher representatives - secondary phase

One head teacher representative - special phase

One academy representative

Eight governors

#### Non School Members

Three Councillors from each political party

One representative from the following organisations:

The Anglican Diocese

The Roman Catholic Diocese

The 14-19 Partnership

The Early Years providers (from the private, voluntary and independent sector)

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(NB This Agenda should be retained for future reference with the minutes of this meeting.)

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: [www.portsmouth.gov.uk](http://www.portsmouth.gov.uk)

## AGENDA

- 1 Apologies
- 2 Declarations of Interest

**3 Minutes and matters arising from last meeting on 03 October 2012**  
(Pages 1 - 8)

**4 School Funding Reform (Pages 9 - 52)**

Richard Webb, Finance Manager, will present the attached report.

**RECOMMENDED:**

**It is recommended that the schools forum:**

- a. Agrees that following confirmation of the 2013-14 DSG, officers will amend the unit values to minimise the impact of fluctuations in funding at the school level. This will be achieved as far as possible by amendment of the values associated with the 'Basic Per Pupil Entitlement'.**
- b. Agrees the proposed mainstream formula factors, together with the choices that the Council has made in implementing these factors locally, as detailed at paragraph 15 and table 1.**
- c. Agrees the proposal to introduce a financial cap to restrict significant increases in schools funding, as detailed in paragraph 18.**
- d. Approves by phase the treatment of the central expenditure items as detailed in table 2.**
- e. Notes that a further progress report will be presented to the December meeting which will include proposals in relation to the use of the central contingency and for funding growth.**
- f. Agrees the proposal for funding of permanent exclusions set out in paragraph 40.**
- g. Notes the proposals in respect of the high needs block and also that a further report will be presented in December.**

**5 Academy Transfers (Pages 53 - 58)**

Mike Stoneman, Strategic Commissioning Manager, will present the attached report.

**RECOMMENDED:**

**It is recommended that the Schools Forum note the content of this report and the following recommendation to Cabinet.**

- a. that the Council seek a contribution of £5,000 from the converting school, towards the costs associated with the academy transfer process on the following basis:**

**The contribution will be capped at £5,000. This will be deducted from the schools account at the beginning of the transfer process. In extreme circumstances the Council may seek an additional contribution if costs significantly exceed the capped figure of £5,000. This will be discussed and negotiated with the School before any further deductions are implemented.**

**6 Closing balances of Charles Dickens Infant and Primary Schools (Pages 59 - 60)**

Richard Webb, Finance Manager, will present the attached report.

**RECOMMENDED:**

**It is recommended that the Schools Forum endorse the transfer by Portsmouth City Council of an amount equivalent of the closing balances of Charles Dickens Infant School and Charles Dickens Junior School to the Charles Dickens Primary School, once the amalgamation process is complete.**

**7 Any Other Business**

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# Agenda Item 3

## Schools' Forum

### Minutes of the meeting held on 3<sup>rd</sup> October 2012 at the Civic Offices

#### Attendance

**Members:**

Suzy Horton  
Bruce Marr  
Mark Mitchell (Chair)  
Steve Sheehan  
Justeen White  
David Wilson

**Representative:**

Gov – Primary  
Gov - Secondary  
Gov – Special  
Gov - Primary  
Gov – Primary  
Gov - Primary

Alison Beane  
Jackie Collins  
Sarah Sadler  
Mike Smith  
Karen Stocks (*for Irene Baldry*)  
Sue Wilson (*for Louise Linscott*)

HT – Special  
HT – Primary  
HT – Primary  
HT - Secondary  
HT – Nursery  
HT - Primary

Carol Damper

EY – PVI

Emily Fletcher

Diocese

**Observers:**

Cllr Rob Wood  
Bev Pennekett

Cabinet Member  
Education Funding Agency

**Officers:**

John Bean  
Di Mitchell  
Maria Smith  
Richard Webb  
Julian Wooster

Head of Building Maintenance  
Head of Education  
Senior Accountant  
Finance Manager  
Strategic Director

**Item****Action**

1. Apologies: Tom Blair, Lynn Evans, David Jeapes, Jayne Pratt

2. Declaration of interests:

Declarations of interest forms were included in the meeting papers. It was requested that members complete and sign the forms and return to Richard Webb.

*Action: All members to complete this if not done already.*

All

It was confirmed that there were no conflicts of interest to items on the

agenda.

### 3. Elect Chair

Mike Smith nominated Mark Mitchell to continue as chair of the Schools Forum and this was seconded by Justeen White. There were no other nominations and the Forum unanimously agreed to re-elect Mark Mitchell. Mark Mitchell accepted the nomination.

### 4. Minutes and Matters Arising from last meeting on 11<sup>th</sup> July 2012

There were no actions arising from the previous meeting.

AMP Meeting Programme. John Bean was asked to confirm if all AMP meetings were still expected to be complete by the end of October 2012. He stated this was the case.

Funding for Exceptional Additional Pupil Numbers. Mark Mitchell highlighted that we need to come up with criteria as to what defines 'significant and sustained increases' with regard to additional funding being made available to schools.

*Action: Richard Webb to bring back proposals to either the next meeting or the December meeting.*

RW

Pupil Premium. Mike Smith highlighted that the pupil premium figure for 2012/13 had been increased to £619 per eligible pupil.

Additional Meeting. Mark Mitchell reminded members that an additional meeting had been called for 24th October 2012 primarily to discuss the School Funding Reforms. Members were reminded that the proposals were out for consultation and that they needed to be endorsed before 31<sup>st</sup> October. It was requested that if there were other things on the agenda that the Schools Funding Reform was dealt with first.

### 5. Schools Forum Constitution

Richard Webb presented a report on the revised Schools Forum Constitution reflecting the Schools Forum (England) Regulations 2012 which came into force on 1<sup>st</sup> October 2012.

The main changes to the regulations relate to the membership and proceedings of schools forums.

The requirement that schools and Academies should have broadly proportionate representation according to pupil numbers in each category is

maintained. However, there is no longer a requirement to have a minimum of 15 people on schools forum. Currently, schools forum has 24 members and no changes are proposed to the membership at this time. Membership composition will need to be reviewed again if more schools convert to Academy status.

The following constitutional criteria remain valid:

- schools forum are required to meet at least four times per year; and
- schools forum is only quorate if 40% of the membership is present.

One of the main changes under the new regulations, is that all meetings of the schools forum must be public meetings and all papers considered by the forum and the minutes of their meetings will be published on the Council's website.

There will also be a restriction on local authority members and officers who are not members of the Schools Forum taking part in its meetings. The Education Funding Agency (EFA) has been granted observer status at Schools Forum meetings. This is intended to provide support to the local process and provide a national perspective.

With regards to voting, all Members are entitled to vote on all matters put to a vote. However, only school members and those who represent early years providers, are able to vote on matters relating to the funding formulae.

Due to the fact that there were likely to be a number of academy conversions over the next 12 months it was questioned how the number of academy representatives on the forum would be addressed. It was confirmed that academies don't need to be represented by phase just by proportion of pupils. It was also confirmed that if a school of an existing member were to convert to an academy then that member would need to resign as they would no longer hold the office for which they were nominated. If individuals have a dual role they can only represent one role on the forum.

It was decided to review the constitution regularly and specifically when there is a significant increase in the number of schools converting to academy status.

*Action: Richard Webb to add a sentence into the constitution to state that membership will be reviewed regularly to reflect the number of academies in the city.* RW

An updated schedule of the 'Schools Forums Powers and Responsibilities' was issued by DfE on 1<sup>st</sup> October and it was proposed that this replaced the table in Appendix 1.

**The Schools Forum approved the constitution with the inclusion of the above sentence and the revised schedule the 'Schools Forums Powers and Responsibilities'.**

6. AMS Matters October 2012

John Bean presented a report informing Schools Forum of current issues within the AMS service.

The Repairs and Maintenance Service Level Agreement (SLA) for 2013/15 is currently being prepared and 2/3 head teachers are being sought to assist with the SLA review.

The Managing School Premises guide is being redrafted to take account of changes in legislation and PCC corporate standards and consultation/assistance from secondary and primary head teachers would be welcome prior to re-issue in 2013. It was felt that school bursars may be more appropriate than head teachers to assist with this work.

A letter was attached to the paper that had been sent to schools regarding changes to the energy contract with Laser. The changes will lead to more favourable tariff rates which will hopefully net off the impact of increasing energy costs. It was queried who in the school the letter was sent to and John Bean stated that he believed it would have been sent to finance officers.

Salix have announced a new wave of funding for energy projects. The focus of this is energy saving projects such as roof/wall insulation, double glazing and lighting. An interest free loan is available with no capital upfront expenditure. Repayment of the loan will be based on the energy savings. The closing date for applications to Salix is the 31<sup>st</sup> October. Alan Barber, AMS Energy Engineer will assist schools with application calculations. As a rule schools are not allowed to take out loans however the Secretary of State has made an exception regarding Salix.

Under the terms of the new Kitchen Catering SLA contract, Churches Limited are responsible for servicing equipment and responding to any equipment failures. KKA are responsible for any fabric/drainage reactive repairs. Any failures in kitchens should be reported to the AMS Help Desk.

The Catering SLA will be reviewed during Autumn and tabled at the Schools Forum meeting in December. 2/3 Head teachers are sought to assist with the SLA review. Sarah Sadler offered to assist with this.

During the summer holiday period AMS undertook and satisfactorily completed 42 education projects at a cost of c£2.571m. The average level of school satisfaction with AMS was 92.5% and 85% satisfaction with contractors. John Bean thanked all the schools who had work done over the Summer.

*Action: John Bean to contact schools to find*

- 2/3 head teachers to assist with the Repairs and Maintenance SLA
- 2/3 bursars to assist with the Managing School Premises guide
- 2 further head teachers to assist with the catering SLA

JB



## **The Schools Forum noted the report.**

### **7. Pupil Place Planning**

Di Mitchell gave a verbal update on the current consultation regarding the School Organisation Plan. A schedule of meetings has been arranged and details will be going out to schools tomorrow. The meetings will be taking place from mid-October until mid-November. The consultation is available on the website.

Carol Damper stated that the latest statistics from the ONS suggested that there was going to be a 24% increase in the population of Portsmouth between now and 2024. This is one of the largest increases in the country and higher than our comparators.

Julian Wooster stated that although the modelling is still being done and that current projections show a fall off in the number of 0-5 year olds in a few years time that this is unlikely to happen. He stated that the current admission criteria will have to be reviewed but there is no current plan to change catchment areas.

## **The Schools Forum noted the report.**

### **8. DSG 2012/13 and use of Contingency Provision**

Richard Webb presented a report informing and updating the schools forum of the final Dedicated Schools Grant settlement and the latest position regarding the contingency funding available. It also sought schools forum approval to the intended use of the available funding.

The estimate of Portsmouth's DSG allocation for 2012/13 is £123.138m (excl. Charter). The final DSG allocation for 2012/13 was published on the 4<sup>th</sup> September at a value of £123.171m [excluding Academy recoupment], a variation of £33,000.

The current position of the contingency is set out below:

	£'000's	£'000's
Contingency provision 2012/13		500
Add:		
Increase in DSG brought forward	560	
Additional DSG from final settlement	33	
		593
		1,093
Less:		
Grants to voluntary organisations approved 27/04/11	-26	
Provision to meet central LACSEG recoupment	-28	

"underspend" brought forward relating to "Every Child a Reader" allocation	-82	
Provision for reduced income and growth in requirements for "out of city" placements	-221	
		-357
<b>Retained contingency provision</b>		<b>736</b>

The budget report to Schools Forum in January 2012 identified that the budget, and hence the allocation to schools, incorporated the balance brought forward of £1.6m and identified the risk this posed by incorporating "one off" funding into a core allocation to schools.

The school funding reform proposals are also going to present a period of funding instability for schools and it was proposed that the remaining contingency, together with any additional savings that may materialise during the year, should be carried forward to 2013/14 to assist the introduction of the new arrangements.

