



Education
Funding
Agency

2014-15 Revenue Funding Arrangements:

**Additional information for local
authorities**

12 December 2013

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Formula Factors

This table provides information about the different formula factors and funding streams maintained schools and academies may have received in the financial year 2013-14 (or academic year 2013/14), what will change for 2014-15 and the reason for any change. Note that pupil related data is taken from the previous year's October census (2012 for 2013-14, 2013 for 2014-15) unless otherwise indicated.

Schools block funding factors

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
<p>1. Basic entitlement</p> <p>A compulsory funding factor that assigns funding to individual pupils with the number of pupils for each school or academy based on the October pupil census.</p>	<p>Funding allocated according to an age weighted pupil unit (AWPU). There were different rates for primary and secondary (where there could be different rates for key stage 3 and key stage 4). Local authorities could choose to increase the pupil number count where schools had previously had higher reception pupil numbers in January than in the October census.</p>	<p>As 2013-14 but with minimum values of £2,000 for primary and £3,000 for secondary (KS3 and 4)</p>	<p>Strengthens the principle that funding formula should be pupil-led.</p>

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
<p>2. Deprivation</p> <p>A compulsory factor</p>	<p>Local authorities could choose to use free school meals and/or the Income Deprivation Affecting Children Index (IDACI). For the free meals measure, they could use either free meals as at the previous October census or “ever 6” – the number of pupils entitled to free meals at any time in the last 6 years – but not both. The IDACI measure uses 6 bands, so different values could be used for each band. There could be separate unit values for primary and secondary.</p>	<p>No change</p>	
<p>3. Prior attainment</p> <p>This is optional though it is used by nearly all local authorities. It acts as a proxy indicator for low level high incidence special</p>	<p>The primary indicator was based on the Early Years Foundation Stage Profile (EYFSP). Local authorities could choose to use the number</p>	<p>The primary indicator will include those who failed to achieve a good level of development for the cohort of pupils in the 2013 assessments.</p>	<p>The EYFS has changed in 2013, so a change in definition is unavoidable. A weighting has been introduced to ensure that funding delivered through the</p>

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
educational needs	<p>of pupils achieving below either 73 or 78 points.</p> <p>The secondary indicator was based on the number of pupils not achieving level 4 in English and Maths at Key Stage Two.</p>	<p>This will only apply to this cohort; for older year groups in the school, there will still be the same choice between using the thresholds of 73 and 78 points because they were assessed under the old profile. In some areas, more children have been identified as not reaching a good level of development under the new framework; therefore it is permissible in the 2014-15 formula to reduce the percentage of children identified in the Year 1 cohort to an equivalent level as in the older year groups.</p> <p>The secondary indicator will be based on the number of pupils not achieving level 4 in English or Maths at Key Stage Two.</p>	<p>prior attainment factor is not disproportionately affected by one year group.</p> <p>For the secondary measure, the number failing to achieve level 4 in English and Maths has reduced significantly in the last couple of years, so the revised definition includes a wider and more appropriate proportion of the pupil population.</p>

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
<p>4. Looked after children</p> <p>This is optional.</p>	<p>This used the return completed by local authorities in March each year and was mapped to schools using the January school census. Local authorities had a choice to select one of three indicators – all those on the return, those who had been looked after for at least 6 months and those who had been looked after for at least a year.</p>	<p>Only one indicator will be allowed – all those on the return who were being looked after on 31st March 2013, regardless of how long they had been looked after</p>	<p>This provides consistency in the movement to a National Funding Formula. Also, evidence shows that children who have been looked after for one day are equally likely to under-perform at Key Stage 4 as those looked after for 12 months or more.</p>
<p>5. English as an additional language (EAL)</p> <p>This is optional</p>	<p>Pupils with English as an additional language could attract funding for up to 3 years after they enter the statutory school system. Local authorities could choose to use indicators based on one, two or three years. There could be separate unit values for primary and secondary.</p>	<p>No change</p>	
<p>6. Pupil mobility</p>	<p>This measure counted pupils who entered the school in the</p>	<p>There is now a 10% threshold, so schools will only qualify for</p>	<p>There were concerns that the previous measure spread</p>

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
This is optional	last three academic years, but did not start in August or September (or January for reception pupils). There could be separate unit values for primary and secondary.	the measure if more than 10% of their pupils are counted as mobile. Funding will be allocated based on the proportion above the threshold – so if a school has 12% mobility, then 2% of its pupils would attract funding.	funding too thinly; the change enables greater targeting of those schools with the most mobile populations, such as service schools.
Proportion allocated through pupil-led factors	No restriction	Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors (the factors in lines 1-6 above, and London fringe uplift where relevant).	This supports the policy that as much funding as possible should follow the pupil.
7. Sparsity This is optional	Not in use	Pupils are allocated to their nearest school. For each school, the average distance as the crow flies to those pupils' second nearest school is calculated. Schools can only qualify for sparsity funding if this distance is greater than 2 miles for primary or middle and 3 miles for secondary, and if they	This enables small necessary schools in rural areas to be supported.

