



COUNCIL CABINET
24 FEBRUARY 2004

Report of the Director of Education and Director of Finance

Changes to the Formula for Funding Schools

RECOMMENDATIONS

1. To make changes to the formula for funding schools, subject to the Council's final budget decisions, as follows:
 - Maintain the current amount allocated through Additional and Special Educational Needs factors
 - Allocate funding for Additional and Special Educational Needs in primary schools through free meal entitlement (63%), pupil numbers (15%), English as an additional language (10%), pupil turnover (6%) and vulnerable children (6%)
 - Allocate funding for Additional and Special Educational Needs in secondary schools through prior attainment (42%), pupil numbers (15%), free meal entitlement (21%), vulnerable children (8%), pupil turnover (8%) and English as an additional language (6%)
 - Set the threshold for contingency funding for an individual pupil with special educational needs at 15 hours per week (full-time equivalent)
 - Target 40% of any additional growth going to Key Stage Two and 20% to Key Stage One to support early intervention. The remaining 40% of growth would be allocated to Key Stage Three to support the government's Key Stage Three strategy
 - Adjust age-weighted and place-led funding differentially to reflect the costs of regrading teaching assistants in different phases should this be agreed by the Council
 - Fully equalise funding for the Foundation Stage at the equivalent of £1805 per pupil in 2003/04, with an additional allowance of £20,000 to small schools' base allowance, and confirm the decision to move to one point of entry to infant and primary schools

- Introduce delegated funding for nursery schools using the same formula as for other primary phase schools, but with 50% transitional protection for 2004/05 and transitional funding for the summer term costs of staff in nursery schools previously funded by the Access service
- Target growth in special school budgets above 4% at the base allowance rather than place-led funding to provide greater protection from changes in the number of places
- Introduce a primary school split-site factor of £25,000
- Amend the post-16 deduction to reflect the actual numbers of pupils over 16 in enhanced resource units
- Increase the allocations for schools with delegated insurance to reflect the amounts centrally retained in 2003/04
- Delegate the devolved allocation for pupil retention funding to secondary schools and make a deduction from this each time a pupil is permanently excluded - £4500 in the summer term, £3000 in the autumn term and £1500 in the spring term

REASON FOR RECOMMENDATIONS

2. Changes to the formula need to be agreed in time to be implemented within school budgets for the 2004/05 financial year. Provisional school budgets are, however, usually notified in late February to give schools more time to plan their budgets. The allocations will be subject to the Council's final budget decisions.

SUPPORTING INFORMATION

- 3.1 The Council consults with schools each year over proposed changes to the formula for funding schools. The consultation document, which is attached to these papers as Appendix 2, was issued to schools in November 2003. 49 of the 106 schools which currently have delegated budgets, or will have them next year, responded to the consultation. The consultation rate was particularly high from schools in the inner city clusters, and this has affected the figures, particularly in relation to additional needs indicators.
- 3.2 Consultation closed on 12 January 2004. A summary of the responses is attached at Appendix 3.

- 3.3 The budget proposals presented elsewhere on the agenda at this meeting indicate potential real terms growth available for delegated school budgets of around £3m. This may change slightly once all the data within the funding formula has been received from and checked by schools. This is a significant contrast to the 2003/04 financial year, when schools faced tight budgets because of a combination of cost pressures such as increases in national insurance and teachers' superannuation contributions, the ending of a number of Standards Funds and the shortfall arising from the transfer of the infant class size grant into overall funding. The greater difficulties experienced in other parts of the country have led the DfES to prioritise stability of funding at both LEA and individual school level.
- 3.4 For the first time, the DfES has introduced regulations which set a guaranteed minimum increase in funding for each school. This is expressed as a percentage per pupil, so schools still have to deal with the financial consequences of changes in pupil numbers. Changes to school budgets arising from pupil number changes will usually be greater than those arising from formula changes. The guaranteed increase is 4% per pupil where pupil numbers remain constant. As the teachers' pay award has been set at 2.5% for 2004/05, the 4% minimum increase should more than cover inflationary pressures. With an increase in the Schools Budget of 6.6% in Derby, there is also clearly room for growth in school budgets above the guaranteed minimum. Some factors, such as rates, funding for individual pupils and infant class size funding, are excluded from the guarantee. We have, however, gained approval that funding for individual pupils with special needs should be covered by the guarantee in Derby because of the proposed significant changes to AEN funding. This offers greater protection than the current arrangements, whereby schools lose funding once a pupil with special needs leaves the school. The protection means that, for two years at least, no schools will lose out in real terms from formula changes.
- 3.5 A consequence of the minimum guarantee is that it makes it more difficult to change the funding formula significantly unless there is real growth. This is because schools which would otherwise lose from formula changes are protected at current levels of funding by the guarantee. Growth is therefore required to fund the gains of other schools. In 2004/05, the substantial growth available would make it easier to change the formula than would have been the case in other years.
- 3.6 Extensive consultation has taken place on how Additional and Special Educational Needs (AEN) funding should be allocated. There has been widespread agreement to the principle of moving away from funding earmarked to individual pupils through a bidding process to a system using objective and measurable factors. Schools have been asked their views on the size of AEN funding and the factors which should be used in its distribution.