Further information was required on the increased call on contingency to support out of city placement.

*Action: Richard Webb to bring back details to the next meeting on the cost of out of city placements. RW*

Members also discussed potential alternative uses for the contingency.

### **The Schools Forum agreed the proposed use of contingency.**

#### **9. Review of Special Staff Costs**

Richard Webb presented a report explaining the Special Staff Costs that are charged to the centrally held element of Dedicated Schools Grant.

The budgeted level of charge for 2012/13 is £247,800, representing 2.75% of the total central spending of £8,983,957 identified in the Central Expenditure Limit calculation. The provision meets a variety of costs that do not fall evenly across schools.

The budget supports the costs of union representation. In future this will have to be delegated to schools. Schools Forum will by phase be able to agree de-delegation. In practice it was felt that this would only operate effectively if there were agreement from both phases.

### **The Schools Forum noted the report.**

10. Review of Nursery Quality Assurance

Richard Webb presented a report explaining the Nursery Quality Assurance costs charged to the Dedicated Schools Grant.

The budgeted level of recharge for 2012/13 is £105,200 and is part of the central spending on Under 5's. It represents just over 1% of the total central spending of £8,983,957 identified in the Central Expenditure Limit calculation.

The costs relate to 3 employees [1.9 fte] together with associated contributions to costs for transport, telephones, office supplies etc. The total staffing costs amount to £93,800 [89%] of the total costs.

Carol Damper stated that the views of the PVI sector suggested that the quality of service had gone down. However it was recognised that this was a very large task for 1.9 fte. It was also noted that the pressure on the service would increase in future with the introduction of free nursery provision for two year olds.

**The Schools Forum noted the report.**

11. Any Other Business

Councillor Wood brought an issue to the forum as a result of the recent tragedy where a man lost his life in the entrance to Portsmouth Harbour trying to save the life of a child in the sea. A question has been raised over what the Local Authority is doing to keep children safe in the sea.

An initiative has been put together by the community, police and lifeguards where they are trying to make children aware of the dangers of tombstoning and develop water safety advice and materials. They were looking for pilot schools or people to give feedback on the material being used to determine whether it was using appropriate language for the children.

*Action: Julian Wooster to contact primary schools to ask if any are willing to assist with the production of new material appropriate for use in schools.*

JW

The meeting closed at 6.10 pm.

**Dates of Future meetings**

(all Wednesdays, 4.30pm – 6.30pm, to be held in the Civic Offices)

**24<sup>th</sup> October 2012 – Additional Meeting re Funding Reforms**

12<sup>th</sup> December 2012 – Budget update (Leader & S151 Officer invited)

13<sup>th</sup> February 2013 – Budget setting

24<sup>th</sup> April 2013 – Central Expenditure Limit

17<sup>th</sup> July 2013 – Final DSG allocation

***Schools Forum members - please contact Richard Webb  
(023 9284 1203) if you would like to add any items to future agendas.***

# Agenda Item 4

Agenda item:

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**Report to:** Schools Forum

**Subject:** School Funding Reform

**Date of meeting:** 24th October 2012

**Report by:** Julian Wooster – Director for Children’s Services

**Written by:** Richard Webb - Finance Manager

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## **Purpose of report**

1. The purpose of this report is to update schools forum on the progress being made towards implementing changes to our local funding formulae and to ensure that schools forum is consulted on the proposed changes to the schools funding formula and seek the appropriate approval requirements for the treatment of central expenditure.

## **Recommendations**

2. It is recommended that the schools forum:
  - a. Agrees that following confirmation of the 2013-14 DSG, officers will amend the unit values to minimise the impact of fluctuations in funding at the school level. This will be achieved as far as possible by amendment of the values associated with the ‘Basic Per Pupil Entitlement’.
  - b. Agrees the proposed mainstream formula factors, together with the choices that the Council has made in implementing these factors locally, as detailed at paragraph 15 and table 1.
  - c. Agrees the proposal to introduce a financial cap to restrict significant increases in schools funding, as detailed in paragraph 18.
  - d. Approves by phase the treatment of the central expenditure items as detailed in table 2.
  - e. Notes that a further progress report will be presented to the December meeting which will include proposals in relation to the use of the central contingency and for funding growth.
  - f. Agrees the proposal for funding of permanent exclusions set out in paragraph 40.
  - g. Notes the proposals in respect of the high needs block and also that a further report will be presented in December.

## **Background**

3. In March 2012, the Department for Education (DfE) issued its proposal for reform of school revenue funding<sup>1</sup>. The consultation on this document closed on 21 May 2012. At the end of June 2012, the DfE issued the final details of the school revenue funding reform<sup>2</sup>.
4. The school funding arrangements outlined in the documents referred to above are the first step towards the implementation of a national funding formula, which is expected to be implemented during the next spending review period (i.e. 2015-16 onwards). These interim arrangements are intended to simplify the current funding arrangements and will apply from 2013-14.
5. The new revenue funding formula arrangements require as many services and as much funding as possible to be delegated to schools. In addition, the number of factors that can be used in the local formulae to distribute funding is reduced significantly. Whilst the DfE have prescribed the framework that must be used, Local Authorities still have some discretion within this framework in how they allocate the funding to schools.
6. To assist with the development of a funding formula model for Portsmouth City Council, Schools Forum agreed to the creation of working groups to help inform the proposed changes. The working groups included a Head, a Finance Officer and a Governor from each phase. The feedback from the working groups, together with the financial modelling has helped to develop the Local Authority's proposals.

## **Consultation**

7. The consultation to schools on the Local Authority implementation proposals was issued on the 18<sup>th</sup> September 2012 and closed on the 11<sup>th</sup> October. A copy of the consultation document is attached at Appendix 1.
8. In addition to the consultation document, schools were also provided with a spreadsheet which demonstrated the financial effects of the proposals for their individual schools. It should be noted that this was intended to show the budgets on a like for like basis and therefore excluded: (a) any delegation of central budgets; (b) any additional funding for schools for SEN; (c) funding for special units; and (d) funding for early year nursery provision.

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<sup>1</sup> School funding reform: Next steps towards a fairer system, Department for Education, March 2012

<sup>2</sup> School funding reform: Arrangements for 2013-14, Department for Education, June 2012

9. A copy of the provisional school budget pro-forma that we are required to submit to DfE by the 31<sup>st</sup> October is attached at Appendix 2, for information purposes only. The current unit values included in this proforma are based on the information used in Appendix 2 and will therefore change prior to submission in order to include items such as the delegation and de-delegation of central budgets and the additional SEN funding.
10. Schools forum are advised that at this point in the implementation process, the Council is not consulting on the unit values for 2013-14, but rather the principles and factors that it intends to apply in implementing the new funding formula arrangements. Depending on the final Dedicated Schools Grant (DSG) that the Council is allocated for 2013-14, it may be necessary to amend the unit values. If changes are necessary, it is proposed that officers will amend the Basic Per Pupil Entitlement unit values in the first instance. However, if this increases the level of fluctuation in funding officers may need to alter the unit values of other factors to minimise this in accordance with the agreed principles.
11. A summary of the feedback received from the consultation with schools is attached at Appendix 3. Of the 69 Portsmouth schools, 12 (17.4%) replied to the consultation.

### **The Key Principles**

12. DfE have confirmed that the Dedicated Schools Grant for 2013-14 will be based on the 2012-13 allocations. Therefore, the key principles applied by the working group and reflected in the financial modelling - which were previously agreed by Schools Forum in July, were:

***(a) to minimise fluctuations in funding for schools as far as possible prior to the introduction of the national funding formula; and***

***(b) to maintain the funding for each of the phases in the same proportion / percentage split for modelling purposes.***

### **Early Years**

13. Portsmouth City Council introduced the Early Years Single Funding Formula (EYSFF) in 2010/11, one year in advance of statutory requirements. Our current formula is compliant with the new requirements and therefore no changes are proposed.

### **Schools Block**

14. Under the new revenue formula funding arrangements, Portsmouth City Council will only be able to use eleven factors when deciding on how to

allocate funding to mainstream schools. These eleven factors will replace the existing methodologies for allocating the budget share to Primary and Secondary mainstream schools.

15. The table below summarises the eleven factors available to Portsmouth City Council for allocating funding to mainstream schools from the 1 April 2013, together with the details of any allowable choices that have been made by the Council in implementing these factors. The 'Basic Per Pupil Entitlement' and 'Deprivation' factors are mandatory, whilst the other factors are optional.

**Table 1 – Proposals for mainstream formula factors**

<b>No.</b>	<b>Funding Formula Factors</b>	<b>Factor Applied in Formula</b>	<b>Local Discretion Applied *</b> <i>(further details can be found in Appendix-1)</i>
<b>1.</b>	Basic Per Pupil Entitlement	Yes	The Council is proposing to use the option to have different entitlement rates for Key Stage 3 and Key Stage 4, rather than one rate for both.
<b>2.</b>	Deprivation	Yes	The Council is proposing to use the IDACI measure for allocating funding to primary and secondary schools for deprivation, rather than using the Free School Meal data sets.
<b>3.</b>	Looked After Children	Yes	None
<b>4.</b>	Prior attainment as a proxy measure for SEN	Yes	The Council is proposing to use 73 points (rather than 78 points) in the EYFSP as the proxy measure for allocating funding to Primary Schools for SEN.  For secondary schools, the measure is those pupils who fail to achieve Level 4 or above in both English & Maths. There are no local options regarding the measure.
<b>5.</b>	English as an additional language (EAL)	Yes	The Council is proposing to allocate funding on the basis of a higher rate for secondary pupils to reflect the increased support required at this level.
<b>6.</b>	Lump Sum	Yes	None
<b>7.</b>	Split Sites	No	Factor not used.
<b>8.</b>	Rates	Yes	None
<b>9.</b>	Private Finance Initiative (PFI)	Yes	The Council is proposing to continue to fund schools for the estimated affordability gap, through this factor.



No.	Funding Formula Factors	Factor Applied in Formula	Local Discretion Applied * <i>(further details can be found in Appendix-1)</i>
10	Post 16 funding	No	Factor not used.
11	Pupil Mobility	No	Factor not used.

\* For those factors where it is stated 'None', there is no local discretion allowable in relation to how the funding is allocated, except in regards to the unit value of funding applied.

16. The current proposal not to use the 'pupil mobility' factor is based on the following findings, together with the principal of minimising the funding fluctuations for schools.

- a. Firstly, the analysis of the pupil mobility data provided by DfE in the modelling tool showed that of the 52 primary schools, 35 had a mobility rate of 10% or less, of the remaining schools the highest rate was 21%. The average rate for primary schools was 8.5%. All of the secondary schools had a mobility rate of 10% or less. Therefore the mobility rates were not deemed significant or abnormal.
- b. Secondly, the working group discussed the principles of using the mobility factor and it was felt that it was the pupils needs rather than pupil mobility itself that required additional resources. Therefore funding was directed through the Looked After Children and other factors rather than the mobility factor.

17. The Minimum Funding Guarantee (MFG) has been set at minus 1.5% per pupil for 2013-14 and 2014-15. The MFG protects the per-pupil funding that schools receive from one year to the next against significant funding reductions.

18. To ensure the affordability of the MFG protection under the new arrangements, and to minimise fluctuations in funding for schools as far as possible prior to the introduction of the national funding formula, it is proposed that a financial cap be implemented to protect against significant increases in schools funding. It is currently proposed, based on extensive financial modelling, that any gains should be capped at 1.5%, in order meet the objectives above. However, the level of the cap may need to change depending on the final funding position for 2013-14.

19. Without a financial cap to restrict the gains to those schools that benefit under these new arrangements, it would be necessary to amend the funding model by reducing the amount of funding allocated through the formula factors. This is necessary, so that the overall total of school funding remains within the school's share of the DSG.

## **Central Expenditure**

20. The new funding arrangements require the funding for the services listed below to be allocated within the funding formula to schools initially. However Schools Forum can decide by phase (primary and secondary) to de-delegate one or more these items. If Schools Forum does decide to de-delegate one or more of these items, then the funding will be returned to the Council to control centrally.

