

School Funding Arrangements 2008-09

**Consultation Document
November 2007**



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INTRODUCTION

The government has recently announced key information about school funding for 2008/09 to 2010/11. The key announcements are:

- The Minimum Funding Guarantee will be set at 2.1% in each of the three years. This is net of a 1% efficiency saving the Government is expecting schools to make each year.
- School Standards Grant and School Development Grant are to increase in line with the Minimum Funding Guarantee.
- Additional resources for personalisation have been agreed at national level, however it is not yet clear how these will be allocated to authorities.
- A new funding methodology will be introduced for post 16 education, including transitional measures to smooth their introduction.

The government remains committed to increasing stability in school funding arrangements, which will be achieved by increasing the amount of funding which is confirmed at the beginning of each financial year and reducing the resources provided to meet pressures and changes within the year.

This document describes a set of proposals concerning school funding arrangements from April 2008. These have been discussed with the Hertfordshire Schools Forum, and we are grateful to them for their comments and support. We are now seeking the views of schools on these proposals.

This document includes information and proposals relating to a complete revision of the funding formula for special schools. This is the first major review of the special school funding formula since the early 1990's, and has been developed in close consultation with a group of special school headteachers to ensure coherence across all types of school. The changes to the special school funding formula are presented alongside proposed changes to special school place numbers, some of which relate to the changes in the formula.

During 2007 the Authority has undertaken a review of the way that funding is targeted towards helping with the impact of social deprivation. The review showed that total funding targeted to social deprivation was in line with government guidance. The review also found that many published indices used as proxies for social deprivation were significantly out of date or used underlying methodology which was not available for analysis. Further work will continue to look for improved allocation methods for most pupils. A change is proposed which would distribute funding for social deprivation for nursery age pupils in mainstream schools using the IDACI index rather than attributed Free School Meal entitlements.

On introduction of the revised arrangements for funding of SEN in mainstream schools in 2007/08, a transitional protection arrangement was put in place to reduce turbulence in funding. It is now proposed to extend this arrangement into forthcoming three year funding period, and to make changes to the formula reflecting new information from the LSC and the outcome of the deprivation review.

The document also includes proposals which aim to simplify the formula and improve the data sources for premises funding, and which bring insurance arrangements for VA schools into line with other schools. Other proposals relate to completing the transfer of funding of pay progression costs into the formula, and establishing ways in which schools and the Authority can work together to demonstrate safe recruitment practises in schools.

We are consulting on 18 proposals. Each one is shown in a shaded box, and the heading of each clarifies which schools are affected by the proposals.

We welcome and seek the views of all schools and other stakeholders within this consultation process. Some proposals have been highlighted as affecting particular sectors or groups of schools, however this does not preclude other schools expressing an opinion on those proposals. Even if you have a strong view on only one point, we want to hear that view. The response form has been constructed so that you can select which issues you want to comment on.

You are invited to comment on these proposals by completing the enclosed form and returning it to the School Funding Unit. Responses must be received by **Friday 21 December**, shortly after the end of term.

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If you have any queries about these proposals please contact Jonathan Burberry on 01992 555943 or Simon Pickard on 01992 555736.

Copies of this document are being sent to all maintained schools in Hertfordshire. Trade Unions, Professional Associations and other stakeholders are also receiving copies.

PROPOSED CHANGES to SCHOOL FUNDING ARRANGEMENTS

PAY PROGRESSION FUNDING 2008-09 to 2010-11

Background

With effect from April 2006, Pay Progression Grants in their original form ceased to exist. The DfES made clear their expectation that from 2008-09 all funding previously available for Pay Progression Grants should be distributed via the school funding formulae. The proposals made in this years consultation set out the final steps to complete this transfer.

Following consultation with schools and with the approval of the Schools Forum, funding for UPS3 and Leadership progressions was transferred into the school funding formulae with effect from 2006-07. Similarly the funding for supply teacher progressions, and for UPS2 progressions in secondary schools, was transferred into the formulae with effect from 2007-08.

The majority of the funding for Threshold progressions was devolved to schools at the start of 2007/08 alongside budget shares, based on the number of upper pay scale teachers employed at the school at PLASC date in January. For secondary schools, no resources were retained to make adjustments later in the year. For other schools, part of the Threshold budget was retained in order that claims for additional resources could be made where the number of upper pay scale teachers was higher at September than it was at January.

For 2007/08, UPS2 funding for schools other than secondary schools is based on claims made during the autumn term.

Threshold Funding

The number of upper pay scale teachers in each phase remained broadly unchanged from September 2005 to September 2006 indicating that an equilibrium is being approached.

For 2007-08 all schools received an allocation of Threshold funding alongside school budget shares based on the number of upper pay scale teachers employed at the school on PLASC date. For secondary schools this was the only allocation of Threshold funding for the year.