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
		<p>have fewer than 150 pupils for primary or 600 pupils for secondary or middle. Local authorities can narrow the criteria (set a greater distance or smaller maximum size). The maximum amount which can be allocated to an individual school through this factor is £100,000. Local authorities can choose whether to use a single amount for all sparse schools, or to use a tapered amount which increases the smaller the school.</p>	
<p>8. Lump sum</p> <p>This is optional though it is used by all local authorities</p>	<p>This had to be a single value applied to all schools. The maximum amount was £200,000.</p>	<p>Local authorities can set different lump sums for primary and secondary (middle schools would receive a weighted average based on the number of year groups in each phase). The maximum lump sum will now be £175,000.</p> <p>Where schools amalgamate,</p>	<p>The change responds to concerns that a single lump sum did not recognise the differences in school size between phases. The maximum lump sum has been reduced because the sparsity factor is now available.</p> <p>The change to arrangements</p>

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
		<p>they will retain 85% of the total lump sums in the year after the amalgamation (or in the same year if they amalgamate on 1st April) instead of going down to one lump sum immediately.</p> <p>Where schools amalgamate after 1st April, the new school will receive funding equivalent to the formula funding of the closing schools for the appropriate proportion of the year and will receive the 85% allocation in the following year.</p>	<p>for amalgamated schools removes the previous financial disincentive to amalgamate.</p>
<p>9. Split sites</p> <p>This is optional</p>	<p>The purpose of the factor was to support schools which have unavoidable extra costs because they have a split site. EFA checked the definition submitted by the local authority to check that it was objective and transparent, and can be applied easily to academies.</p>	<p>No change</p>	

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
<p>10. Rates</p> <p>This is optional but is used by all local authorities</p>	<p>Funded on the basis of actual costs; academies are reimbursed by the EFA separately from the main budget allocation.</p>	<p>No change</p>	
<p>11. Private Finance Initiative (PFI) contracts</p> <p>This is optional</p>	<p>The purpose of this factor was to support schools which have unavoidable extra premises costs because they are a PFI school and/or to cover situations where the PFI “affordability gap” is delegated and paid back to the local authority. The EFA checked the definition submitted by the local authority to check that it is objective and transparent, and can be applied easily to academies.</p>	<p>No change</p>	
<p>12. London fringe</p> <p>This is optional but can only be used by five authorities</p>	<p>The purpose of this factor was to support schools which have had to pay higher teacher salaries because they are in the London fringe area, and where</p>	<p>No change</p>	

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
	<p>only part of the authority is in this area. The authorities where this could be used were Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex. It is applied as a multiplier to relevant factors.</p>		
<p>13. Post-16</p> <p>This is optional but can only be used where the local authority had used such a factor in 2013-14</p>	<p>Local authorities could use this factor but only up to the per pupil value used in the previous financial year (2012-13)</p>	<p>No change to the principle – the value is restricted to the per pupil amount allocated in 2013-14</p>	
<p>14. Exceptional premises factors</p> <p>Local authorities can apply to the EFA to use exceptional factors relating to premises</p>	<p>The exceptional factors had to relate to premises costs. Local authorities were advised that applications should only be submitted where the extra factor would be more than 1% of a school's budget and covered fewer than 5% of the schools in the authority's area. The most frequently approved factors in 2013-14 were for</p>	<p>No change – any factors approved in 2013-14 can automatically be used in 2014-15 provided that the criteria are still met.</p>	

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
	rents and for joint use of sports facilities.		

Other funding allocations

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
<p>1. Early years funding</p> <p>This applies to schools or academies with a nursery class</p>	<p>This is paid directly by local authorities to all early years providers, including academies and maintained schools, through the early years single funding formula. Most funding is within base rates which are multiplied by the number of hours counted on a termly basis or during the year. There is a mandatory supplement for deprivation and there can be other supplements, such as for quality. Whereas the 5-16 formula uses lagged pupil numbers, early years funding is based on actual hours during the current year.</p>	<p>No significant changes are proposed for 2014-15.</p>	
<p>2. Post-16 mainstream funding</p>	<p>Calculated by the EFA according to a national formula</p>	<p>No change</p>	

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
<p>3. High needs place funding</p> <p>This applies to mainstream schools or academies with a designated special unit or resourced provision.</p>	<p>There is a £10,000 amount for each agreed pre-16 high needs place. This is paid directly to academies by the EFA, and forms part of the budget share for maintained schools. Post-16 high needs places – in special units, resourced provision or sixth forms – are funded through the national post-16 formula. This funding is paid directly to academies by the EFA and forms part of the sixth form grant that the local authority pays to its school sixth forms on behalf of the EFA.</p>	<p>No change</p>	
<p>4. High-needs top-up funding</p>	<p>For pre-16 pupils, this is paid directly by the commissioning local authority for high needs pupils where the total cost exceeds the following thresholds. In the case of special units, the cost threshold is £10,000, which is funded through the place funding; if the</p>	<p>The £6,000 threshold will be mandatory for 2014-15. (Post-16 places at special schools and academies will be funded at £10,000 subject to consultation on the regulations, but this will not apply to post-16 places in special units attached to mainstream schools or</p>	<p>The change to £6,000 will provide consistency between authorities and assists the movement to a National Funding Formula.</p>