- Contingencies
- Administration of free school meals eligibility
- Insurance
- Licences or subscriptions
- Staff costs or supply cover
- Support for minority ethnic pupils or underachieving pupils
- Behaviour support services
- Library and museum services

21. The table below sets out the Council's proposals to Schools Forum for the treatment of these central expenditure items. Schools Forum is requested **to approve** de-delegation of the items specified in the table below, together with any relevant overheads.

22. The table also highlights the eligible purposes for which a central contingency can be held under the new arrangements. The parameters and amount for any contingency required in respect of the above will be agreed by Schools Forum separately each year.

**Table 2 – Proposals for treatment of central expenditure items for schools**

<b>No.</b>	<b>Central Expenditure Item</b>	<b>Recommended Treatment</b>	<b>De-Delegation Phase Agreement Required</b>	<b>Service Level Agreement Required</b>
<b>1.</b>	Contingencies	<p>The current level of contingency is £500,000. It is recommended that a contingency is retained for the following remaining eligible purposes where required:</p> <ul style="list-style-type: none"> <li>• Schools in financial difficulties</li> <li>• Additional costs relating to new, reorganised or closing schools</li> <li>• Exceptional unforeseen costs which it would be unreasonable to expect governing bodies to meet.</li> </ul> <p>The parameters and amount for any contingency required in respect of the above purposes will be agreed by Schools Forum separately each year.</p>	Separate approval will be requested at the meeting in December.	No

No.	Central Expenditure Item	Recommended Treatment	De-Delegation Phase Agreement Required	Service Level Agreement Required
2.	Administration of free school meals eligibility	This total cost of this service including overheads is approximately £33,000. It is recommended that this is allocated on a per pupil basis (using AWPU) and de-delegated back to central control.	Primary & Secondary	No
3.	Insurance	This is already delegated to schools, therefore no action required.	N/A	N/A
4.	Licences or subscriptions	The cost of this service is approximately £50,000. It is recommended that this is allocated on a per pupil basis (using AWPU) and de-delegated back to central control, together with an overhead element for the administration costs.	Primary & Secondary	No
5.	Staff costs or supply cover (incl: Long Term Sickness, Maternity, Union Duties, Suspension, Jury Service, etc.	Sickness costs are already delegated and a Service Level Agreement is already in place.	N/A	Yes
		Maternity costs are approximately £540,000. It is recommended that this is allocated on a per pupil basis, (using AWPU) but with appropriate allocation between the school phases. An SLA would be offered and a small administration charge would be applied.	N/A	Yes
		Special staff costs (Union Duties, Suspension, Jury Service, etc) cost approximately £250,000, it is recommended that this is allocated on a per pupil basis (using AWPU) and de-delegated to central control.	Primary & Secondary	No
6.	Support for minority ethnic pupils or underachieving pupils	The cost of this service is approximately £460,000. It is recommended that is allocated on a per pupil basis (using EAL) and de-delegated back to central control. Agreement would be required for each phase.	Primary & Secondary	No Any additional services would require an SLA.
7.	Behaviour Support Services	Estimated value of this service is £1m, which is currently provided through Harbour School. It is recommended that this is allocated using 'prior attainment as a proxy for SEN'. A phased approach as set out below is recommended. For year 1 (2013-14) – De-delegate	Primary & Secondary	Yes, between PCC and Harbour School in year 1.

No.	Central Expenditure Item	Recommended Treatment	De-Delegation Phase Agreement Required	Service Level Agreement Required
		back to central control and continue to provide through Harbour school. In preparation for year 2 (2014-15), schools give early preference to model of provision.		
8.	Library and Museum Services	The cost of this service is approximately £16,000. It is recommended that this is allocated on a per pupil basis (using AWPUP) to primary schools and de-delegated back to central control.	Primary	No

23. In addition to the central expenditure items listed above, the Council is permitted, with Schools Forum approval, to retain the following central expenditure items.

- a. Admissions
- b. Servicing of Schools Forum
- c. Carbon Reduction Commitment
- d. Capital Expenditure Funded from Revenue (CERA)
- e. Centrally funded termination of employment costs
- f. Contribution to combined budgets
- g. Schools budget funded prudential borrowing costs

24. Under the new arrangements, no new commitments or increases in expenditure above 2012-13 levels are allowed. Items f and g listed above are not current expenditure items for the Portsmouth City Council and therefore will not be used under the new arrangements.

25. As the CERA budget relates to one-off items of expenditure, any further expenditure would be deemed to be a new commitment, which is not permitted, it is proposed to delegate this budget on a per pupil basis.

26. Section 5.4 of the consultation document sets out the requirements that must be complied with in order to retain funding centrally for significant pupil growth. It is intended that proposals for funding significant and sustained growth in pupil numbers in presented to schools forum in December.

27. Approval will be sought from schools forum for retaining these eligible central expenditure items in advance of implementing the funding arrangements for 2013-14.

### **High Needs Block**

28. For the purposes of considering funding for pupils and students requiring high levels of specialist provision, the new funding mechanism refers to this group as high needs pupils and students. There is no specific definition of 'high needs', however for the purposes of funding, pupils and students with high needs, are those young people who need educational provision that costs more in total, (including the basic provision given to all pupils and students) than £10,000 per year.
29. This applies to all pupils and students with high needs from birth to 19 with high level Specialist Educational Needs (SEN) and pupils of compulsory school age in alternative provision (AP).
30. Section 4 of the consultation document at appendix 1 sets out the proposed new funding arrangements for high needs pupils. Whilst the key principles are outlined within the consultation document, work is still ongoing to further develop the necessary arrangements in readiness for the 1<sup>st</sup> April 2013. A summary of the proposals for the high needs block funding arrangements is set-out below.

### **Mainstream**

31. Additional funding will be allocated to mainstream schools and Academies (up to £1m) that was previously held centrally by Portsmouth City Council. This additional funding will form part of the Notional SEN budget and will be allocated on a per pupil basis within the 'Basic Per Pupil Entitlement' element of the mainstream funding formula. From the Notional SEN budget mainstream schools and Academies will be required to provide a 'local offer' of teaching and learning for all pupils including those with high need. Mainstream schools and Academies will be required to contribute the first £6,000 of the additional support costs of high needs pupils.
32. Portsmouth City Council proposes to use the additional flexibilities available in order to target additional funding, in exceptional circumstances, to schools and Academies, whose funding based on the formula described, does not adequately reflect the number of pupils with SEN in the school. Consultation with the funding working groups will take place to agree appropriate criteria and amounts of funding to be allocated and the proposals will be presented to Schools Forum for agreement.

### **Specialist SEN Settings**

33. Specialist settings include special schools, special units and resourced provision in mainstream schools and academies that are set aside specifically to provide services to pupils with high needs.
34. Specialist SEN settings will receive base funding of £10,000 per agreed place. The place element of the funding will be passed on directly to maintained providers by Portsmouth City Council. Academies and other

non-maintained providers will receive the place funding from the Education Funding Agency. Top-up funding above this level, will be paid by Portsmouth City Council as the commissioning authority on a per-pupil basis.

35. To maintain stability in the level of funding for Special Schools and in order to maintain the recognition of the higher level of support required for those pupils with the high level of needs, the Council is proposing to adapt the traditional 'A – H' banding mechanism to allocate the necessary top-up funding for pupils in Special Schools, for the financial year 2013-14. The amounts payable at each band have been updated in order to reflect the introduction of the 'place' funding mechanism and in order to maintain the stability of funding for each school, each school will have its own band values.
36. As with the special schools, the special units and resourced provision will also receive place funding of £10,000. However, based on the financial modelling and the feedback from the special funding working group, and in order maintain financial stability for these units, the Council is proposing use the 2012-13 per pupil funding values as the basis for calculating the appropriate top-up rates.
37. These funding arrangements will be reviewed again during 2013-14 and alternative arrangements may be proposed for the following financial year.

#### Alternative Provision

38. The place-plus approach to Alternative Provision (AP) Settings is similar to that for specialist SEN settings. There will be a base level of funding for each agreed AP place of £8,000. Above this £8,000 place funding, top-up funding will be provided by the commissioner on a per pupil basis.
39. In the cases of early intervention, placements to avoid permanent exclusion or fixed term exclusion, the commissioner will be the mainstream school or Academy, whereas in other instances it will generally be the Local Authority.

#### Funding in cases of permanent exclusions

40. Under the DfE proposals mainstream schools and academies will be required to repay the AWPU to the Local Authority. A local arrangement is therefore proposed
- a. Mainstream schools or academies will be required to pay top up funding for the rest of the financial year in addition to the AWPU.
  - b. Where the exclusion occurs after the October Census, mainstream schools and academies will be required to pay the top up element of the funding to the provider for the rest of the financial year and the following financial year, in addition to the AWPU.

41. The DfE proposal referred to above, creates a perverse incentive for schools to exclude pupils on financial grounds, as it would be cheaper to exclude a pupil and pay the AWPU, than pay the top-up to the alternative provision provider
42. If the proposed local arrangement is not accepted, then the Council would need to retain additional funding centrally within the high needs block, in order to be able fund the additional provision required for these pupils.

### **The next steps**

43. The table below gives an indicative timeline of the key events leading to the implementation of the new funding arrangements from 1<sup>st</sup> April 2013. Some of the dates below come from the DfE's operational guidance for local authorities.

<b>Date</b>	<b>Details</b>
04 Oct 2012	School Census Day
15 Oct 2012	EFA Confirms Local Authority 2012-13 DSG Block Baselines
31 Oct 2012	Local Authorities submit provisional 2013-14 school budget pro-forma to EFA
28 Nov 2012	School census database closed
10 Dec 2012	EFA confirms pupil numbers to be used for Schools Block and Early Years Block. DfE provides updated datasets for pupil characteristics
10 Dec 2012	Local Authorities can start to estimate their 2013-14 DSG
12 Dec 2012	Report on progress to Schools Forum meeting
December	DfE confirms DSG allocations for 2013-14 (prior to academy recoupment)
18 Jan 2013	Local Authorities submit final school budget pro-forma and underlying data to DfE
Feb – Mar 2013	EFA confirms academies budgets by 31 March 2013
Feb – Mar 2013	Local Authorities confirm budgets for their maintained schools by 31 March 2013
Jun 2013	Early Years Block updated for January 2013 Early Years pupil numbers

## **Conclusion**

44. The report highlights the progress being made towards implementing changes to our local funding formulae and is also designed to ensure that schools forum is consulted on the proposed changes to the schools funding formula. It also identifies the areas that require approval to allow further work to progress. It is recommended that schools forum approve the recommendations within this report.





**Reform of the  
School Funding Formula**

**2013-14 and 2014-15**

**Consultation**

# Contents

1. Introduction
  - 1.1. Background & Purpose
  - 1.2. Working Groups
  - 1.3. Notional Blocks
  - 1.4. Implications for Schools
2. Early Years Block
  - 2.1. Early Years Single Funding Formula
3. The Schools Block
  - 3.1. Introduction to the Schools Block
  - 3.2. Simplification of the funding formula
  - 3.3. Detailed explanation of the Formula Factors
    - 3.3.1. Basic Per Pupil Entitlement
    - 3.3.2. Deprivation
    - 3.3.3. Looked After Children
    - 3.3.4. Prior attainment as a proxy for SEN
    - 3.3.5. English as an additional language
    - 3.3.6. Lump Sum
    - 3.3.7. Split Sites
    - 3.3.8. Rates
    - 3.3.9. Private Finance Initiative
    - 3.3.10. Post 16 and Pupil Mobility
  - 3.4. Minimum Funding Guarantee
  - 3.5. Central Services
  - 3.6. The Notional SEN Budget
  - 3.7. Budget Share Financial Modelling
4. High Needs Block
  - 4.1. Definition of High Needs
  - 4.2. Overview of the funding mechanism
    - 4.2.1. Mainstream settings
    - 4.2.2. Specialist SEN settings
    - 4.2.3. Alternative provision settings
  - 4.3. Hospital Education
  - 4.4. Other provision
  - 4.5. Minimum Funding Guarantee
  - 4.6. Funding Arrangements

## **Contents**

### 5. Central Expenditure for Schools

- 5.1. Introduction to Central Expenditure
- 5.2. Services where maintained schools can agree that the service is provided centrally
- 5.3. Other Central Expenditure Items
- 5.4. Funding for significant pre-16 pupil growth

### 6. Responding to the Consultation

### 7. Appendices:

- 7.1. Appendix A – Working Group Membership

# **1. Introduction**

## **1.1 Background & Purpose**

In March 2012, the Department for Education (DfE) issued its proposal for reform of school revenue funding<sup>1</sup>. The consultation to this document closed on 21 May 2012. At the end of June 2012, the DfE issued the final details of the school revenue funding reform<sup>2</sup>.