Proposal 1	Threshold Funding	All Schools Ex. Special
It is proposed to add a new Threshold Allowance to the funding formulae for all schools. The allowance would be calculated according to the full time equivalent number of upper pay scale teachers at each school recorded on form 618g at the PLASC date prior to each financial year. This would replace the existing earmarked allocation for threshold funding. No in year adjustments to the new threshold allowance would be made.		

This approach is expected to minimise any turbulence on transferring Threshold funding into the formulae.

Funding for all other teacher costs is distributed through other formula factors such as the AWPU and AEN allowances. In the long term, it is important that the formula allowances for all teaching costs are calculated consistently. The main pay scale and the upper pay scale together form a nine point scale on which the overwhelming majority of class teachers are paid. It is therefore proposed that in the long term, funding for class teachers should be provided through the AWPU and AEN values. The Threshold Allowance would therefore be gradually phased out.

Proposal 2	Value of Threshold Allowance	All Schools Ex. Special
It is proposed that the Threshold Allowance should not be increased by inflation over the forthcoming three year funding period but should be fixed at £3,000 per full time post threshold teacher for 2008-09 to 2010-11, which is the same value as in 2007-08. Any funds not used to increase the Threshold Allowance would increase the AWPU and AEN values above the level they would otherwise have been set at.		

Transitional Issues

These proposals will continue to closely match funding to the actual Threshold costs and are not expected to cause significant turbulence in school funding. The school funding regulations require that pay progression allocations are included in the MFG calculation as the funding is transferred into school budget shares. It is not expected that the transfer of Threshold funding to school budget shares on this basis would trigger significant MFG allocations, however the MFG would tend to protect any school from a significant reduction in its Threshold allocation.

Whilst these proposals are not expected to cause significant turbulence for most schools, it is possible that a small number of schools may be adversely affected by a large proportion of staff passing the threshold during the financial year.

Proposal 3	Transitional Support	Nursery and Primary Schools
It is proposed that for 2008-09 only, the specific contingency budget for schools in financial difficulty should be increased by £100k in order to enable partial reimbursement of significant unfunded Threshold costs in any primary or nursery school which is in financial difficulty.		

UPS2 Funding

Proposal 4	UPS2 Funding	Nursery and Primary Schools
It is proposed that the resources for UPS2 progressions in nursery and primary schools should be transferred into the formula from April 2008 on the same basis as UPS2 funding in secondary schools was transferred in 2007-08. The funding would therefore be transferred to the teaching components of the AWPU and AEN allocations. (This proposal would also cover the primary part of UPS2 funding for middle schools, the secondary part was delegated in 2007-08)		

Transfer of UPS2 funding into the formula is expected to give rise to turbulence in funding. Modelling work indicates that the pattern of gains and losses would be as follows:

		School Type			
Gain / (Loss)	Band	Primary	Middle	Nursery	Total
Gain	£4k - £5k	1			1
	£3k - £4k	6			6
	£2k - £3k	39			39
	£1k - £2k	81	1		82
	£0 - £1k	89	1	6	96
Gain Total		216	2	6	224
Loss	- £0k - £1k	91	1	6	98
	- £1k - £2k	58		2	60
	- £3k - £4k	11	1		12
	- £2k - £3k	24	1	1	26
	- £4k - £5k	3	1		4
	- £5k - £6k	3			3
Loss Total		190	4	9	203
Total		406	6	15	427

In the absence of other changes affecting individual schools, the Minimum Funding Guarantee would tend to provide protection for those schools which lose funding as a result of the transfer.

Primary Support Bases

The funding formula for the Primary Support Bases is based on specific pay points for the teaching staff on the upper pay scale.

Proposal 5	Primary Support Bases	Primary Schools
It is proposed that the funding formula for Primary Support Bases should be modified to incorporate the funding for pay progression costs.		

FUNDING FOR SOCIAL DEPRIVATION & AEN FOR NURSERY PUPILS

Deprivation Review

During 2007 the authority has undertaken a formal review of the funding allocated in respect of social deprivation. The review was undertaken by all authorities at the request of the DCSF, based on newly published guidance about the level of funding included within the Dedicated Schools Grant for deprivation and new guidance on the funding allocations which can be counted towards social deprivation.

Government guidance stated that authorities who target less than 80% of the deemed level should amend their funding formulae to close the gap. Overall Hertfordshire's funding allocations for deprivation closely matched the level deemed by the government to be included in the Dedicated Schools Grant. In view of this School's Forum has agreed that there is no need to take action to reallocate funds to deprivation for 2008/09.

The review also considered the methodology used to distribute deprivation funding within Hertfordshire. The funding formulae currently use the Free School Meal entitlements recorded on the PLASC data. FSM data has been criticised due to concerns about the registration of entitlements and the impact of tax credit awards on entitlement to FSM's.