- 3.7 The clear view of the majority of primary schools which responded was that the total amount of AEN funding should not be changed; secondary schools were evenly divided. In the light of the continuing difficulties experienced by schools with the most challenging pupil populations and the recent comments by OFSTED on the need to support these schools, it is not proposed to change the total amount of funding for AEN. The concerns of lower funded schools can be addressed by ensuring that all schools receive a basic allocation for AEN funding regardless of deprivation indicators and through overall growth.
- 3.8 Turning to the factors which should be used in distributing AEN funding, it is proposed to treat primary and secondary schools differently. In primary schools, free meal entitlement has traditionally been used as the best proxy measure for deprivation because it is a pupil-based measure, and is an established good predictor of general learning difficulties and emotional, social and behavioural problems for pupil populations as a whole. Though pupil postcode information is available to match to the 2001 census, the Council has reservations about the accuracy of census data at neighbourhood level, and this would in any case soon become outdated. It is, therefore, proposed to use free meal entitlement as the principal deprivation indicator, with smaller allocations for pupils with English as an additional language, pupil turnover and vulnerable children. The factor for vulnerable children will be set much higher than the previous allocation for children in public care in recognition of the needs of these pupils as a priority group as the Council moves towards integrated children's services. As there will be additional needs in all schools, including those with very few pupils entitled to free meals, a proportion of AEN funding will be distributed through pupil numbers.
- 3.9 In secondary schools, we already use an established measure of prior attainment at Key Stage Two. It is proposed to retain that as the main AEN factor, though free meal entitlement would continue to be used along with EAL, pupil turnover and vulnerable children. As in primary schools, a proportion of AEN funding will be distributed through pupil numbers to ensure all schools have a minimum entitlement. The allocation for vulnerable children would be higher in secondaries than primaries, to reflect the increasing complexity of need of older pupils known to social services.
- 3.10 Allocations through the formula would continue to be made for pupils with the highest levels of special educational needs needing teaching assistant support. There would be a threshold of 15 teaching assistant hours per week for a full-time equivalent pupil. The school would be expected to fund the first 15 hours from their AEN allocation, with the remaining hours as a specific allocation to that school.

- 3.11 There is strong support for the principle of early intervention – intervening early in a child’s development is seen as more effective than waiting until secondary age, when learning and behavioural difficulties require far greater input. It is difficult to be precise as to how much real terms growth there will be available, because of the operation of the minimum funding guarantee in conjunction with potential formula and pupil number changes. However, it would be possible to allocate 40% of any growth to Key Stage Two, which is still funded at a relatively low level compared to other similar authorities. 20% of growth could be targeted at Key Stage One, meaning that the majority of growth was supporting primary schools. The balance of 40% would be allocated to Key Stage Three to support the government’s Key Stage Three strategy. The table in appendix 4 assumes that £2m growth is available in addition to what is needed to fund formula changes.
- 3.12 The Council has previously made a commitment to the principle of equalising funding across the Foundation Stage. Last year, it was agreed to make no further movement until the Early Years review was completed. That review has now been completed, while the operation of the minimum guarantee means that this change can be implemented together with the AEN review so that no school loses funding in real terms. The Cabinet also approved on 3 June 2003 a move to one point of entry to Foundation Stage classes, subject to the availability of resources. The budget proposals provide the opportunity to confirm this.
- 3.13 The eight nursery schools will receive delegated budgets for the first time in April 2004. It is proposed that they should be funded by the same formula as for other schools, including infant and primary schools with nursery classes. The exceptions relate to the two Enhanced Resource schools, where it is proposed to use historic allocations, and pupil turnover, where data is not available. As nursery schools did not have delegated budgets in 2003/04, they are not subject to the minimum funding guarantee. However, if the equalisation of Foundation Stage funding takes place, it is proposed to increase the nursery schools’ flat rate allocation by £20,000 to compensate for the reduction in nursery class funding. The overall level of funding for nursery schools will be less than in the current year because of the effect of unfilled places. To respond to the concerns of nursery schools, it is proposed to allocate transitional protection for 2004/05 only. This would be calculated at 50% of the difference between each school’s estimated budget in 2003/04, increased by 4%, and the actual formula budget in 2004/05. There would also be transitional funding to reflect the summer term costs of staff in nursery schools previously funded by the Access service.
- 3.14 The regrading of teaching assistants is subject to a separate decision by the Council. As the effects would vary according to the proportion of a school’s budget spent on teaching assistants, additional funding would need to be targeted differentially. This means that schools with special and enhanced resource places, and schools with nursery classes would need to receive larger increases in funding because they spend more of

their budget on support staff. The full-year effect of the regrading would mean an increase of 2.3% for special and enhanced resource places, 1.2% for Foundation stage funding, 0.8% for other primary Key Stages and 0.5% for secondary Key Stages. If the funding of backdating is agreed, then these percentages would be increased proportionally for 2004/05 only.