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
	<p>pupil is not in a unit, then schools are expected to fund the costs of additional support up to £6,000 from their formula budget. They have a notional SEN budget identified by the local authority to help them. For post-16 pupils, the top-up funding is paid in addition to the amounts paid to providers through the national post-16 formula.</p>	<p>mainstream school sixth forms.)</p>	
<p>5. Pupil premium</p>	<p>This is paid at a rate of £900 for each pupil who has been eligible for free meals at any time in the last 6 years or is looked after. There is also a rate of £300 for each pupil who has been a service child in the last two years and including children whose parents had died in service and who are in receipt of pensions under the Armed Forces Compensation Scheme (AFCS) and the War</p>	<p>The primary pupil premium will be £1300; the secondary premium will be £935 and the premium for looked after children will be £1900. The premium for service children has not yet been announced.</p>	

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
	<p>Pensions Scheme (WPS)</p> <p>Allocation is based on the spring census preceding the financial year.</p>		
<p>6. Insurance (academies only)</p>	<p>This funding is provided to academies to reflect the extra premiums they face relative to maintained schools. There is a top-up grant of £20 per pupil in addition to amounts already in delegated budgets.</p>	<p>Not yet announced</p>	<p>.</p>
<p>7. Education Services Grant (academies only)</p>	<p>This funding is provided to academies for services previously provided by their local authority – for example, school improvement and asset management. The rate is £150 per pupil, with the higher of two protections applying. These are:</p> <p>a) a 10% per pupil protection applied to the published 2012-13 LA Block LACSEG rates for the local authority in which the academy is situated; and</p> <p>b) a 20% per pupil protection on the academy's individual</p>	<p>£140 per pupil; details of protections not yet announced.</p>	<p>The transitional protections for academies are being removed from the system over a limited period of time so that the rates for local authorities and academies are brought together.</p>

Funding factor	2013-14 budget	2014-15 budget	Reason for change (if any)
	<p>2012/13 LA Block LACSEG allocation.</p> <p>Local authorities also receive ESG for their maintained school pupils at £116 for each pupil.</p>		

Exceptional factors

Newly qualifying schools

Where an exceptional factor was approved for particular schools in 2013-14, it is permissible for a further school or schools to receive the factor where a change in circumstances meets the existing approval criteria, providing that the cost to the additional school exceeds 1% of its budget share (as calculated through the APT) and that the factor still applies to fewer than 5% of schools in the authority.

Sparsity

Eligible pupils

The upper limit of 600 students for secondary schools to attract sparsity funding excludes any post-16 pupils. Similarly, the upper limit for primary schools excludes any nursery age pupils.

Lump sum and taper arrangements

It is permissible to use different lump sum and taper arrangements for the primary and secondary sectors. Middle schools, all-through schools and secondary schools may have different distance thresholds but must all use the same formula otherwise.

Schools included in the sparsity calculations

Our data set takes into account the nearest suitable school, however, Welsh and Scottish schools are not included in the distance calculations. We would consider an application to exclude a particular school from eligibility for sparsity funding if this exclusion gives rise to a perverse outcome. You would need to provide information to support any application.

Growth Fund

Growth and new schools – funding source

This table sets out how funding pupil growth works in different types of maintained school and academy

Type of school/academy	Responsibility for start-up and diseconomies costs	Responsibility for paying budget share	Formula on LA proforma and recouped	Responsibility for funding additional classes for basic need	Route for requesting additional funding for growth not related to basic need
Existing maintained school	n/a	LA	Proforma - but no recoupment for maintained schools	LA growth fund	Authorities can have a de-delegated contingency for maintained schools if relevant schools forum members agree
Existing recoupment academy	n/a	EFA	Yes	LA growth fund	Academy would need to make exceptional case to EFA
Existing non-recoupment academy including free schools	n/a	EFA	No	EFA using LA growth fund criteria	Academy would need to make exceptional case to EFA

Type of school/academy	Responsibility for start-up and diseconomies costs	Responsibility for paying budget share	Formula on LA proforma and recouped	Responsibility for funding additional classes for basic need	Route for requesting additional funding for growth not related to basic need
New academy opened for basic need purposes	LA from growth fund	EFA	Yes based on part year estimated numbers – becomes recoupment academy	n/a	Academy would be funded on estimates as school is adding new year groups.
New academy/free school not opened for basic need purposes	EFA	EFA	No	n/a	Academy would be funded on estimates as school is adding new year groups. Could make a case to the EFA for additional funding where there is exceptional in-year growth.

Amendment of growth fund criteria

It is possible to amend the criteria for allocating growth funding during the year where this becomes necessary, however the revised criteria must be submitted to the EFA for compliance checking and must also be approved by the Schools Forum before the revised criteria can be implemented.

Growth funding for expanding academies

Where an academy is eligible for funding from the growth fund, we expect authorities to fund the full 12 months academic year because the increased numbers won't feed through to the academy's General Annual Grant (GAG) until the following September. This is an unavoidable consequence of the different financial years. We recognise that funding for the additional pupils will be included in authority's 2014-15 APT and we will adjust the 2014-15 recoupment to reflect the additional cost to authorities for the period from April to August 2014.