The review found that the methodology for most commercial indices was not published so they could not be tested or modelled. The government's Income Deprivation Affecting Children Index (IDACI) was found to be the most applicable of all national datasets, and was virtually identical to the Index of Multiple Deprivation. Therefore IDACI was selected for detailed modelling work.

Modelling showed that use of IDACI data rather than FSM's resulted in substantial turbulence in school funding allocations and schools allocations based on the IDACI data did not always match expectations based on knowledge of the schools.

The Schools Forum has agreed that further research should be undertaken before any proposals for change affecting pupils of statutory school age are brought forward.

Nursery Pupils

Due to the part time nature of provision many nursery children who would be eligible on deprivation grounds are not registered for Free School Meals (FSMs). In the current funding formula a notional number for nursery pupils entitled to FSMs is used for funding, based on the FSM % of the primary age pupils in the school. (For nursery schools the FSM % of linked primaries is used to generate the notional number of FSMs.) Consequently, the data used for nursery pupils does not reflect the characteristics of the current nursery cohort.

A further potential distortion occurs with primary schools whose nursery class includes pupils who will be admitted to the reception class of a neighbouring school. The FSM% of the neighbouring school is not taken into account in calculating the notional number of nursery FSMs.

The DCSF is requiring authorities to introduce, by April 2010 at the latest, a single funding formula for all early years' provision including private nurseries with funded free places. It would not be possible to use the notional nursery FSM approach with private nurseries.

The Income Deprivation Affecting Children Index (IDACI) provides deprivation scores by geographical areas. Postcodes can be matched to these IDACI areas and pupils matched to postcodes, using data from the annual school census. Therefore the home IDACI score of each pupil can be established.

Proposal 6	Funding for Additional Educational Needs for Nursery Pupils	Nursery & Primary Schools
<p>It is proposed to use the IDACI scores of the nursery pupils in each school for distributing nursery social deprivation and non statemented SEN funding. Allocating additional social deprivation funding to those schools with higher levels of deprivation would be retained. Using 2007/08 data to give illustrative values, the new formula would be:</p> <ol style="list-style-type: none"> 1) Basic social deprivation funding: Total IDACI score for nursery pupils in the school x £140 2) Non statemented SEN funding: Total IDACI score for nursery pupils in the school x £290 3) Additional social deprivation funding (payable if a school's total IDACI score for nursery pupils, expressed as a percentage of its number of nursery pupils, is greater than 17%): The amount by which the IDACI score exceeds 17% of the nursery pupil numbers x £500. 		

(Marginal nursery pupils admitted outside the authority's normal admissions arrangements do not attract AEN funding. This continues the current arrangements.)

The impact of these changes is shown below:

Primary Schools:

	Range (£)	Number of Schools
Gainers	4000 to 5000	1
	3000 to 4000	2
	2000 to 3000	9
	1000 to 2000	30
	0 to 1000	112
Losers	0 to -1000	82
	-1000 to -2000	24
	-2000 to -3000	8
	-3000 to -4000	4
	-4000 to -5000	1
	-5000 to -6000	3
Total		276

Nursery Schools:

Range (£)	Number of Schools
9000 to 10000	1
3000 to 4000	1
2000 to 3000	1
1000 to 2000	3
0 to 1000	1
0 to -1000	3
-1000 to -2000	2
-2000 to -3000	2
-14000 to -15000	1
	15

In the absence of other changes affecting individual schools, the Minimum Funding Guarantee would tend to provide protection for those schools which lose funding as a result of the change.

MAINSTREAM SEN FUNDING ARRANGEMENTS for PREDICTABLE NEEDS

New funding arrangements for predictable SEN in mainstream schools were introduced from April 2007.

Discussions have taken place throughout the year with individual schools and with groups of schools, and further research has evaluated the impact of employment contracts linked to named children. The working group has therefore recommended an extension to transitional protection tapering over the three year funding period, and a change to the formula affecting nursery pupils in primary schools.

Nursery Pupils

In primary schools, the new formula arrangement for the funding of Predictable SEN includes nursery pupils in the calculation of the allowance based on free school meals data. The free school meals element is currently calculated by using the average value for the remainder of the school, and applying that average to the nursery classes. This methodology means that, no data relating to the actual nursery cohort is used in the calculation of FSM funding for Predictable SEN.

This contrasts with the arrangement in the nursery schools, which does not include an allocation for free school meals, and shares the available funding between the nursery schools on the basis of planned places.

If use of IDACI scores is implemented for the other aspects of funding for nursery age pupils, then it would also be used in the calculation of the Predictable Needs allocation for nursery pupils.

Nursery Pupils – Attainment Element

Attributing the prior attainment data from the remainder of a primary school to the nursery class means that the average is applied to a cohort which will not appear in the school's data for two years. In primary schools which operate a nursery class for pupils which expect to be admitted to the reception class at a neighbouring primary school, this is exacerbated because approximately half of the nursery pupils will never be included in the prior attainment data of the school.