The school funding arrangements outlined in the documents referred to above are the first step towards the implementation of a national funding formula, which is expected to be implemented during the next spending review period (i.e. 2015-16 onwards). These interim arrangements are intended to simplify the current funding arrangements and will apply from 2013-14.

The new revenue funding formula arrangements require as many services and as much funding as possible to be delegated to schools. In addition, the number of factors that can be used in the local formulae to distribute funding is reduced significantly. Whilst the DfE have prescribed the framework that must be used, Local Authorities still have some discretion within this framework in how they allocate the funding to schools.

The purpose of this consultation document is therefore to set out how Portsmouth City Council intends to implement the new school revenue funding arrangements based on the above principles and guidance from financial year 2013-14 and to seek your views on points of local discretion within the new framework.

## **1.2 Working Groups**

To assist with the development of a funding formula model for Portsmouth City Council, Schools Forum agreed to the creation of a working group to help inform the proposed changes. The working groups included a Head, a Finance Officer and a Governor from each phase. As the changes were quite different for each of the phases, the funding group was initially split into separate groups for mainstream and special schools. It was possible to include a representative from each special school in the early stages as there are only five in total.

The first task of the working groups was to agree a set of principles which would guide and inform the financial modelling. At the July meeting of Schools Forum these principles were agreed. Details of the working group membership are shown at appendix A.

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<sup>1</sup> School funding reform: Next steps towards a fairer system, Department for Education, March 2012

<sup>2</sup> School funding reform: Arrangements for 2013-14, Department for Education, June 2012

DfE have confirmed that the Dedicated Schools Grant for 2013-14 will be based on the allocation available in 2012-13. Therefore, the key principles applied by the working group and reflected in the financial modelling were:

***(a) to minimise fluctuations in funding for schools as far as possible prior to the introduction of the national funding formula; and***

***(b) to maintain the funding for each of the phases in the same proportion / percentage split for modelling purposes.***

### **1.3 Notional Blocks**

Local Authorities will continue to receive the Dedicated Schools Grant (DSG) under the new funding arrangements. However, from 2013-14, the DSG will be split into three notional blocks: Early Years, Schools Block and High Needs Block. Therefore within this document each block is dealt with separately.

### **1.4 Implications for Schools**

The specific changes to the way funding is allocated to schools is set out in the later sections of this consultation paper. However, in summary the main implications for schools are:

- The way funding is allocated to schools will be simplified so that as much funding and as many services as possible will be delegated to schools.
- The number of factors used to allocate funding to schools will be significantly reduced, in advance of the introduction of the national funding formula in the next spending review period.
- The amount of funding primary and secondary schools are currently allocated, will continue to receive protection under the Minimum Funding Guarantee (MFG) mechanism (see paragraph 3.4). Special schools will also receive funding protection, although this is through an alternative MFG mechanism (see paragraph 4.5).

## **2. Early Years Block**

### **2.1 Early Years Single Funding Formula**

Portsmouth City Council introduced the Early Years Single Funding Formula (EYSFF) in 2010/11, one year in advance of statutory requirements.

Our current formula is compliant with the new requirements and therefore no changes are proposed.

## 3. The Schools Block

### 3.1 Introduction to the Schools Block

This section of document sets out the changes proposed in relation to the mainstream primary and secondary schools. As explained in the introduction to this document, the new funding arrangements require as many services and as much funding as possible to be delegated to schools. In addition, the number of factors that can be used in the local formulae to distribute funding is reduced significantly. Local Authorities still have some discretion within this framework in how they allocate the funding to schools, and the proposals for Portsmouth are detailed below. The objective of the proposals below is to minimise fluctuations in funding for schools as far as possible prior to the introduction of the national funding formula

### 3.2 Simplification of the Funding Formula

Under the new revenue formula funding arrangements, Portsmouth City Council will only be able to use eleven factors when deciding on how to allocate funding to mainstream schools. There is a twelfth factor, which is only available to five Local Authorities within the London fringe area. These eleven factors will replace the existing methodologies for allocating the budget share to Primary and Secondary mainstream schools.

The table below summarises the eleven factors available to Portsmouth City Council for allocating funding to mainstream schools from the 1 April 2013. Two of the factors are mandatory, the others are optional.

No.	Funding Formula Factors	Mandatory or Optional
1.	Basic Per Pupil Entitlement	Mandatory
2.	Deprivation	Mandatory
3.	Looked After Children	Optional
4.	Prior attainment as a proxy measure for SEN	Optional
5.	English as an additional language (EAL)	Optional
6.	Lump Sum	Optional
7.	Split Sites	Optional
8.	Rates	Optional
9.	Private Finance Initiative (PFI)	Optional
10	Post 16 funding	Optional
11	Pupil Mobility	Optional

### 3.3 Detailed explanation of the Formula Factors

#### 3.3.1 Basic Per Pupil Entitlement

All Authorities will be required to allocate a basic per pupil entitlement to schools.

**Primary Schools** – Under the new arrangements, from financial year 2013-14, the Council will only be able to apply one per pupil entitlement rate for all primary school pupils. There will be no distinction between Key Stage 1 and 2.

**Secondary Schools** – Under the new arrangements, from financial year 2013-14, the Council will be able to choose whether to apply a single per pupil entitlement rate for all Secondary pupils, or apply different age-weighted pupil units for Key Stage 3 and Key Stage 4.

Based on the financial modelling and the feedback from the mainstream funding working group, the Council is proposing to apply different per pupil entitlement rates for Key Stage 3 and Key Stage 4. This will help to ensure schools are funded appropriately for additional Key Stage 4 costs, particularly where there are uneven year groups.

***Q1 – Do you agree with the proposal to have separate basic per pupil entitlement rates for Key Stage 3 and Key Stage 4?***

#### 3.3.2 Deprivation

The current regulations require Local Authorities to include a deprivation factor in their formula. This requirement will continue under the new funding formula arrangements, but the only indicators that can be used to identify which pupils should be eligible for this funding are:

- Free School Meals (FSM) data (either straight FSM or Ever 6<sup>3</sup> as with the Pupil Premium);
- Income Deprivation Affecting Children Index (IDACI)<sup>4</sup>; or
- A mixture of both indicators.

Local Authorities retain the ability to set the unit values for allocating funding through this factor and the unit values can vary between primary and secondary schools.

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<sup>3</sup> 'Ever 6' is a Free School Meal measure that includes those pupils who were eligible at any point in the last six years.

<sup>4</sup> IDACI is a subset of IMD (Indices of Multiple Deprivation), which is a factor currently used in our existing funding model.



Based on the financial modelling and the feedback from the mainstream funding working group, the Council is proposing to use the IDACI measure for allocating funding to primary and secondary schools for deprivation. As IDACI is a subset of the IMD indicator which is already used in the existing funding formula, this measure provides the most stability in the individual schools allocations.

***Q2 – Do you agree with the proposal to use only the 'Income Deprivation Affecting Children Index' (IDACI) as the indicator for allocating funding for deprivation?***

### **3.3.3 Looked After Children**

This is an optional factor available to Local Authorities for allocating revenue funding to primary and secondary schools. The new regulations require that both primary and secondary schools attract the same rate if this factor is used.

Based on the financial modelling and the feedback from the mainstream funding working group, the Council is proposing to use this factor. The unit value reflects the current arrangements within the AEN formula to support Looked After Children and therefore provides stability in the individual schools budgets.

***Q3 – Do you agree with the proposal to use the Looked After Children factor for allocating funding to primary and secondary schools?***

### **3.3.4 Prior attainment as a proxy measure for SEN**

Pupils with Special Educational Needs (SEN) are likely to require additional support in order to assist them to achieve their best outcomes. Therefore additional funding can be targeted through this factor to those schools with pupils with low cost, high incidence SEN. Section 4 of this consultation paper details the arrangements for pupils with high needs.

The DfE have specified 'prior attainment' as the proxy indicator for identifying pupils with low cost, high incidence SEN. Under these arrangements, Local Authorities will be able to target funding on the following basis:

**Primary Schools** – either all pupils who do not achieve 78 points or all pupils who do not achieve 73 points or more in the Early Years Foundation Stage Profile (EYFSP). (note: DfE have highlighted that this is a temporary measure until the review of EYFSP has been completed)

**Secondary Schools** – all pupils who fail to achieve Level 4 or above in both English & Maths at Key Stage 2.

Based on the financial modelling and the feedback from the mainstream funding working group, the Council is proposing to use 73 points in the EYFSP as the proxy measure for allocating funding to Primary schools for SEN.

***Q4 – Do you agree with the proposal to set the proxy indicator for SEN at the Early Years Foundation Stage Profile threshold of 73 points rather than 78 points?***

### **3.3.5 English as an additional language**

It is understood that pupils with English as an additional language often require additional support. The DfE have decided that 3 years of additional funding - from the point that the pupil enters compulsory education in England – is sufficient.

Therefore, the DfE have included the optional factor 'English as an additional language' within the new funding arrangements. The DfE have also acknowledged the additional cost of supporting pupils who start school in England at an older age and therefore have allowed different rates for pupils in primary and secondary schools.

Based on the financial modelling and the feedback from the mainstream funding working group, the Council is proposing to allocate revenue funding on the basis of a higher rate for secondary school pupils to reflect the increased support required at this level.

***Q5 – Do you agree with the proposal to have a higher rate of funding in secondary schools for English as an additional language?***

### **3.3.6 Lump sum**

Within the new funding formula arrangements, Local Authorities are allowed to make a lump sum allocation to primary and secondary schools in the area. The lump sum amount has to be the same for all schools in the area.

Within the first year of the funding reform, the DfE is allowing Local Authorities to allocate up to £200,000 as a lump sum; which is higher than the £150,000 that was originally proposed. However, over the first year of operation, the DfE will review these arrangements and may use a different cap for the 2014-15 allocations.

Extensive modelling of the potential lump sum has identified that using the maximum rate of £200,000 produces abnormal results, with some schools receiving an undue increase in funding which is unaffordable. The Council and the mainstream funding working group propose, based on the financial modelling, to allocate £140,000 as a lump sum to primary and secondary schools within the funding formula for 2013-14.

***Q6 – Do you agree with the proposal to use the optional 'lump sum' factor (of £140,000) within the funding formula for schools?***

### **3.3.7 Split sites**

Within Portsmouth's current budget model, the definition of split site school "is a school on two sites where 20% or more of the pupils, are for the majority of the school week, on a site separated from the main school site by a public highway".

As there are no mainstream schools in this position, the Council and the mainstream funding working group have proposed not to use this factor. If the factor is subsequently required, consultation will take place to agree an appropriate method of funding.

### **3.3.8 Rates**

The DfE have continued to allow National Non-Domestic Rates (rates) to be funded as an actual cost incurred by schools. This is because rates can vary significantly from school to school and schools have no control over how much they pay. Also, voluntary-aided schools, foundation schools and Academies have charitable status and can qualify for a discount of 80% in rates.

Therefore, in line with the existing arrangements, the Council will continue to fund rates at their actual cost.

### **3.3.9 Private Finance Initiative**

Under the existing funding arrangements, since April 2006, PFI schools have received an allocation equal to the sinking fund payment, as an estimation of the affordability gap, to allow for repairs and maintenance.