Pupils eligible for growth funding

The growth fund is a top slice on the schools block and as such it is available for pupils aged 5-16. It cannot be used to support growth in under-5 or post-16 pupils.

Change in age range

The growth fund should not be used to support schools which are undergoing reorganisations to change the age range and /or admitting additional year groups. We expect the authority to apply to vary the pupil numbers in these cases, based on the estimated intake in September. An authority may, however, wish to add some criteria for the use of the growth fund where the estimated pupil numbers are significantly short of the actual September intake and where the additional pupils are admitted because of basic need requirements. Adjustments to reflect differences between actual numbers and estimates in these situations would otherwise have to be deferred until the following financial year, subject to the regulations in place at the time.

Examples of criteria for allocating Growth Funding

Local authorities were required to provide their criteria for allocating growth funding to schools when they submitted their formula details in January 2013. The following models are some examples of how funding might be distributed.

Ealing

Primary Schools:

- £60,000 per additional FE (pro-rata for 0.5 FE) for Reception increases agreed by the LA for the September intake (for infant and primary schools) and Year 3 (Junior Schools); and
- Where building works are required and agreed by the LA costing in excess of £2m, £15,000 a year for two financial years, the timing of the release of funding will be following the approval of statutory proposals or the increase in the school's planned admission number where statutory proposals are not required. Funding may be released earlier at the discretion of the LA.

High Schools:

- £75,000 per FE for planned expansion in places agreed by the LA
- Where building works are required and agreed by the LA costing in excess of £2m, £15,000 a year for two financial years, the timing of the release of funding is following the approval of statutory proposals or the increase in the school's planned admission number where statutory proposals are not required. Funding may be released earlier at the discretion of the LA.

In both sectors, in exceptional cases, for example where additional furniture, learning resources or support staff costs are required which cannot be charged to capital, a case may be made to the LA for additional revenue funding up to a maximum of £15,000 one-off payment.

Milton Keynes

New Schools: Numbers of Pupils Funded- The difference between the number of pupils funded in the October count and the maximum number of places commissioned in each available year group until all year groups have been opened and all planned places have been released for admission (April and September). Unit of Funding - The unit of funding applicable for the MFG calculation for each school.

A set up allowance of £277.26 per primary and £532.62 per secondary pupil will be payable over the first three years (60%, 20%, 20%). An initial school set up allowance will be paid two terms prior to the school opening.

Expanding Schools: Numbers of Pupils Funded - The additional places are funded for up to the first two years for each year group, the first year on the additional places commissioned by the Local Authority for the September, Year on year for the number of year groups in the school to represent the new PAN . Adjustment to reach the PAN in the second year only. Unit of Funding - The unit of funding applicable for the MFG calculation for each school. A set up allowance of £277.26 per primary and £532.62 per secondary pupil will be payable over the first three years (60%, 20%, 20%).

Temporary planned increase in pupil numbers “Bulge Classes” - The additional places are funded for up to the first two years for each year that it happens, the first year, on the additional places commissioned by the Local Authority for the September, the second year, on the difference between the number of additional places commissioned and the actual number of additional pupils from the October count in that year group, except where the October census broadly covers the total number of pupils in the school (e.g. repeat “bulge” years). The funding will be as for a formal expansion.

Solihull

Qualification for funding through the pupil growth scheme is based upon a set of principles as follows:-

1. Additional funding will be made available to schools and academies in circumstances where:-
 - The Council carries out a formal consultation and approves to increase the capacity of a school.
 - A school/academy carries out a formal consultation at either the request of the Council or supported by the Council.
 - The Council requests a school/academy to increase their PAN to meet localised demand.
 - A school/academy admits a significant increase in pupils to meet demand from new housing developments at the request of the Council.
2. Additional funding will be made in relation to the number of additional pupils taken or the number of agreed places purchased. Reference may be made to the number of classes required and may include consideration of the number of pupils leaving the school in that year.

3. Any allocation will be based on the teacher element of the AWPU, and will reflect the period September to March only (as additional funding will then flow through the October pupil count) for maintained schools and September to August for academy schools (as additional funding does not flow through until the start of the next academic year). Additional funding may be made available for pupil resources where the provision is a significant expansion of provision, particularly where a new key stage is being provided.
4. No allocation will be made to a school/academy where the school/academy:
 - Has surplus places and then takes additional children up to the PAN
 - Admits over PAN at their own choice.
 - Admits extra pupils where those pupils have a reasonable alternative school place.
 - Is directed and/or requested to admit additional pupils as a result of errors, appeals, fair access protocol, SEN, LAC etc. as these numbers will be extremely low on an individual school basis.
 - Provides an additional infant class to meet class size legislation
5. Any unspent funds at 31 March will be allocated to all primary and special schools on a straight per pupil basis. All allocations from the fund will be reported to the School Forum Finance Group.