Proposal 7	Nursery Pupils – Prior Attainment	Primary Schools
It is proposed that the funding allowance for prior attainment for nursery pupils in primary schools should be replaced by sharing the funding in proportion to the number of nursery pupils on roll at the January census date.		

Increasing the proportion of Predictable Needs funding distributed according to pupil numbers tends to reduce the funding turbulence compared to the allocations based on statements. The impact of the changed methodology compared to the pattern of gains and losses resulting from the formula approach is as follows:

	Number Schools	Maximum Change	Average Change
Increase Gain	99	2,106	722
Increase Loss	10	780	342
No Change	131	-	-
Reduce Gain	109	4,866	1,117
Reduce Loss	58	1,825	923
Total	407		

Although 10 schools are projected to have increased losses as a consequence of the revised nursery pupil methodology, they are amongst those schools which were least adversely affected by the original change to SEN funding arrangements.

Additional Learning Support (ALS) for 16+ Pupils

During March 2007, the DfES and LSC undertook a joint consultation entitled “Delivering World-Class Skills in a Demand-led System” which considered significant changes to the funding system for schools sixth forms from Summer 2008. The LSC have confirmed that the detailed arrangements consulted on will be implemented in full.

Funding for Additional Learning Support (ALS) up to a specified level will be provided through a formulaic allocation based on GCSE scores and funding for needs above that level will be provided through an individual review of learner needs carried out by an LSC representative. The cut off between those two methodologies would be made at “around £6,050” in Hertfordshire. At typical hourly rates over 39 weeks, this is the equivalent of just over 15 hours of TA support.

The SEN funding arrangements implemented in 2007/08 split the budget allocation between, at 15 hours in primary schools and 20 hours in secondary schools. The changes planned by the LSC would therefore result in a small number of pupils being considered to have exceptional needs in primary schools, not to have exceptional needs in years 7 to 11, but then to have needs requiring individual assessment if they remain in a school sixth form. This would be a major inconsistency of approach toward those pupils.

Proposal 8	Change to Secondary Budget Split	Secondary Schools
It is proposed to amend the budget split between predictable and exceptional needs in secondary schools from the current 20 hours to 15 hours.		

This change would increase the number of pupils expected to have exceptional needs in secondary school, and will decrease the amount allocated through the predictable needs formula.

The table overleaf compares the turbulence under the existing 20 hour budget split with that projected using the revised split at 15 hours:

	Number of Schools	
	Budget split at 20 hours	Budget split at 15 hours
Gainers (£)		
80,000 to 85,571	2	-
60,000 to 79,999	2	1
40,000 to 59,999	4	8
20,000 to 39,999	12	12
0 to 19,999	38	35
Losers (£)		
-0 to -19,999	14	24
-20,000 to -39,999	7	2
-40,000 to -50,561	3	-

The table above shows that the turbulence in funding levels would be substantially reduced by amending the budget split to 15 hours in secondary schools. The gainers and losers are essentially the same schools as under the previous 20 hour budget split, however the scale of gains and losses has reduced.

Transitional Protection – Primary Schools

Transitional protection was originally provided only for 2007/08. Discussions with schools and further analysis of issues arising indicates that it is appropriate to extend the protection on a tapering basis over the three year funding period. In order to lift the cap on gains as rapidly as possible it is proposed that the protection allocation should reduce by a greater amount in 2008/09 than in subsequent years.

Proposal 9	Transitional Protection (Primary)	Primary Schools
It is proposed to extend transitional protection for 3 years on a tapering basis by using the transitional protection allocation made in 2007-08 as a base and reducing that value each year as follows:		
	Primary	
2008-09	- £10,000	
2009-10	- £6,000	
2010-11	- £6,000	

The number of schools expected to receive transitional protection is as follows:

	Primary
2007-08	99
2008-09	7
2009-10	3
2010-11	2

The allocations made in 2010-11 would be approximately £3k for each of the two primary schools receiving a protection allocation.

In order to fund extension of transitional protection, it will be necessary to make a corresponding extension to the capping of gains in primary schools. If the extension of transitional protection is agreed, it is intended that the capping deduction made in 2007/08 will be used as a base and reduced each year as follows:

	Primary
2008/09	-£13,500
2009/10	-£4,500
2010/11	- £4,000

The number of schools whose allocations would be capped is estimated to be as follows:

	Primary
2007/08	67
2008/09	7
2009/10	6
2010/11	2

Transitional Protection – Secondary Schools

Proposal 10	Transitional Protection (Secondary)	Secondary Schools
It is proposed to use the initial transitional protection allocation made in 2007-08 as a base and reduce that value each year as follows:		
	Secondary	
2008-09	- £20,000	
2009-10	- £10,000	
2010-11	n/a	

The number of schools expected to receive transitional protection is as follows:

	Secondary
2007-08	27
2008-09	2
2009-10	1
2010-11	0

In view of the relatively small amounts of transitional protection required in 2008/09 and 2009/10 capping of the secondary school gainers would cease. The transitional protection will be provided from the additional resources released by transfers from the predictable needs formula to the exceptional needs budget.