Therefore, in line with the existing arrangements, the Council will continue to fund schools for the estimated affordability gap, though the optional PFI factor.

***Q7 – Do you agree with the proposal for PFI schools to continue to receive an allocation equal to the estimated affordability gap, through the optional PFI factor within the funding formula for schools?***

### **3.3.10 Post 16 and Pupil Mobility**

#### **Post 16**

As there are no mainstream schools or Academies with post 16 pupils, the Council and the mainstream funding working group are not able to use this optional factor.

### Pupil Mobility

Nationally, some schools experience high levels of pupil mobility throughout the school year and greater costs as a result. We have undertaken a review of the pupil mobility rates across the schools and this did not show any significant or abnormal levels of mobility. Based on these findings, financial modelling and the feedback from the mainstream funding working group, the Council is not proposing to use this factor.

***Q8 – Do you agree with the proposal not to use the optional pupil mobility factor within the funding formula for schools?***

### **3.4 Minimum Funding Guarantee**

The Minimum Funding Guarantee (MFG) has been set at minus 1.5% per pupil for 2013-14 and 2014-15. The MFG protects the per-pupil funding that schools receive from one year to the next against significant reductions.

In calculating the MFG the following items will be excluded:

- a. **The lump sum.** The lump sum allocated in 2013-14, will be the amount excluded from the 2012-13 baseline.
- b. **Allocations made through the early years single funding formula.** The amount of funding relating to the 'Early Years Single Funding Formula' will be excluded from the MFG calculation for primary schools with nursery classes.
- c. **Rates.** As this is based on actual cost, which could vary year to year, rates will be excluded from the MFG calculation to avoid distortion.
- d. **Allocations from the High Needs Block; including those for named pupils with SEN.**
- e. **Post 16 funding.**

To ensure the continued affordability of the MFG protection under the new arrangements, and to minimise fluctuations in funding for schools as far as possible prior to the introduction of the national funding formula, it is proposed that a financial cap be implemented to protect against significant increases in schools funding.

It is proposed, based on extensive financial modelling, that any gains should be capped at 1.5%, in order meet the objectives above. Additionally, capping any gains at 1.5% mirrors the MFG for schools whose funding is reducing.

***Q9 – Do you agree with the proposal to implement a financial cap of 1.5% to restrict funding gains, to those schools which would experience an increase in funding under the new funding arrangements?***

### **3.5 Central services**

As previously indicated, as many services and as much funding as possible should be delegated to schools in future. The details of these new arrangements are explained in section 5 'Central Expenditure for Schools'.

### **3.6 The Notional SEN Budget**

The new arrangements in relation to the mainstream schools and Academies Notional SEN budget are explained within section 4.2.1 'Mainstream Settings' of this paper, together with an explanation of the additional funding to be allocated schools.

### **3.7 Budget Share Financial Modelling**

In order to allow schools to understand the implications of the above proposals for their individual schools, we have prepared a 'budget share' spreadsheet which is available on Intralink. This spreadsheet only shows how the 2012-13 budget shares would have changed under the new proposals. We will issue new 'budget share' spreadsheets for 2013-14. It should be noted that the spreadsheet excludes:

- a. any delegation of central budgets;
- b. any additional funding for schools for SEN;
- c. funding for special units; and
- d. funding for early year nursery provision.

## 4. High Needs Block

### 4.1 Definition of High Needs

For the purposes of considering funding for pupils and students requiring high levels of specialist provision, the new funding mechanism refers to this group as high needs pupils and students. There is no specific definition of 'high needs', however for the purposes of funding, pupils and students with high needs, are those young people who need educational provision that costs more in total, (including the basic provision given to all pupils and students) than £10,000 per year.

This applies to all pupils and students with high needs from birth to 19 with high level Specialist Educational Needs (SEN) and pupils of compulsory school age in alternative provision (AP).

### 4.2 Overview of the funding mechanism

The aim of the place-plus funding approach is to provide equivalence across specialist settings and mainstream settings, as well as to provide some stability of funding. The funding will comprise three elements as illustrated in the table below<sup>5</sup>:

**Element 1** – Core education funding

**Element 2** – Additional Support Funding

**Element 3** – Top Up Funding.

	Pre-16 SEN and AP		Post-16 SEN and LDD
	Mainstream settings	Specialist settings	All settings
Element 1: Core education funding	Mainstream per-pupil funding (AWPU)	Base funding of £10,000 for SEN and £8,000 for AP placements, which is roughly equivalent to the level up to which a mainstream provider would have contributed to the additional support provision of a high needs pupil. Base funding is provided on the basis of planned places.	Mainstream per-student funding (as calculated by the national 16-19 funding system)
Element 2: Additional support funding	Contribution of £6,000 to additional support required by a pupil with high needs, from the notional SEN budget		Contribution of £6,000 to additional support required by a student with high needs
Element 3: Top-up funding	"Top-up" funding from the commissioner to meet the needs of each pupil or student placed in the institution		

<sup>5</sup> Source: School funding reform: Next steps towards a fairer system, Department for Education, March 2012

### **4.2.1 Mainstream Settings**

#### Pre -16

From 1 April 2013 mainstream schools and Academies will receive funding based on a new funding formula (as described in chapter 3). Within the funding allocated to mainstream schools and Academies will be additional funding (up to £1m) that was previously held centrally by Portsmouth City Council. This additional funding will form part of the Notional SEN budget and will be allocated on a per pupil basis within the 'Basic Per Pupil Entitlement' element of the mainstream funding formula. From the Notional SEN budget mainstream schools and Academies will be required to provide a 'local offer' of teaching and learning for all pupils including those with high need. Mainstream schools and Academies will be required to contribute the first £6,000 of the additional support costs of high needs pupils.

Portsmouth City Council proposes to use the additional flexibilities available in order to target additional funding, in exceptional circumstances, to schools and Academies, whose funding based on the formula described in section 3, does not adequately reflect the number of pupils with SEN in the school. Consultation with the funding working groups will take place to agree appropriate criteria and amounts of funding to be allocated and the proposals will be presented to Schools Forum for agreement prior to 1 April 2013.

In terms of the additional support, this is the support required to enable the pupil to access the mainstream school or academy 'local offer' of teaching and learning. Funding above this level may be agreed through the 'Statement of Special Need' with Portsmouth City Council as the commissioning Local Authority and if required paid in the form of a top-up.

#### Post 16

Funding for mainstream post-16 settings will operate in a similar way. Providers will receive per-student funding through the national 16-19 funding formula. They will also receive an allocation of £6,000 per high needs student on the roll. Above this level, top up funding will be provided by the commissioning authority.

#### **4.2.2 Specialist SEN Settings**

Under the place-plus approach, specialist settings include special schools, special units and resourced provision in mainstream schools and academies that are set aside specifically to provide services to pupils with high needs.

##### Pre 16

Specialist SEN settings will receive base funding of £10,000 per agreed place. The place element of the funding will be passed on directly to maintained providers by Portsmouth City Council. Academies and other non-maintained providers will receive the place funding from the Education Funding Agency.

Top-up funding above this level, will be paid by Portsmouth City Council as the commissioning authority on a per-pupil basis.

##### ***Special Schools***

To maintain stability in the level of funding for Special Schools and in order to maintain the recognition of the higher level of support required for those pupils with the high level of needs, the Council is proposing to adapt the traditional 'A – H' banding mechanism to allocate the necessary top-up funding for pupils in Special Schools, for the financial year 2013-14. The amounts payable at each band have been updated in order to reflect the introduction of the 'place' funding mechanism and in order to maintain the stability of funding for each school, each school will have its own band values. The proposal is based on extensive financial modelling and the feedback from the special funding working group.

The proposal above is intended to enable allocation of funding to the special schools in the same proportions as in 2012-13, in order to maintain stability in the first year of transition to the new arrangements. This will operate with the minimum funding guarantee mechanism referred to below for special schools.

This mechanism will be reviewed during 2013-14 and an alternative top-up funding mechanism may be proposed for 2014-15 following the review. Consultation will take place to agree an appropriate method of top-up funding.

In light of the changes to the funding mechanism and in order to maintain stability in the level of funding to the Special Schools, it is proposed that the autumn banding moderation will not be undertaken.

***Q10 – Do you agree the proposal to adapt the traditional 'A – H' banding mechanism to allocate the necessary top-up funding for pupils in Special Schools for the financial year 2013-14?***



### ***Special Units and Resourced Provision***

As with the special schools, the special units and resourced provision will also receive place funding of £10,000. However, based on the financial modelling and the feedback from the special funding working group, and in order maintain financial stability for these units, the Council is proposing use the 2012-13 per pupil funding values as the basis for calculating the appropriate rates.

#### ***Example:***

Had the funding in 2012-13 per place been £12,000 including AWPU\*, the new funding would be allocated as follows in 2013-14, under the new mechanism:

Place Funding	£10,000
Top up Funding	<u>£2,000</u>
Total Funding	<u>£12,000</u>

*\* note: the unit will no longer be in receipt of AWPU in 2013-14, therefore this has been included within the place and top up funding elements.*

This top-up mechanism will be also reviewed during 2013-14 and an alternative may be proposed for 2014-15 following the review. Consultation will take place to agree an appropriate method of top-up funding.

***Q11 – Do you agree with the proposal to use the 2012-13 per pupil funding values as the basis for calculating the appropriate rates for the Resourced Units in 2012-13?***

#### **Post 16**

Post 16 specialist SEN and LDD settings will be funded in the same way as mainstream post-16 settings: a per pupil allocation calculated by the national 16-19 funding formula and an allocation of £6,000 per high needs pupil or student. Above this level, top up funding will be provided by the commissioning authority.

### 4.2.3 Alternative provision settings

#### Place funding

The place-plus approach to Alternative Provision (AP) Settings is similar to that for specialist SEN settings. There will be a base level of funding for each agreed AP place of £8,000.

Above this £8,000 place funding, top-up funding will be provided by the commissioner on a per pupil basis. In the cases of early intervention, placements to avoid permanent exclusion or fixed term exclusion, the commissioner will be the mainstream school or Academy, whereas in other instances it will generally be the Local Authority.

#### Funding in cases of exclusions

In instances of fixed term exclusions, early intervention or off-site direction, the mainstream school or Academy will pay top-up funding from its Notional SEN budget to AP settings and will retain their AWPU (age weighted pupil unit) for that pupil. In cases of permanent exclusion, mainstream schools and Academies will repay the AWPU to the Local Authority.

However, in keeping with local arrangements, it is proposed in cases of permanent exclusion, mainstream schools and Academies will be required to pay the top-up element of the funding to the provider for the rest of the financial year in addition to the AWPU. Where the exclusion occurs after the October pupil census, mainstream schools and Academies will be required to pay the top-up element of the funding to the provider for the rest of the financial year and the following financial year in addition to the AWPU. If this proposal is not accepted, then the Council would need to retain additional funding centrally within the high needs block, in order to be able to fund the additional provision required for these pupils.

***Q12 – Do you agree with the proposal, in keeping with the local arrangements, to require mainstream schools and Academies to pay the top-up element of the funding as well as the AWPU for the rest of the financial year and the following financial year, where the exclusion occurs after the October pupil census, in cases of permanent exclusion?***

#### Top-up Funding

Top-up funding will be provided by commissioners on a per pupil basis. This funding will be based on the provision required in order to meet the statutory requirement for that pupil, as agreed between commissioner and provider. The funding will be provided in or close to the real-time movement of a pupil. The traditional recoupment basis will no longer apply.

The level of top funding expected from mainstream schools and Academies within the Portsmouth City Council area for Alternative Provision will be set at the value of the 'local offer' of £6,000 and will include elements for educational support and additional transport costs.

### **4.3 Hospital Education**

From April 2013 there will be a new approach to funding Hospital Education.

Funding for Hospital Education will be removed from the national DSG funding formula. In future the funding for the Hospital setting will be calculated by the DfE and 'passported' through the Local Authority direct to the Hospital Education setting. This is intended to ensure that hospital schools are funded in a way that does not require the inter-authority recoupment system.