Staffordshire

Growth funding would be provided to a primary school where:

- a. the County Council agree that exceeding PAN (temporarily) or increasing the PAN (permanently) is necessary to meet population growth (not simply popularity growth or one school's desire to increase capacity);
- b. the County Council agree that the creation of an additional class is necessary and is directly related to exceeding PAN;
- c. the class is additional if it requires a change in the school's current or historical class organisation or number of classes;
- d. Schools that have historically operated mixed age classes or have a PAN in a multiple of 15 would be normally expected to operate some mixed-age classes. (The growth funding cannot be used only to reduce class sizes.)
- e. a school's compulsory school-age range is increased the additional classes created would be funded. (eg, when an infant school is converted into a primary school, it would be funded for each additional junior class created.

Funding would be provided only for the first academic year that an additional class is created.

Where one additional class was needed in an area but agreement cannot be reached to fund one school, the funding allocation may be split between two or more schools.

Assuming that the additional class is created in September, the primary school would receive funding equivalent to:

- a. 7/12ths salary cost of a 1 FTE teacher (Main Scale 6)
- b. 7/12ths salary cost of a 0.5 FTE teaching assistant (Grade 4)
- c. £3,000 towards the cost of resources and materials
- d. If the class is created between September and April, the amount would be reduced by a 1/7th for each whole month that the class is not needed.

Schools must comply with the infant class size legislation (and any school funded would not also receive separate infant class size funding).

Start-up funding for new schools:

Where a new school or academy is established in response to basic need for pupil places, funding will be made available in recognition of costs incurred before the school opens. A one-off payment of £50,000 will be made for a two form entry (or larger) primary school, or £25,000 for smaller than two-form entry schools.

Funding is also available to support diseconomies of scale when a school or academy opens without a full complement of year groups. Payments will be made over two years in accordance with the table shown below, with 50% paid in the year of opening and the remaining 50% the following year.

Academy is more than 90% full £0

Gradual build-up of pupils after Academy starts off 80-90% full £10k

Gradual build-up of pupils after Academy starts off 70-80% full £35k

Gradual build-up of pupils after Academy starts off 60-70% full £60k

Gradual build-up of pupils after Academy starts off 50-60% full £85k

Gradual build-up of pupils after Academy starts off 40-50% full £105k

Gradual build-up of pupils after Academy starts off 30-40% full £135k

Worcestershire

Additional funding will be made available in circumstances where: -

- The LA carries out a formal consultation and approves to increase the capacity of a school.
- The LA requests schools to increase their PAN and the school has the capacity.
- The LA requests schools to admit significant additional pupils as a consequence of a school closure.

Additional funding will be made in relation to the number of additional pupils taken. Funding will be given on a 7/12 basis to cover September to March each year. (The period April to August will be covered by the schools budget based on numbers from the October census).

Any allocation will be based upon the AWPU and will be relevant to the key stage.

No allocation will be made to a school that has not been the subject of a consultation where a school: -

- Has surplus places and then takes additional children up to the PAN.
- Admits over PAN at their own choice.
- Is directed and/or requested to admit additional pupils as result of errors, appeals, fair access panel, SEN, LAC, etc as these numbers will be extremely low on an individual school basis.

Funding will be allocated on the increase in actual numbers on the difference in pupils leaving and joining. For example in a primary school between the numbers leaving Year 6 and numbers entering Reception for 7 years from date of increased capacity.

Falling Rolls Fund

Local authorities may topslice the DSG to provide a targeted fund to support schools with falling rolls if they meet certain criteria. The requirement for the school to be judged Good or Outstanding is mandatory. The following models were included in authorities' October APT submissions and provide some examples of how funding might be distributed.

Birmingham

Support will be available **only** for schools:

- Judged Good or Outstanding at their last Ofsted inspection (this is a mandatory requirement).
- Surplus capacity exceeds 30 pupils or 20% of the published admission number
- Local planning data shows a requirement for at least 50% of the surplus places within the next 2 years
- Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort
- The school will need to make redundancies in order to contain spending within its formula budget
- It does not have a surplus balance in excess of 5% of its school budget share as at 31st March 2013 and 31st March 2014 (or the relevant academic years in the case of academies)

Schools who meet the above criteria in 2014/15 will be able to prepare a Business case that, after checking by officers, will be submitted to Schools Forum for a decision taking into account the funding available in the falling pupils fund. Any agreed funding will be for a specified number of surplus places (within the planned admissions number) at 75% of the relevant AWPU rate.

Havering

Support is available only for schools judged Good or Outstanding at their last Ofsted inspection (this is a mandatory requirement).

Surplus capacity as the October count date exceeds 15% of the published admission number in the following year groups:

Financial Year	2014/15	2015/16	2016/17	2017/18	2018/19
Year Group	7	7 & 8	7, 8 & 9	7, 8, 9 & 10	7, 8, 9,10 & 11

Local planning data shows a requirement for at least 90% of the surplus places within the next 5 years.

Formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort.

The school will need to make redundancies in order to contain spending within its formula budget.

Formula for distributing funding:

85% of the appropriate AWPU x per vacant place below 85% of the PAN. e.g.