CHANGES TO FLOOR AREA FUNDING

Background

In the past, floor area data used in school budget share calculations has largely been derived from the measurements held by Hertfordshire Business Services, which were intended for arranging cleaning contracts. Whilst this data has been updated on demand, there has been no systematic approach to ensuring that updates were obtained on a consistent basis across all schools.

In recent years an Integrated Asset Management System (IAMS) has been developed jointly by CSF and Herts Property which makes the floor area data available for schools to inspect whenever they wish via an internet tool, and presents data in a consistent format across all HCC property. The database is maintained by a professional design agency following Royal Institution of Chartered Surveyors guidelines.

Proposed Changes

Proposal 11	IAMS Floor Area Data	All Schools
It is proposed that from 2008/09 the IAMS floor area data be used for funding purposes.		
The IAMS data is updated annually by surveys in the spring, and the new data is available by June. It is proposed that each year's budget share will use the latest available data i.e. 2008/09 budget shares will be based on 2007 data. It is proposed to make an exception for any brand new schools still under construction, where an estimate of the area to be in use during the financial year would be used for funding.		

The switch to the new data will result in changes to the floor areas used for funding. Reasons for these differences include the greater accuracy of the IAMS data and the impact of changes to school premises which have not previously been incorporated into the funding data.

Formula for Floor Area funding

The existing formula is currently extremely complex. Some funding is distributed on the total floor area, some on the total area less the kitchen, some on the total area less the swimming pool. Swimming pool areas are weighted for the purposes of distributing energy and water funding, with different weightings for indoor and outdoor pools. Much of the complexity has a minimal impact on the distribution of funding, however the weighting applied for indoor pools is significant.

Proposal 12	Simplify the Formula for Floor Area Funding	Primary & Secondary Schools
It is proposed that floor area funding should be distributed on the basis of total floor area (including the kitchen, the pool and the rest of the school premises). There would be no distinction between the kitchen, the pool and the rest of the premises in the level of funding per square metre. In addition it is proposed to provide a lump sum per indoor pool of £6,000.		

Voluntary Aided (V/A) Schools Fire Insurance

V/A schools are funded for fire insurance at 60% of the level of other schools. This reflects past differences in responsibilities for premises in V/A schools. The County Council has recently re-tendered its insurance contracts and the underwriters have advised of a potential area of concern regarding the fire risk at V/A schools.

Proposal 13	V/A Schools Fire Insurance	Primary & Secondary Schools
It is proposed to raise V/A schools fire insurance funding to the same level as that for other schools.		

Impact of the change to the IAMS data and the simplified formula.

The table below shows the impact of the new data and the simplified formula compared to the existing allocations.

Difference in area related funding between proposed new system and existing allocations:

Range £	Primary Schools
5000 to 6000	1
4000 to 5000	6
3000 to 4000	12
2000 to 3000	11
1000 to 2000	53
0 to 1000	127
0 to -1000	110
-1000 to -2000	53
-2000 to -3000	18
-3000 to -4000	10
-4000 to -5000	2
-5000 to -6000	1
-6000 to -7000	2
-7000 to -8000	1
	407

Range £	Secondary Schools
30000 to 40000	1
20000 to 30000	2
10000 to 20000	3
5000 to 10000	8
0 to 5000	13
0 to -5000	34
-5000 to -10000	17
-10000 to -20000	4
	82

Nursery and Special Schools (Impact of change to the IAMS data)

Range £	Nursery Schools
3000 to 4000	3
0 to 1000	2
0 to -1000	6
-1000 to -2000	3
-3000 to -4000	1
	15

Range £	Special Schools
11000 to 12000	1
5000 to 6000	1
3000 to 4000	2
0 to 1000	3
0 to -1000	9
-1000 to -2000	6
-2000 to -3000	1
-4000 to -5000	2
	25

Schools will be sent details of the new floor area data as part of the annual formula funding data collection/ checking exercise which takes place parallel with this consultation.

In the absence of other changes, the Minimum Funding Guarantee would tend to provide protection for those schools which lose funding as a result of the change. In addition the Schools Forum has agreed to protect those schools with the largest reductions from the floor area changes, by capping these reductions at £5,000 for primary and £10,000 for secondary schools.

FREEZING GROUNDS AREA DATA

The IAMS database referred to in the section on floor area funding will also include grounds areas. However, the process of assessing grounds areas is not yet complete. In order to introduce new data it is important that it can be checked by schools before using it to calculate formula allocations. It is anticipated this work will be completed during 2008 so that a new methodology can be proposed for 2009/10.