### **4.4 Other provision**

#### Behaviour Support

Funding for Behaviour support services are detailed within the new delegation arrangements for central expenditure for schools within section 5 of this paper.

#### Outreach services

Funding for Outreach services will continue to be allocated to the Special Schools as additional funding during 2013-14, however these arrangements will be reviewed in advance of 2014-15 and alternative arrangements may be put in place. Consultation will take place prior to any changes being implemented.

### **4.5 Minimum Funding Guarantee**

The methodology for funding for special schools, special units and resourced provision in mainstream schools has changed. As such, the principle protection for these settings is the agreed number of places being funded at £10,000 per place.

In addition, in the first year of funding, Local Authorities are required to ensure that the level of top-up funding provided to:

- special schools maintained by the local authority;
- special units and specially resourced provision in mainstream schools maintained by the Local Authority;
- special Academies that were formerly maintained by the Local Authority; and
- special units and specially resourced provision in mainstream Academies that were formerly maintained by the Local Authority

is such, that were all the 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.

#### **4.6 Funding Arrangements**

Prior to the beginning of the financial year the local authority will agree with specialist settings the number of planned places to be provided. The place funding amount will be advised to schools at the same time as the school budget shares are announced.

Top-up rates will be agreed by April 2013. It is currently anticipated that top up funding will be calculated on a weekly basis and funding transferred to and from schools in the month following the movement of the pupil.

The final arrangements are still being finalised and we will issue details of these as soon as possible.

## 5. Central Expenditure for Schools

### 5.1 Introduction to Central Expenditure

One of the main principles under-pinning the DfE's reform of school revenue funding, is that as many services and as much funding as possible should be delegated to schools, so that school leaders have greater choice over how to spend their budgets.

There are some exceptions to this principle, where funding and services can be returned to, or retained by the Council. These exceptions are:

- a. Where maintained schools agree that a service should be provided centrally
- b. The services relate to the statutory functions of the local authority.
- c. Historic Commitments.

This section of the consultation sets out the proposals in relation to the above

### 5.2 Services where maintained schools can agree that the service is provided centrally

The new funding arrangements require the funding for the services listed below to be allocated within the funding formula to schools initially. However Schools Forum can decide by phase to de-delegate one or more these items. If Schools Forum does decide to de-delegate one or more of these items, then the funding will be returned to the Council to control centrally.

- Contingencies
- Administration of free school meals eligibility
- Insurance
- Licences or subscriptions
- Staff costs or supply cover
- Support for minority ethnic pupils or underachieving pupils
- Behaviour support services
- Library and museum services

The table below sets out the Council's proposals to Schools Forum for the treatment of these central expenditure items:

**Table 2 – Proposals for treatment of central expenditure items for schools**

<b>No.</b>	<b>Central Expenditure Item</b>	<b>Recommended Treatment</b>	<b>Service Level Agreement Required</b>
<b>1.</b>	Contingencies	<p>The current level of contingency is £500,000. It is recommended that a contingency is retained for the following remaining eligible purposes where required:</p> <ul style="list-style-type: none"> <li>• Schools in financial difficulties</li> <li>• Additional costs relating to new, reorganised or closing schools</li> <li>• Exceptional unforeseen costs which it would be unreasonable to expect governing bodies to meet.</li> </ul> <p>The parameters and amount for any contingency required in respect of the above purposes will be agreed by Schools Forum separately each year.</p>	No
<b>2.</b>	Administration of free school meals eligibility	This total cost of this service including overheads is approximately £33,000. It is recommended that this is allocated on a per pupil basis (using AWPUP) and de-delegated back to central control.	No
<b>3.</b>	Insurance	This is already delegated to schools, therefore no action required.	N/A
<b>4.</b>	Licences or subscriptions	The cost of this service is approximately £50,000. It is recommended that this is allocated on a per pupil basis (using AWPUP) and de-delegated back to central control, together with an overhead element for the administration costs.	No
<b>5.</b>	Staff costs or supply cover (incl: Long Term Sickness, Maternity, Union Duties, Suspension, Jury Service,	Sickness costs are already delegated and a Service Level Agreement is already in place.	Yes

No.	Central Expenditure Item	Recommended Treatment	Service Level Agreement Required
	etc.	<p>Maternity costs are approximately £540,000. It is recommended that this is allocated on a per pupil basis, (using AWPU) but with appropriate allocation between the school phases. An SLA would be offered and a small administration charge would be applied.</p> <p>Special staff costs (Union Duties, Suspension, Jury Service, etc) cost approximately £250,000, it is recommended that this is allocated on a per pupil basis (using AWPU) and de-delegated to central control.</p>	<p>Yes</p> <p>No</p>
6.	Support for minority ethnic pupils or underachieving pupils	The cost of this service is approximately £460,000. It is recommended that is allocated on a per pupil basis (using EAL) and de-delegated back to central control as a full service. Agreement would be required for each phase.	<p>No</p> <p>Any additional services would require an SLA.</p>
7.	Behaviour Support Services	<p>Estimated value of this service is £1m, which is currently provided through Harbour School. It is recommended that this is allocated on using 'prior attainment as a proxy for SEN'. A phased approach as set out below is recommended.</p> <p>For year 1 (2013-14) – De-delegate back to central control and continue to provide through Harbour school. In preparation for year 2 (2014-15), schools give early preference to model of provision.</p>	Yes, between PCC and Harbour School in year 1.
8.	Library and Museum Services	The cost of this service is approximately £16,000. It is recommended that this is allocated on a per pupil basis (using AWPU) to primary schools and de-delegated back to central control.	No

**Q13 – Do you agree with the proposed treatment of the central expenditure items as detailed within table 2?**

### 5.3 Other Central Expenditure Items

In addition to the central expenditure items listed above in section 5.2, the Local Authority is permitted, with Schools Forum approval, to retain some central expenditure items before allocating the funding to schools through the funding formula. Under the new arrangements, no new commitments or increases in expenditure from 2012-13 levels are allowed. The items of expenditure within this category are shown in the table below, together with the proposed treatment from 2013-14; in order comply with the new requirements.

**Table 3 – Centrally retained expenditure items**

No.	Central Expenditure Item	Recommended Treatment
1.	Admissions	Continue to retain centrally, with Schools Forum approval.
2.	Servicing of School Forum	Continue to retain centrally, with Schools Forum approval.
3.	Carbon Reduction Commitment	Continue to retain centrally, with Schools Forum approval.
4.	Capital Expenditure Funded from Revenue	As the expenditure funded from this budget relates to one-off items of expenditure each year, any further expenditure would be deemed to be a new commitment, which is not permitted. It is proposed to delegate this budget (approximately £340,000) to the schools and allocate it on a per pupil basis using AWPU.
5.	Schools budget centrally funded termination of employment costs	As the expenditure funded from this budget relates to one-off items of expenditure each year, any further expenditure would be deemed to be a new commitment, which is not permitted. It is proposed to delegate this budget (approximately £87,000) to the schools and allocate it on a per pupil basis using AWPU.
6.	Contribution to combined budgets	Portsmouth City Council does not currently have expenditure of this nature and therefore will not be able to use this item.
7.	Schools budget funded prudential borrowing costs	Portsmouth City Council does not currently have expenditure of this nature and therefore will not be able to use this item.



## **5.4 Funding for significant pre-16 pupil growth**

Funding for significant pupil growth can be now be retained centrally before the school funding formula is calculated. However, the requirements below must be complied with<sup>6</sup>.

- a. The growth fund can only be used for the purposes of supporting growth in pre-16 pupil numbers to meet basic need and to support additional classes need to meet the infant class size regulation.
- b. The fund must be used on the same basis for the benefit of both maintain schools and recoupment Academies.
- c. Any funds remaining at the end of the financial year must be added to the following year's DSG and reallocated to maintained schools and Academies through the local funding formula.
- d. Local authorities will be required to produce criteria on which growth funding is to be allocated
- e. Local Authorities will need to propose the criteria to Schools Forum and gain agreement before growth funding is allocated. The Local Authority will also need to consult the Schools Forum on the total sum to be top-sliced from each phase and must regularly update the Schools Forum on the use of the funding.

In determining the funding for 2013-14, the Council will consider the need for a growth fund and will consult with Schools Forum on any proposed criteria for allocating the funding as well as the amount of the fund.

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<sup>6</sup> Source: 2013-14 Revenue Funding Arrangements Operational Guidance For Local Authorities, Department for Education, June 2012

## 6. Responding to the Consultation

A consultation response form will be available for download from Intralink.

Please send your completed response forms to:

Email: [cflfinance@portsmouthcc.gov.uk](mailto:cflfinance@portsmouthcc.gov.uk)

CFL Finance  
Portsmouth City Council  
Floor 4  
Civic Offices  
Guildhall Square  
Portsmouth  
PO1 2EA

The consultation will be open until the 11<sup>th</sup> October 2012.

The above proposals will be presented to Schools Forum for their agreement at the end of the October together with a summary of the feedback from the consultation period.

## 7. Appendices

### 7.1 Appendix A – Working Group Membership

	Primary		Secondary		Special *	
Finance	Kathy Blaker	Cottage Grove	Lee Miller	CPGS	Sharon Payne Richard McCormack Lorraine Swanson	Willows Harbour Mary Rose
Governors	Peter Justice	Gatcombe Park	Peter Bunn	KRS	Jo Green	Cliffdale
Heads	Simon Cattermole	Stamshaw Jr	Mike Smith	CPB	Tony Cox	Redwood

\* There is only one Finance representative for the combined working group

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LA Name

Portsmouth

Sample - the final pro forma may differ

APPENDIX 2

Pupil Led Factors

1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Description	Amount (£) per pupil		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Reception Uplift			22		n/a	n/a	n/a
	Primary (including reception)	£2,659		13728		£36,505,955	£71,815,053	72%
	Key Stage 3	£3,779		5175		£19,556,280		
Key Stage 4		£4,388		3590		£15,752,818		
2) Deprivation	Description	Primary amount per pupil (£)	Secondary amount per pupil (£)	Number of eligible primary pupils	Number of eligible secondary pupils	Sub Total (£)	Total (£)	Proportion of funding
	Indicator: FSM6	£0	£0	4,379	2,704	£0	£11,504,623	11%
	IDACI Score 0.2 - 0.25	£315	£212	1,678	1,031	£747,194		
	IDACI Score 0.25-0.3	£631	£423	1,545	990	£1,393,367		
	IDACI Score 0.3- 0.4	£946	£635	2,042	1,139	£2,655,208		
	IDACI Score 0.4-0.5	£1,261	£846	1,230	820	£2,244,803		
	IDACI Score 0.5-0.6	£1,577	£1,058	1,361	763	£2,953,957		
	IDACI Score 0.6-1	£1,892	£1,270	594	304	£1,510,094		
	Description	Amount (£) per pupil		Number of Pupils			Total (£)	Proportion of funding
	Indicator: LAC_12_Mar11	£2,811		66			£186,140	0.19%
4) Low cost, high incidence SEN	Description	Amount (£) per pupil		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Primary pupils- Indicator: LowAtt_ %_PRI_73	£1,148		1769		£2,031,271	£5,900,295	5.89%
	Secondary pupils not achieving (KS2 level 4 English and Maths)	£3,179		1217		£3,869,025		
5) English as an Additional Language (EAL)	Description	Amount (£) per pupil		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Primary pupils- Indicator: EAL_3_PRI	£148		1,158		£171,100	£310,526	0.3%
	Secondary pupils- Indicator: EAL_3_SEC	£796		175		£139,426		
6) Mobility	Description	Amount (£) per pupil		Number of Pupils		Sub Total (£)	Total (£)	Proportion of funding
	Primary pupils starting school outside of normal entry dates	£0		1,114		£0	£0	0.0%
	Secondary pupils starting school outside of normal entry dates	£0		516		£0		