First Year of Funding - PAN: 192; 85%: 163

Year 7 NOR October 2013: 70

Difference between 85% of PAN and Yr7 NOR: 93

$93 \times \text{KS3 AWPU} \times 85\% (\pounds4,551.86 \times 85\% = \pounds3,869) = \pounds359,824$

Second Year of Funding - PAN: 192; 85%: 163

Year 7 NOR October 2014: 120

Year 8 NOR October 2014: 70

Difference between 85% of PAN and Yr7 NOR: 72

Difference between 85% of PAN and Yr8 NOR: 93

Total difference = 165

$165 \times \text{KS3 AWPU} \times 85\% (\pounds4,551.86 \times 85\% = \pounds3,869) = \pounds638,398$

Herefordshire

The Fund has the following eligibility criteria:

- i) The school/academy has fewer than 550 pupils (excluding sixth form) in the October census prior to the start of the financial year
- ii) The number of places offered by the school across year groups 7 to 11, if full, is greater than 550.

iii) The authority has forecast that at least 110 places will be required from the school in year 7 (year 9 for upper schools) by Autumn Term 2017, otherwise there will be an absolute shortfall of capacity in the relevant planning area.

iv) The school is Good or Outstanding. The date at which Ofsted category data will be taken will be 31st August prior to the start of the financial year to which funding relates, except that a school which becomes Good or Outstanding during the subsequent Autumn term prior to the start of the financial year shall also be eligible.

Formula for Allocation:

The allocation formula takes account of the size of the school but also incorporates a ceiling on allocations. It also takes into account any MFG protection funding the school receives in its budget share to avoid duplicating it.

The formula for determining an allocation to an eligible schools is:

i) KS3 calculation: $330 - \text{actual number of KS3 pupils on roll} \times \text{KS3 AWPU} \times 50\%$

ii) KS4 calculation: $220 - \text{actual number of KS4 pupils on roll} \times \text{KS4 AWPU} \times 50\%$

iii) Sum of the result of lines i) and ii) capped at £250,000

iv) Deduct any MFG protection funded received by the school

v) Equals the allocation from the Fund

High needs

High needs funding matrix

The table on the next two pages sets out the responsibilities for funding high needs provision in different types of provider for both pre and post 16 children. The matrix represents the position from September 2013 onwards. Please note that whilst a £6,000 threshold has been used for illustrative purposes, it does not become compulsory until April 2014.

Type of provision	Pre-16		Post-16	
	Core funding	Top up funding (real time)	Core funding	Top up funding (real time)
Mainstream schools Mainstream academies	First £6,000 of additional need delegated within base funding (in addition to the AWPU)	HN above first £6,000 paid by commissioning LA. LA can provide additional funds where it would be unreasonable to expect school to fund from within notional SEN budget	Element 1 (NFF) plus Element 2 (£6,000) based on places commissioned by LAs	Agreed per-pupil top-up paid by commissioning LA
HN Units in mainstream schools HN units in mainstream academies Maintained special schools Special	£10,000 per place based on agreed places	Agreed per-pupil top-up paid by commissioning LA	Element 1 (NFF) plus Element 2 (£6,000) based on places commissioned by LAs Note proposal to fund maintained special schools and academies	Agreed per-pupil top-up paid by commissioning LA

	Pre-16		Post-16	
Type of provision	Core funding	Top up funding (real time)	Core funding	Top up funding (real time)
academies Non maintained special schools			and NMSS at £10,000 per place for the academic year 2014/15	
Independent Schools	N/A	Agreed per-pupil funding paid by commissioning LA	N/A	Agreed per-pupil funding paid by commissioning LA
Maintained AP providers Academy AP providers	£8,000 per place based on agreed places	Agreed per-pupil top-up paid by commissioning school or LA	£8,000 per place based on agreed places	Agreed per-pupil top-up paid by commissioning school or LA
Further Education Colleges Post 16 Independent Specialist Providers	N/A	N/A	Element 1 (NFF) plus Element 2 (£6,000) based on places commissioned by LAs	Agreed per-student top-up paid by commissioning LA

Recovering pupil funding from excluding academies

Generally speaking, we would expect academies to adhere to the same principles regarding funding for excluded pupils as maintained schools. The model funding agreements for academies now include a standard clause which requires the Academy Trust, if invited to do so by a local authority, to enter into an agreement whereby payment will flow between the Academy Trust and the authority in the same direction and for the same amount that it would, were the Academy a maintained school in accordance with section 47 of the School Standards and Framework Act 1998.

Some of the older academy agreements do not include this clause, although we would encourage them to enter into this type of agreement. In these cases, the local authority should negotiate with the academy to progress this.

Funding for HN pupils over and above agreed places

The amount of top up payable for a particular student is a matter for negotiation between the provider and the commissioner. If a pupil is placed above the agreed place numbers in a school, this does not automatically mean that the cost of the pupil place value is £10,000 + top up as the agreed price should reflect the actual incremental cost to the school or academy.

SEN transport

SEN transport is generally funded from the local authority's non-schools budget, but can be charged to the Schools Budget and the DSG in certain circumstances. These circumstances are now restricted to where there is an existing commitment and where the cost does not exceed the amount deducted from the Schools Block in 2012-13. For 2014-15, the same principles will apply, although the maximum value will be the budgeted value in 2013-14. Approval from Schools Forum is also needed.