Proposal 14	Freezing Grounds Area Data	All Schools
It is therefore proposed for 2008/09 to continue to freeze the grounds areas used currently in the budget shares.		

CRB CHECKS IN SCHOOLS

Background

Schools are required to carry out a CRB check on all new staff and on volunteers who are engaged to work with children. Currently, the LA ensures that all new starter requests are accompanied by a CRB application, but this provides no check on volunteers in any school or on any staff, paid and unpaid, in schools that use a different payroll service.

The recent Joint Area Review inspection identified weaknesses in our joint arrangements for safeguarding children. They reported that schools are inconsistent in their checking of staff and volunteers and that the LA does not know whether schools comply with the guidance. In the post-inspection action plan, the LA needs to demonstrate how schools and the authority will address these weaknesses.

Since 1 April 2007 schools have been required by the DCSF to maintain a single record of staff and volunteers which records the recruitment checks that are expected by the statutory guidance. Ofsted inspectors carry out a check on each school's single record

To assist schools with compliance it is proposed that:

- a) schools send a copy of their single record to the LA on an annual basis
- b) the LA identifies any gaps in the record and any discrepancies with its own record of CRB and List 99 checks
- c) the LA will then advise the school either that their single record is in order or of what needs to be done to meet requirements.

The benefits are:

- a) no additional work is required by schools other than to send a copy of their single record to the LA
- b) governing bodies can receive confirmation of compliance
- c) schools that need advice or additional support are identified.

Delegation of Funding

Linked to the accountability of schools for safe recruitment, the Schools Forum has agreed that the costs of CRB compliance should be delegated to schools through the funding formula with effect from April 2008. The anticipated cost in 2008-09 is £730,000, this sum to be delegated by increasing the lump sum and AWPU elements (or place funding in special schools). This would include the costs of CRB fees, traces, and administration.

The table below demonstrates the formula allocation for schools with a variety of characteristics, based on 2007-08 data:

		Pupil Nos	Formula Allocation £
Small primary	school 1	135	791
	school 2	200	987
Primary	school 1	257	1,148
	school 2	462	1,866
Secondary	school 1	768	3,141
	school 2	1,019	3,673
Special	school 1	121	1,148
	school 2	98	1,604

Charging schools for the service

The cost to each school of CRB checks plus administration varies widely from year to year and between schools of similar size, because of volume changes. In the last full year the “pay as you use” costs would have been:

		Volumes	Fixed fee £	CRB fee plus admin £	Total p.a £
Small primary	School 1	9 staff, 13 volunteers	250	676	926
	School 2	1 staff, 6 volunteers	250	148	398
Primary	School 1	6 staff, 6 volunteers	250	408	658
	School 2	21 staff, 9 volunteers	250	1236	1486
Secondary	School 1	24 staff, 0 volunteers	500	1248	1748
	School 2	88 staff, 1 volunteer	500	4592	5092
Special	School 1	10 staff, 1 volunteer	500	536	1036
	School 2	52 staff, 1 volunteer	500	2720	3220

Proposal 15	CRB Charges to Schools	All Schools
There are two options for charging schools: A) a fixed charge for the audit fee plus pay-as-you-use (PAYU) for each CRB check, with payment being made through the monthly direct debit mechanism, or B) buy-back as a single payment each year which matches the amount delegated for this purpose.		

Option A, PAYU takes account of the many different decisions that may be taken in schools of similar size (in terms of pupil nos.). This will be especially true as schools and children’s centres develop new and extended services. Each new service will have its own income stream - separate from the school’s delegated budget - and the charge for each service should include the cost of a CRB check. (Staff who are employed by other providers, such as a local sports company or primary care trust, must be checked through their own employer, not the school.)

Option B is simpler as schools would know the charge before the start of the financial year. However, as the number of staff employed to provide extended services increases, it would be necessary to increase the amount delegated to schools from the dedicated schools’ budget in order to cover the cost of the service from buy-back payments. Consequently the cost of ensuring the safe recruitment of staff for extended services would reduce the budget available for school purposes and not take account of the additional resources available to schools with extended activities.

Respondents to the consultation are asked to indicate a preference between the two options.

NEW SPECIAL SCHOOL FUNDING MODEL

Rationale for the Special School Funding Review

The current model has existed, with modifications, for 15 years. It provides a single place funding factor for places in each type of special school. The scheme uses a rationale of weighting between sectors but this rationale has been obscured in subsequent adjustments over the years.