Other Factors

7) Lump Sum	Description	Amount (£)	Unit	Number of Schools			Total (£)	Proportion of funding
	Lump Sum	£140,000	per school	62			£8,679,995	8.66%
8) Split Sites	Description						Total (£)	Proportion of funding
	Split Sites						£0	0.00%
9) Rates	Description						Total (£)	Proportion of funding
	Rates						£1,634,603	1.63%
10) PFI funding	Description						Total (£)	Proportion of funding
	PFI						£144,739	0.14%
11) Sixth Form	Description						Total (£)	Proportion of funding
	Existing Sixth Form Commitments						£0	0.00%
12 ) Exceptional circumstances (can only be used with prior agreement of EFA)	Description					Sub Total (£)	Total (£)	Proportion of funding
	Excep Circs 1					£0	£0	0.00%
	Excep Circs 2					£0		
	Excep Circs 3					£0		

13) Minimum Funding Guarantee	Description	MFG Floor		Ceiling	Scale Factor		Total (£)	Proportion of funding
	MFG is set at -1.5%, gains may be capped above a specified ceiling an	-2%		2%	100%		£116,642	0%

TOTAL FUNDING FOR SCHOOLS BLOCK FORMULA (£) :							£100,175,974
RETAINED FOR GROWTH							£0
PRIMARY/SECONDARY RATIO :							1 : 1.28

London fringe pay bands (only applicable to Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex)	Description	Uplift amount (%)	Unit	Number of schools		Total (£)	Proportion of funding
	Preset uplift on puil lead factors and the lump sum	check please	per pupil	0		0	£0



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	Q1 – Do you agree with the proposal to have separate basic per pupil entitlement rates for Key Stage 3 and Key Stage 4?	Q2 – Do you agree with the proposal to use only the 'Income Deprivation Affecting Children Index' (IDACI) as the indicator for allocating funding for deprivation?	Q3 – Do you agree with the proposal to use the Looked After Children factor for allocating funding to primary and secondary schools?	Q4 – Do you agree with the proposal to set the proxy indicator for SEN at the Early Years Foundation Stage Profile threshold of 73 points rather than 78 points?	Q5 – Do you agree with the proposal to have a higher rate of funding in secondary schools for English as an additional language?	Q6 – Do you agree with the proposal to use the optional 'lump sum' factor (of £140,000) within the funding formula for schools?	Q7 – Do you agree with the proposal for PFI schools to continue to receive an allocation equal to the estimated affordability gap through the optional PFI factor within the funding formula for schools?	Q8 – Do you agree with the proposal not to use the optional pupil mobility factor within the funding formula for schools?	Q9 – Do you agree with the proposal to implement a financial cap of 1.5% to restrict funding gains, to those schools which would experience an increase in funding under the new funding arrangements?	Q10 – Do you agree the proposal to adapt the traditional 'A – H' banding mechanism to allocate the necessary top-up funding for pupils in Special Schools for the financial year 2013-14?	Q11 – Do you agree with the proposal to use the 2012-13 per pupil funding values as the basis for calculating the appropriate rates for the Resourced Units in 2012-13?	Q12 – Do you agree with the proposal, in keeping with the local arrangements, to require mainstream schools and Academies to pay the top-up element of the funding as well as the AWPU to the provider for the rest of the financial year and the following financial year, where the exclusion occurs after the October pupil census, in cases of permanent exclusion?	Q13 – Do you agree with the proposed treatment of the central expenditure items as detailed within table 2?
1	yes	yes - because FSM pupils receive additional funding via pupil premium	Yes - it has very little impact on most schools but could be significant where there are high numbers in a school	Yes - if there are less qualifying pupils there will be more funding for those who have the greatest need	Yes - pupils joining a secondary school as EAL are further behind their peers than those joining in KS1/2	Yes - in the short but only because it reduces the overall level of turbulence it would be harder to justify as a long term principle.	no - but accept that it is historical where MX is concerned. I would strongly oppose this in any future PFI projects	yes- appears to have little impact	Yes - but only due to the pragmatic nature of the arrangements and the impact of the minimum funding guarantee	yes	no - much more work is needed to determine an appropriate per pupil funding model particularly in THS where the current level is historical and may be over generous	no - and this has not been discussed with schools or at BAG	no - Item 5 maternity costs should also be de-delegated item? ... Schools can't be expected to de-delegate THS costs and pay top up costs for AP placement
2	n/a	No - by including FSM within IDACI, visibility of the accounting for use of additional funds given for P.Premium inc. FSM might be lost	yes	yes	n/a	no - don't understand the justification as to why the lump sum has to be the same for all schools. It would make sense to apportion the amount of pro-rata basis-smaller schools get less, larger schools get more	no - this would potentially remove money from the general funds available to non-PFI schools	yes	yes	yes	yes	no - As an Infant school, we only have the child for 3 years so paying for a 2nd financial year would penalise the school unfairly. We could agree if more was put into pre-school to identify needs thus removing the immense activity and investment that the school makes. There is also the issue of dual registration that exists and needs to be resolved for this	no - The maternity costs at Para 5 need greater explanation before we can agree
3	We are a Junior School so therefore are unsure what level of extra costs a Key Stage 4 pupil incurs	yes	yes	no - The level should be 78, as if a child does not meet the average score of 78 they will require extra support and interventions during KS1 and KS2 to ensure they can meet their targets.	yes - if this means that secondary schools will receive a higher weighting of funding but funding is still available for the first 3 years to primary schools.	This appears to be inequitable, a lump sum will be a bigger proportion of the overall budget for smaller schools than larger ones, and therefore worth less to the larger the school. Not sure of the overall reason behind PCC using lump sums.	yes	yes	yes - It is important to ensure turbulence is kept to a minimum and that schools have time to plan and implement savings in schools that are overall losers in the new formula. This we assume can only be funded by managing the increases over time to schools that gain, and thus the MFG is very important and therefore the financial cap too	yes	yes	Agree with AWPU and any extra top up from PCC to follow the pupil and be adjusted in the census. Need further clarification on the 'top up element' as regards non statement children and children with statements	yes
4	n/a	no - preferred a mixture of free school meals & IDACI	yes	yes	yes	yes	No Answer	No Answer	no - This proposal yet again significantly disadvantages the pupils in this school – setting the capped increase at only 1.5% results in us losing out on approx £55,000 of additional funding that we would otherwise receive under the new funding formula	No Answer	No Answer	No Answer	No Answer
5	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes	yes
6	yes	yes	yes	yes	no	yes	yes	no	yes	yes	yes	yes	yes
7	yes	yes	yes	yes	yes	yes	No Answer	yes	no - this schools budget 13/14 will reduce by approximately £230k compared with 12/13 budget, this deficit would be greater if the old formula is used. The schools budget will decrease due to a falling role (£19 compared to £80 12/13). The Cap should be set higher, to enable the school to receive allocated funding to minimise the deficit.	No Answer	yes	no - Should be on a prorated basis, to ensure the school does not lose allocation for additional months of attendance at the school (depending on date of exclusion). This will lead to LA gains in this area. Schools should only be required to pay a 'top-up' element equivalent to the SEN entitlement for the excluded pupil, and no more.	yes
8	n/a	no - Would like clarification on whether IDACI identifies catchment area or actual children	yes	yes	no - children with EAL would need the same amount of funding whatever shape of their Education	yes	Did not understand. Funding for repairs/maint should be based on age & size of building	yes	no - Should be on floor so schools do not suffer from too great a loss of funding, but no ceiling	no	yes	no	yes
9	no - Given the move to education until 18, I do not see why there is a distinction being made at this point. Children joining in KS3 will be staying until KS4 so schools should be able to plan ahead. There is no clarity on what additional KS4 costs are.	no - Funding for schools is increasingly being based on an FSM measure for example the Pupil Premium. Schools are expected to report progress of FSM children as well. It would make sense therefore to be consistent and to use FSM as a funding indicator. Given the fact that there is still the year 2014-15 unaccounted for, there is time to plan for changes to overall funding levels.	no - There is no stability within schools over LAC. A child may change to LAC and back within the space of an academic year. This would mean continual readjustment of funding as monies will inevitably have to be clawed back. As the city council is the corporate parent, it should hold back funding itself for LAC provision.	no - if this is a temporary measure until the review of EYFS it does not make sense to change this for a single financial year. The consultation does not allow a view on secondary SEN threshold to be expressed and one wonders why Level 4 is the average, level 3 is just below. Level 2 would be a better indicator as this is a complete key stage behind.	no - Most early language development happens in the primary phase. In my experience EAL children arrive unable to speak English but leave able to do so. Therefore this money should be more focussed on primary and not secondary schools.	no - There is not enough explanation of why a reduction of £60,000 from the DfE suggested figure is proposed for me to be able to support this. What is the effect, for example, of £160,000 lump sum?	no - PFI schools should not receive any money from the local authority.	no - Financial research is not the same as educational research. Mobility has a considerable impact on standards to the extent that primary schools can remove certain children from their published Key Stage 2 results depending on, amongst other factors, date of admission. This should be factored into funding.	no - Any change in funding will produce winners and losers, if those schools are due extra money then they are due it and it seems unfair to hold some back.	no - It does not make sense to introduce an interim measure that most people I speak to - myself included - have no knowledge of.	yes	no - This penalises schools for permanently excluding. If the child left voluntarily there would be no such penalty so will lead to more unofficial moves and schools such as mine will continue to suffer	yes
10	yes	No Answer	yes	yes	no	no - If £200K is being allowed to go to schools from LA what is happening to the other £60K?	no	yes	no	no	no	yes	yes - Concern over bullet 1 and 2 – seems unreasonable for other schools to bear costs of mis-managed funds or re-organisation of schools
11	yes	yes - How does this link to page 23 – prior attainment being used as a proxy for SEN?	yes - Should we be looking at whether if ever LAC, not just currently LAC?	yes - Does this, by way of page 9 Secondary Schools and s level 4, include Secondary Schools too?	yes - AND Primary and Special phases – surely there are the same challenges.	If however, this means that stability of budgets is maintained through transition years, then it would seem to make sense – has this been agreed by mainstream group?	What figures are being referred to?	no - Our understanding is that levels of mobility in Portsmouth are high so this would be a factor	yes	yes - As a means of mathematical modelling it, however, is not really within the principle of banding. So OK for transition year(s). We will need to look at which cohort year is banded through	yes	no - Agreed that there should be a local agreement which is a disincentive to PX, and ensures that the right level of funding follows the learner to meet need. This should be more than what is captured (page 18) and more than an AP place top up.	no - Concerned regarding those which are not de-delegated i.e. Behaviour Support Services which could lead to a 'post code' lottery of support available for vulnerable learners across Portsmouth. This should also be decided for 14/15 by agreement each educational phases i.e. special, primary, secondary.
12	yes	yes	yes	yes	no - Does this mean we are not going to fund Primary pupils with EAL at a high rate, only secondary pupils?	yes	no - No, Where PFI schools leave the LA, I do not agree that they should continue to receive funding.	yes	no - I do recognise the difficulty in adjusting budgets, but I think 1.5% is too low a cap to restrict gains. Suggest 2.5% would allow those school, who would effectively be being under funded, to catch up in a reasonable length of time.	yes	yes	no - I suggest there needs to be further explanation and safeguards as currently the proposal seems to be we agree to have the money de-delegated back to the LA to fund the Harbour School and that we pay (a very large amount) if we need to use the facility. This appears to be paying twice.	yes



	Q14 – Do you have any further suggestions which may help us improve the proposed funding formula?
1	no - but much more detailed dialog is required around qu 12
2	no
3	yes - Funding mentions £4k per child however the current example indicates £3.2k per child, will the formula for 2013/14 address this? Kitchen schools used to receive extra funding in their budget share for catering/energy/refuse etc this is not longer the case. Therefore is PCC going to review the need for SLAs between kitchen schools and the schools they provide a catering for
4	yes - In calculating the capped value per pupil that we can receive in 13/14, the amount currently received per pupil should be based on our Jan 11 census NOR (291), as this is what we are currently being funded for. By basing it as if we are currently being funded on our Oct 11 NOR (296) disadvantages us by £50 per pupil. With a current NOR of 297 this unfairly reduces our budget allocation by £15,000, an amount sufficient to fund a badly needed additional teaching assistant in the school. The current method will disadvantage any school with decreasing NOR between October 11 and January 12. We have consistently had to cope with lags in funding as our NOR fluctuates but overall increases, but the proposed method of assuming current funding is based on October NOR is gest that the adding to this pressure. We suggest that the capped funding be calculated based on January 11 NOR, or if this is not possible, that schools affected are financially compensated through some other funding source.
5	yes
6	Pupil mobility in my school is high – please can you explain why you decide not to use it as part of the formula?
7	no
8	no
9	No Answer
10	No Answer
11	Concerned that this proposed funding formula may disadvantage Portsmouth's most vulnerable learners requiring outreach support and/or specialist provision. What are (page 18) additional transport costs? For transparency costs of services in table 3 need to be declared.
12	yes



# Agenda Item 5

Agenda item:

5

**Report to:** Schools Forum

**Subject:** School Academy Transfers

**Date of meeting:** 24 October 2012

**Report by:** Mike Stoneman, Strategic Commissioning Manager

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## 1. Purpose

- 1.1 The purpose of this report is to provide the Schools Forum with an overview of the academy conversion process, the responsibilities and obligations that apply to the Local Authority, including an indication of the resources needed to meet these requirements, and to inform of the proposal to secure a contribution from schools towards the Council costs associated with the academy transfer process.