Adjustment to NOR for pupils in resourced places

For 2014-15, it is the number of places in a resourced provision which should be deducted from a mainstream school's number on roll (NOR), rather than the number of pupils in those places. This is intended to negate any perverse incentive to maintain more places in a unit than are needed. If there is a specific reason why it is not appropriate to deduct the number of places from the NOR of a specific school, we will consider an application to use a different methodology. Full details of the request should be sent to the Funding ReformTeam ReformTeam.FUNDING@education.gsi.gov.uk

Targeted support above the notional SEN allocation

Local authorities can provide additional targeted support to schools where it would be unreasonable to expect the first £6,000 of additional support for all high needs pupils to be provided due to an exceptional number of such pupils on roll. We asked local authorities to provide examples of how they are targeting such funding and we believe that the following models are examples of good practice.

Bath and North East Somerset

(Please note that these criteria are subject to change)

Additional funding will be allocated to schools from the high needs block and will be in addition to the formula funding for 2013-2014.

The count of statements used to calculate this funding excludes pupils currently funded in special unit placements, and those receiving early years transition funding, emergency funding and medical funding.

The methodology for 2013-2014 looks at the average expected number of statements at each school, taking a snap shot of data for the month of November 2012. An additional allocation of £5,000 is provided to schools for each pupil above the average.

Further counts of SEN data will then be taken on 9th May 2013, 3rd October 2013 and 16th January 2014 and will be compared to the original average number of pupils calculated for each school using the data in November 2012. If there has been an increase above the original average the following allocations would be made:

- **9th May 2013** – 5/12ths of £5,000 per additional pupil above the original average calculated less the pupils already funded for 2013-14 at £5,000 pa
- **3rd October 2013** – 4/12ths of £5,000 per additional pupil above the original average calculated less the pupils already funded for 2013-14 at £5,000 pa
- **16th January 2014** – 3/12ths of £5,000 per additional pupil above the original average calculated less the pupils already funded for 2013-14 at £5,000 pa

Gloucestershire

Schools & Academies will be expected to contribute the first £6,000 of the additional educational support provision for high needs pupils and students from their delegated budget - this is over and above the cost of standard teaching and learning (which is funded by the age weighted pupil unit (AWPU)). The number of high needs pupils for whom schools are expected to contribute will be restricted to one for every 75 pupils on roll, rounded to the nearest whole number. The £6,000 and 1 in 75 numbers will be adjusted for any pupils not present for the full year.

E.g. If NOR is 200 and the school have 4 high needs pupils who have each been assessed with additional high needs (above the AWPU) of £15,000. Then the responsibility for costs is:

For first 3 pupils ($200 \text{ NOR} \div 75$ & rounded) the school pays £18,000 ($3 \times £6,000$) and the LA pays the rest as a high needs top up £27,000 ($3 \times £9,000$).

For the 4th pupil the LA pays £15,000 (both the £6,000 element and the £9,000 element) as a high needs top up.

Hackney

The average level of statements in Hackney primary schools is 2.42% of the school roll. The threshold above which additional funding is being allocated is 1.03% above the average, amounting to 3.45% of pupils with statements in Hackney primary schools. SEN Assessment and Monitoring Team normally resist placements above 2 per class group.

The threshold is calculated using 3 data sets:

- January census 2013: percentage of children on roll with statements of SEN, as a proportion of the total roll.
- Education Management System at April 2013: actual data pupils on roll.
- The predicted roles for September 2013: change in distribution of pupils with statements with the current Year 6 leaving and new pupils in reception.

For schools above the threshold, additional funding is distributed to primary schools on a sliding scale, in recognition of the reduced flexibility in small schools:

- 80% of the Element 2 funding for 1 form entry,
- 60% for 2 form entry and
- 50% for 2.5 forms of entry, e.g. 50% of number of statements multiplied by £6,000.

These percentages have been chosen to maintain the concept that Element 2 is formula funded and not assigned to individual pupils. Furthermore we are not able to guarantee funding in subsequent years so have given a percentage to support schools to adjust to the reduction of funding on a per pupil basis.

Herefordshire

A process has been agreed to help mitigate the impact on schools of having to fund the first £6,000 for each Band 3 & 4 pupil. For example, four band 4 pupils in a school would lead to additional expenditure of £24,000 (i.e. 4x £6,000).

An “MFG” style protection scheme based on limiting additional school expenditure on Band 3 & 4 pupils to 1.5% per pupil has been agreed. The average per pupil funding for primary pupils is approximately £4,000 and using this figure as a standard for all schools this per pupil funding amount converts to a maximum reduction of £60 per pupil at the MFG percentage of 1.5% in 2013/14. It is proposed to limit any primary school’s extra SEN costs as follows

Number of primary pupils	Maximum cost of “£6,000” SEN – primary schools
50	£3,000
100	£6,000
150	£9,000
200	£12,000
250	£15,000
300	£18,000
400	£24,000
500	£30,000
600	£36,000

The cap on schools gaining through the funding formula will be reduced slightly in order to fund the costs of protection and a budget transfer will be made to the high needs block.