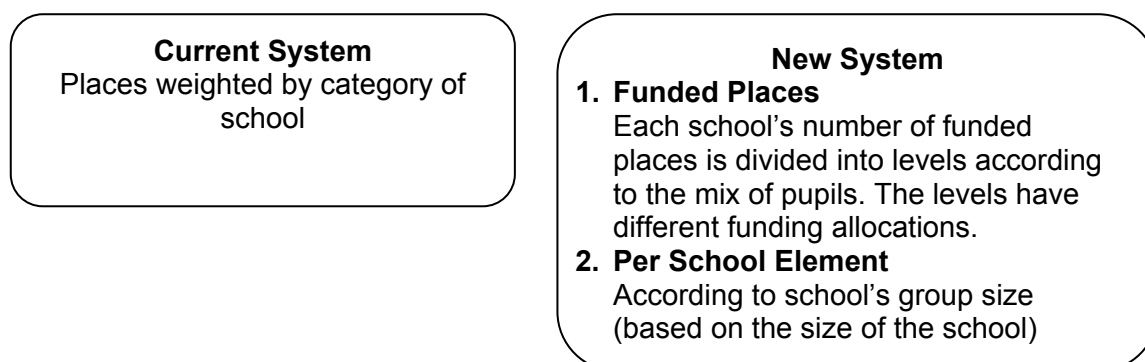
School populations have changed since the existing model was introduced and changes made over time to individual school's/sectors' funding have affected the balance of the overall scheme across and within sectors. The basis of the scheme is therefore no longer seen as fair, rational or equitable by the special schools

The special schools funding review group established the following set of intended outcomes for the new formula:

- Transparency
- Greater equity and shared responsibility
- Improved basis for shared understanding between schools and with local authority
- Fairer and perceived to be fair
- Funding better matched to pupils' teaching, learning and pastoral support needs
- Inclusion activities integral to the formula
- Schools able to plan better on basis of known amount of funding - more "stability"
- Capacity to accommodate change and development

The new model was developed within the current envelope of funding for special schools (£32 million in 2007-08). Its cost is £0.1m above the existing budget shares, which is offset by place changes proposed for 2008/09 which provide a saving of 0.1m.

Main Elements of Special School Funding Formula



The review group believes that the new formula does satisfy the checklist of intended outcomes set out above and it represents a significant improvement on the current formula.

Place Funding

Per place funding represents the majority of the new model and provides for classroom staffing.

Classroom staffing is based on an activity-led approach, working out five typical staffing levels across special schools, based on group size and adult pupil ratios.

The five levels of staffing are shown as different teacher and teaching assistant staffing for a specified number of pupils. 1.1 teacher staffing is shown to allow for teachers' PPA time

LEVEL	TEACHER STAFFING	TA STAFFING	GROUP SIZE	ADULT: PUPIL RATIO
1	1.1 teacher	1 TA	10 pupils	1:5
2	1.1 teacher	1 TA	8 pupils	1:4
3	1.1 teacher	2 TAs	8 pupils	1:2.7
4	1.1 teacher	3 TAs	8 pupils	1:2
5	1.1 teacher	7 TAs	8 pupils	1:1

The table below shows the levels agreed for each type of special school (known as the sector percentages).

LEVEL	1	2	3	4	5
MLD primary	23%	25%	40%	12%	0
MLD secondary	69%	13%	15%	3%	0
SLD	0	0	25%	49%	26%
PI	0	0	30%	65%	5%
EBD	0	38%	44%	18%	0
HI	0	0	76%	24%	0

Per School Funding

This funds leadership and management costs by delivering a lump sum per school. It is based on the principle that each school requires a certain amount to manage and administer it, regardless of the number of pupils, and parallels the per school element in the mainstream school funding formula. There are four levels of lump sum, based on the school's group size. The national formula for group size calculation is used, drawing on PLASC and other data, which takes account of the numbers of pupils and the number of teaching/support staff.

The leadership and management funding covers not only the headteacher and senior leadership team, but also elements for middle management, admin support, lunch supervision and caretaking.

Other Allocations

Development of the new model has provided an opportunity to introduce a simpler and more equitable approach to residential funding (where applicable) and premises funding. The following elements have also been amended:

- school meals
- support services such as payroll
- specific secondary expenditure such as exam fees
- specific funding arrangements for integration from schools for hearing impairment

Funding for the upper pay scale will be included in budget shares but as a separate factor. Allocations will be based on the number of upper pay scale 1, 2 and 3 teachers recorded on the annual return of teaching staff prior to the start of the financial year.

A small number of elements of the existing formula for special schools including personalised learning, rents and salary protection funding have been left unchanged.

A full explanation of the new funding model is given in a rationale document which has been shared with special schools and is available on request.

Arrangements outside the Formula

The only elements not now covered by the special school formula are:

- the outreach service which some special schools provide on behalf of the local authority through a service level agreement
- arrangements in some schools for speech and language therapy where provision was not possible through the main contract with the local health trust
- schemes at Falconer EBD school for transporting students and for the motor project vocational provision.