## 2. Recommendation

- 2.1 It is recommended that the Schools Forum note the content of this report and the following recommendation to Cabinet.
- a. that the Council seek a contribution of £5,000 from the converting school, towards the costs associated with the academy transfer process on the following basis:

The contribution will be capped at £5,000. This will be deducted from the schools account at the beginning of the transfer process. In extreme circumstances the Council may seek an additional contribution if costs significantly exceed the capped figure of £5,000. This will be discussed and negotiated with the School before any further deductions are implemented.

## 3. Background

- 3.1 The Academies Act 2010 was passed on 27 July 2010. It gives all maintained schools the opportunity to become academies. Those in the first tranche of new publicly funded academies opened in September 2010. They will be independent of Local Authority control. They will be

able to set their own pay and conditions for staff, and will be able to buy in private services; including buying back services from the Local Authority should they so wish.

- 3.2 All academies established by the Secretary of State enter into a contract (the funding agreement) with a charitable company, which is often referred to as the Academy Trust. The funding agreement provides the framework within which the academy must operate, and a draft model funding agreement for headteachers and governors is now available from the DfE.
- 3.3 There are different versions of the model to reflect the circumstances of different types of school, such as primary, secondary and special. The ongoing funding of the Academy Trust is contingent upon the conditions in its funding agreement being met.
- 3.4 There is no statutory requirement for any formal relationship between local authorities (LAs) and academies beyond that which is required for the delivery of LA statutory duties, such as the making and reviewing of SEN statements, securing sufficient education in an area and provision of home-to-school transport for eligible children. However, LAs will continue to play a key strategic role locally and there will be significant advantages for both academies and LAs in constructive partnership working;

#### **4. Summary of Academy Transfer Process**

- 4.1 The process of converting to an academy involves the following key stages:
  - 1. The school or schools making expressions of interest to the Department for Education (DfE) and the DfE then confirming that they are acceptable and giving the green light for the process to start
  - 2. Employment and HR procedures including all consultation under the TUPE Regulations 2006 with staff and unions prior to the conversion. Upon the conversion, all employees of the converting schools, employed immediately before the conversion, will have their contracts of employment transferred to the new academy
  - 3. Approval of the application by the Secretary of State which triggers the start of legal formalities
  - 4. Other practical issues including arranging to change all service suppliers arrangements to the new academy and changing banking and insurance arrangements and associated site and building transfer arrangements
  - 5. The Secretary of State's final approval and signing of the Funding Agreement.

- 4.2 The workload associated with each Academy conversion will vary according to the complexity of the conversion. However, it is significant and the Local Authority will require additional resources to ensure that the increased workload associated with the academy transfer process is undertaken in a reasonable timescale, as well as ensuring that the Council liabilities are transferred appropriately to the new academy. It is likely that more Academy Transfers will go ahead over the next 1-2 years. It is therefore important that the Local Authority agree now the resources that are required and seek to recover these costs from the schools that are going through the process.

## **5. Forming the Academy**

- 5.1 Academy conversions can take about three months, but may take longer, depending upon the complexity of the situation and how quickly the transfer of staff, assets and land can be negotiated with the Local Authority. The DfE has issued model documentation which is intended to make the process more straight forward.
- 5.2 When entering into an Academy conversion, schools receive a grant from the DfE of up to £25,000 towards their conversion costs.
- 5.3 The Local Authority receives no direct source of funding to cover the costs linked to Academy conversions, however, there is a great deal of officer time required to ensure smooth transfer arrangements are undertaken within a reasonable timeframe.
- 5.4 Following discussion with other Local Authorities, it is clear there are various approaches that have been taken. Some Local Authorities have absorbed the associated costs of the transfer process within existing resources, whilst, others such as Swindon, Norfolk and Medway have charged for LA Officer time (all capped at £5,000). Locally, Hampshire CC and West Sussex CC has to date absorbed these costs, whereas Southampton City Council is now actively considering the option of charging on a similar basis to the approach Portsmouth City Council is now proposing.

## **6. Legal Agreements required**

- 6.1 There are two main aspects to an Academy transfer agreement between the Local Authority and the new Academy. These are the Commercial Transfer Agreement (CTA) and the Land Ownership documentation.

### **Commercial transfer agreement**

- 6.2 The Commercial Transfer Agreement (CTA) is the agreement dealing with the transfer of assets and liabilities from the governors of the old school or schools to the new academy or academies. It has the Local

Authority as an extra party and the DfE requires a converting school to try to agree terms with the Local Authority.

6.3 Depending on circumstances, the final settlement of the Commercial Transfer Agreement can be a much more time consuming exercise than the other documentation. The agreement covers the following areas:

- ensures that all liabilities that were the responsibility of the converting school/governing body transfer to the new academy
- ensures that liabilities that Portsmouth City Council (PCC) had for the converting school, up until conversion, are covered. This is necessary as the governing body of the old school ceases to exist on the day before conversion and without this agreement, any liabilities incurred by the governing body of the old school would default to the local authority and therefore impact on all schools (School Standards and Framework Act 1998)
- the CTA covers the transfer of
  - contracts and assets
  - staffing, including terms and conditions
- the CTA details all contracts in force including those negotiated by PCC on behalf of all schools – the majority of contracts will transfer to the academy
- the governing body also needs to provide staffing information including terms and conditions, copies of contracts, details of each employee etc. This information will need to be verified where PCC is the employer
- the CTA also includes agreement concerning any loans from PCC.

### **Land Ownership**

6.4 When the Secretary of State for Education signs the Funding Agreement, an order will be made in relation to land ownerships. Depending on the pre-conversion category of school, the Secretary of State will either require relevant freeholds to be transferred; or require that the freehold owner of the school or schools (the Local Authority) grants the new academy(ies) 125 year leases of the relevant school sites. The leases are fairly standard documents and the basic conveyancing process should be straightforward. There are different arrangements for church schools.

6.4 It is worth noting that although the basic lease term is 125 years it can be brought to an end if the relevant Funding Agreement is terminated. There may be other matters necessitating supplemental documentation. Some will comprise '*novation agreements*' where the current governing body has contracts with third parties for the supply of services or facilities and those contracts have to be '*novated*' by fresh agreements under which the new academy or academies take the

place of the old governing bodies to ensure that there is a continuance of relevant services and facilities.

## 7. Local Authority Costs incurred

7.1 The academy conversion process requires extra resource, for which the school is given an allocation towards transfer costs; although some of the costs can be offset against existing internal service level agreement arrangements, to mitigate some of the additional costs incurred, the LA proposes to secure a contribution of up to £5,000 for each conversion.

7.2 The contributions will support the following increased workload:

Area	Description
<b>Legal and Property</b>	To act on behalf of the LA during the Academy transfer process. This may involve purchasing external legal advice where insufficient internal capacity exists to manage the transfer workloads. The Academy provider will be expected to lead on the drafting of legal documentation associated with the transfer process. PCC Legal Services will be responsible for: <ul style="list-style-type: none"> <li>• acting on behalf of the LA in preparation of the Commercial Transfer Agreement and Land Ownership Transfer Agreement.</li> </ul>
<b>Finance</b>	Finance will provide the following support during the transfer process: <ul style="list-style-type: none"> <li>• Assist in the closure of 'old school' accounts and determining the final schools balance.</li> <li>• Ensure required closure processes are completed, e.g. bank accounts, purchase cards, petty cash and outstanding income.</li> <li>• Managing the finance related processes for PCC when transacting with schools / Academies / DfE.</li> <li>• Provision of financial advice around transfer arrangements.</li> <li>• Verification of any financial aspects of transfer negotiations.</li> </ul>
<b>Employment and HR</b>	The transfer of contracts of employment, historic terms and conditions and payroll transfers to comply with TUPE regulations.
<b>Project Management</b>	Co-ordination of the conversion process which includes initial DfE response, version agreements CTA and final sign off, school meetings and liaison with the DfE, external solicitors, LA officers, etc.

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# Agenda Item 6

Agenda item: 

<b>6</b>
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**Report to:** Schools Forum

**Subject:** Closing Balances of Charles Dickens Infant & Primary Schools

**Date of meeting:** 24<sup>th</sup> October 2012

**Report by:** Julian Wooster – Director for Children’s Services

**Written by:** Richard Webb

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## **Purpose of report**

1. The purpose of this report is to seek agreement for the proposed use of the closing balances of Charles Dickens Infant School and Charles Dickens Junior School following the transfer of the pupils to the new Charles Dickens Primary School, upon the completion of the amalgamation process; to best benefit their future needs.

## **Recommendations**

2. It is recommended that the Schools Forum endorse the transfer by Portsmouth City Council of an amount equivalent of the closing balances Charles Dickens Infant School and Charles Dickens Junior School to the Charles Dickens Primary School, once the amalgamation process is complete.

## **Background**

3. At the Cabinet Meeting for Children and Education on the 14 June 2012, a report was presented on the proposed amalgamation of the Charles Dickens Infant & Junior Schools.
4. At the meeting the following recommendations were resolved:
  - (a) To consider the responses set out in this report to the consultation carried out on the proposal to amalgamate Charles Dickens Infant and Junior Schools;
  - (b) To authorise the Director for Children’s Services to proceed to the representation stage by publishing statutory proposals to amalgamate Charles Dickens Infant and Junior Schools by closing both Schools and opening a new all through community Primary school from April 2013 on the same site;
  - (c) To note that, if it is agreed that the statutory proposals are published, the outcome will be submitted to the Schools Adjudicator, who will consider and make the final decision on this proposed reorganisation.

5. At the 31<sup>st</sup> March 2012, Charles Dickens Infants had revenue balances of £229,994 and capital balances of £7,478. Charles Dickens Junior had revenue balances of £28,855 and capital balances of £62. These monies were clearly intended by the DfE and PCC to benefit the pupils and facilities of these two schools.
6. At this stage in the amalgamation process, it is not possible to confirm what the final closing balances of these schools will be, however it would seem appropriate to use these monies to support former Charles Dickens Infant and Junior School pupils in their continuing education at The Charles Dickens Primary School, once the amalgamation process is complete. This course of action is consistent with the Schools' Forum's previous decision concerning closing balances at Saxon Shore, Westfield, East Shore, Fitcher and Waterside Schools.
7. The Scheme for Financing Schools dictates that all balances of closing schools must be transferred to the Dedicated Schools Grant, however, it also provides for an equal and opposite sum to be transferred to any successor schools.

### **Conclusion**

7. It is proposed therefore that the principle of transferring a sum equal to the final closing balances of Charles Dickens Infant and Junior Schools is agreed in advance of the completion of the amalgamation process of these schools to provide them, with some certainty over their future financial position.