South Gloucestershire

This allocation is based on a threshold of statemented support pupils (over a determined level of need), compared to the October 2012 school census number on roll, excluding resource base pupils. South Gloucestershire resident pupils and pupils resident in other local authorities are included in this calculation.

The threshold of high needs pupils to pupils on roll is currently set at 1.25% and at a rate of £6,000 per notional pupil.

Example:

A school with 4 high needs statemented pupils and 275 pupils on roll at the October 2012 census would receive the following:

4 pupils as a percentage of 275 = 1.4545%

Less 1.25% threshold = 0.2045%

October 2012 pupil count (275) x 0.2045% = 0.56 pupils

0.56 pupils x £6,000 = £3,375 per year additional support (or £281.84 per month)

Redetermination of budget shares

It is not permissible to make an in-year redetermination of schools' budget shares for pupils aged 5-16. Any DSG underspend brought forward from the previous year may be used to support central expenditure (providing no limits are breached) in the schools block, or transferred to either the high needs or early years block. Alternatively, the underspend may be carried forward to the next funding period and allocated to schools via the funding formula. Previously, authorities were able to redetermine schools' funding at any time before or during the funding period and for 2012-13, this power was set out in paragraph 12 of the School Finance (England) Regulations 2012. This power has now been removed in the School and Early Years Finance (England) Regulations 2012, which relate to the 2013-14 financial year. There is no mechanism outside of the funding formula for authorities to fund schools. Schools must be funded through the approved formula and any other expenditure is classed as central expenditure, which is clearly defined in Schedule 2 of the Regulations.

In-year rates adjustments

Adjustments to rates may be made outside of the funding formula; however they must be reflected as being part of the Individual Schools Budget (ISB). Therefore, an additional allocation could be made to a school (for example, from balances brought forward). This should be reflected in the Section 251 outturn statement and in each school's accounts. The effect on the school will be zero since it will be offset by a change in the cost of the rates.

Authority pro forma tool (APT) and datasets

Ordering of school data

Schools and academies listed in the APT are sorted first by type (e.g. primary maintained, primary academy etc.) and then by LAESTAB reference. It is not possible to sort them differently within the APT, so if you wish to show them in a different sequence (e.g. alphabetically) for reporting purposes, you will need to copy the data and paste as values into a new page or workbook and then sort as required.

Weighting of the prior attainment factor

It is not possible to weight funding factors for attainment of Level 3 and below in English, maths, or English and maths as there is a single indicator which covers all three outcomes.

Free School Meals (FSM) data

It is possible, particularly where the pupil population is very small, for the number of pupils flagged as straight FSM to be higher than the number of pupils flagged under the Ever6 measure. This is because the Ever6 measure is based on the position at January 2012, whilst the FSM measure is from the autumn 2012 census. It is therefore unusual, but entirely possible that more pupils could have been newly flagged as FSM between those dates.

Adjusting rates values for academies

Please do not show any adjustment for academies' 2013-14 rates allocations in column W of the "local factors" tab. This is because we have already, or will, adjust your 2013-14 recoupment for actual rates payable, once we receive the invoice from the academy in question. If the change in allocation is also shown in column W, this will have the effect of duplicating the adjustment and we will initially base our recoupment on your estimate of 2014-15 rates, plus or minus the 2013-14 adjustment, however this will be adjusted in 2014-15 when we receive the actual invoice for that year from the academy.

Baseline calculations for amalgamating schools

Where amalgamation takes place on or before 1st April 2014, the baseline must be calculated in accordance Schedule 4 of the Regulations which says that for any school opening during the previous funding period, its baseline is the amount it would have been if the school had opened on 1 April 2013 (i.e. it would have received only one lump sum).

Carbon reduction credits

The Department of Energy and Climate Change (DECC) announced last year that schools will be withdrawn from the carbon reduction credits (CRC) scheme from April 2014. We will make an adjustment to DSG at that time to recognise the reduction in costs and will announce how this will be calculated in due course.

Whilst Pupil Referral Units (PRUs) are part of the CRC scheme, they are classified as part of the local authority stock rather than the school stock. This means that from April 2014 PRUs will remain part of the CRC scheme for all of those authorities remaining within the scheme when all other maintained schools will be removed.

Annex 1: version control

The following amendments have been made to the document which was published on 3rd October 2013:

- Page 5: explanation of prior attainment factor updated to reflect ability to scale back the results for the Year 1 cohort to be more consistent with the later year groups.
- Page 10: clarification of funding for an amalgamating school which opens after 1st April.
- Page 16: updated to include the 2014-15 pupil premium rate for secondary age pupils and looked after children.
- Page 19: clarification that different distance criterion for the sparsity factor may be agreed for primary, middle, secondary and all-through schools.
- Page 21: clarification that local authorities will not be expected to use their growth fund to support Free Schools although they will be expected to support basic need academies from their growth fund.
- Page 28: new examples of criteria for allocating funding to support falling rolls.
- Page 39: clarification of how the 2013-14 baseline should be calculated for a school which will amalgamate on or before 1st April 2014



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