Further discussions will be taking place during the consultation period, to regularise the funding arrangements for the Falconer motor project into 12 places at level 4.

Proposal 16	Implement the new special school Funding Formula	Special Schools
It is proposed to implement the new formula based on weighted places and a per school allocation.		

Proposal 17	Transitional Protection	Special Schools
It is proposed to smooth the transition to the new funding formula by operating a protection system that caps losses at 3% of the existing adjusted budget share. After providing for inflation. The protection would be financed by a cap on gains at the level of 3% plus inflation.		

The Schools Forum has agreed that the Minimum Funding Guarantee for Special Schools will be disapplied for the duration of this protection if the proposed protection mechanism is implemented.

Special School place number changes

The number of places to be funded at each school is determined by the authority annually as part of the school funding consultation in the autumn term.

Details of the proposed place number changes are included in the Annex. A number of these place changes would have been proposed if no formula change was being brought forward, but for some schools they combine with the funding formula changes to have a net impact.

The place changes at Haywood Grove, Meadow Wood and St Lukes relate to the new special school funding arrangements. The increases at Haywood Grove and Meadow Wood help the sustainability of these small schools by increasing their place numbers to a multiple of the standard group size of 8. That group size was chosen because it was the most common group size for those two types of special school (EBD and HI). This change in place numbers partly replaces the existing small school funding factor which will be discontinued. The 20 places reduction at St Lukes relates to the integration of Heathlands pupils at St Lukes. This arrangement will instead be funded via a specific integration factor, with payment made by Heathlands to St Lukes.

The other place changes are not connected with the new funding arrangements. It is not intended that the transitional protection should protect against general place changes. Therefore the 2007/08 budget shares will be adjusted to take account of the 2008/09 number of places before the protection calculation is made.

Proposal 18	Special School Place Numbers	Special Schools
It is proposed to make the changes to place numbers shown in the attached Annex		

Impact of Proposals

The cumulative impact on special school budget shares in 2008/09 of the new funding formula, the protection arrangements and the place changes is shown in the table below.

Variance	Number of Schools
40,001 to 60,000	1
20,001 to 40,000	7
0 to 20,000	5
0 to -40,000	8
-40,001 to -80,000	3
-80,001 to -120,000	1
	25

TOTAL PLACES

School No	School Name	2007/08 Planned School Places	Proposed place (reduction) /addition	2008/09 Planned School Places	2009/10 Planned School Places	2010/11 Planned School Places	Note
881	Amwell View	109		109	109	109	
643	Batchwood	65		65	65	65	
637	Brandles	42	6	48	48	48	
884	Breakspeare	64		64	64	64	
631	Collett	128	(8)	123	120	120	3
632	Colnbrook	91		91	91	91	
627	Falconer	70		70	70	70	
633	Garston Manor	122		122	122	122	
880	Greenside	112	2	114	114	114	
642	Hailey Hall	68		68	68	68	
608	Haywood Grove	36	4	40	40	40	1
626	Heathlands	110	(5)	105	105	105	
646	Knightsfield	55		55	55	55	
883	Lakeside	64		64	64	64	
609	Larwood	64	(4)	60	60	60	
648	Lonsdale	84		84	84	84	
647	Meadow Wood	28	4	32	32	32	1
639	Middleton	89	(9)	84	80	80	3
634	Pinewood	156		156	156	156	
665	Southfield	80	(10)	75	70	70	3
635	St Luke's	179	(20)	159	159	159	2
619	The Valley	170		170	170	170	
882	Watling View	90		90	90	90	
885	Woodfield	74	2	76	76	76	
628	Woolgrove	110		110	110	110	
	TOTAL	2260	(38)	2234	2222	2222	

Notes

- 1 The increases at Haywood Grove and Meadow Wood are related to the arrangements for funding small schools in the proposed new special schools funding formula.
- 2 The reduction at St Lukes relates to the places reserved for pupils from Heathlands. Funding for this will now be via the integration factor in the proposed new special schools funding formula.
- 3 The place reductions at Collett, Middleton, Southfield and Hailey Hall (residential) are spread over two years, so as to limit the reduction in one year to not more than 5 pupils.

RESIDENTIAL PLACES

School No	School Name	2007/08 Planned School Places	Proposed place (reduction)/addition	2008/09 Planned School Places	2009/10 Planned School Places	2010/11 Planned School Places	Note
627	Falconer	18	(5)	13	13	13	
642	Hailey Hall	30	(10)	25	20	20	3
626	Heathlands	26		26	26	26	
646	Knightsfield	7		7	7	7	
609	Larwood	25		25	25	25	
648	Lonsdale	26		26	26	26	
	TOTAL	132	(15)	122	117	117	

The residential place reductions do not affect the total number of funded places at the school. The changes involve residential places being converted to day places.