- 3.15 When the Standards Fund for Social Inclusion ended in March 2003, we were able to maintain funding at only half the previous level because of other budget pressures. This continued as devolved funding to secondary schools, but without the previous system, whereby deductions were made each time a pupil was permanently excluded. The DfES has issued regulations enabling this funding to be delegated and allowing a deductions system within the formula. There has been a recent increase in exclusions without any additional source of funding and it is, therefore, proposed to delegate this allocation and to reinstate a deduction, but at a lower level than originally proposed, to reflect the lower level of funding. The deduction would also vary according to the length of time left in the financial year – it would be £4500 in the summer term, £3000 in the autumn term and £1500 in the spring term for each permanent exclusion up to the level of the original allocation. It should be noted that the Education Commission, at its meeting of 10 December 2003, specifically supported the originally proposed deduction of £6000. Funding would be recycled to wherever the pupil was subsequently educated, whether in another school or in the Pupil Referral Unit.
- 3.16 Other minor amendments to the formula are to direct any funding for special schools above the minimum guarantee into the flat rate allocation to provide greater stability; to introduce a primary school split-site factor of £25,000 while Wilmorton primary operates on two sites following the closure of Southgate infants; to adjust the post-16 deduction for enhanced resource places to reflect the actual proportion of post-16 pupils in those facilities; to increase the allocations for schools with delegated insurance to reflect what is currently spent on the centrally retained budget.
- 3.17 The overall impact of the proposals will be that schools will be protected from formula changes by the operation of the minimum funding guarantee. Schools will either gain from formula changes or be protected at current funding levels, with inflation covered. The changes relating to AEN and Foundation Stage equalisation would mean that some of the growth will be needed to fund the protection of schools through the guarantee. The minimum guarantee will also operate in 2005/06. It is unclear whether we will be able to operate any protection beyond then, so the protection is not necessarily indefinite.
- 3.18 In addition to their formula budget, schools will receive allocations from the Standards Fund and School Standards Grant. The amounts or criteria for distribution are largely determined by the DfES, and in most cases will increase by 4% compared to last year.

IMPLICATIONS

Financial

1. These are set out in the report and appendices. Appendix 4 shows the change in funding for each school based on the proposals set out here and assuming £2m growth in addition to inflation, the cost of the regrading claim and the commitments needed to make formula changes. All schools except nursery schools will receive a guaranteed increase in funding of 4% per pupil if their pupil numbers remain the same. They will, therefore, be protected from any formula changes. Measures are proposed to provide transitional support for nursery schools. The overall level of school funding is subject to the budget proposals for the Education Service. In many cases, changes in pupil numbers will have a much greater impact on school budgets than changes to the formula.

Legal

2. Changes to the funding formula for schools do not have to be approved by the DfES, but have to be the subject of consultation with schools. Individual school budgets must be set at least at the level of the minimum funding guarantee.

Personnel

3. Changes in budgets for individual schools may result in variations to staffing numbers, though often formula changes are much less significant than the impact of increases or reductions in pupil numbers.

Environmental

4. None directly arising.

Equalities

5. The formula for funding schools recognises inequalities in educational opportunities and attainment within the pupil population and seeks to address these by factors for Additional Educational Needs.

FORMULA REVIEW CONSULTATION

SUMMARY OF RESPONSES

Question 1 The total of AEN and SEN funding in primary and secondary schools is currently £10.2m out of a total delegated budget of £89m (excluding LSC allocations). Is this the right proportion of the delegated budget? If not, please suggest a total that should be allocated through AEN and SEN factors.

	Primary	Secondary	Special	Total
Yes	23	3	0	26
No	9	4	0	13

Derby should move towards average funding in similar LEAs.

The figure should be reduced to £9m.

Average of comparators or 6% for both sectors as interim £8.0m

Suggests 11.46% ie one student in ten has AEN/SEN, but why not compare with national percentage of adult workforce

It should be much closer to the average of comparators eg 6% or £5.3m. In the information given, you suggest we need to “be making a conscious decision if we are deviating significantly from the average” when referring to the % of ISB allocated through AEN. There is clearly a significant difference between the City Council’s allocation and its comparators which *must* be due to the approach adopted. The real question is whether the extra funding allocated creates a significantly different impact on AEN/SEN standards? If this is the case then the high allocation may be justified. If we do not know or if the evidence suggests otherwise then the allocation should be reduced to an amount around the average of our comparators

8%

If AEN and SEN are to be combined, perhaps Derby City with a greater level of deprivation than average should have a proportion that reflects this

In order to ensure that all schools benefit and are able to offer an exclusive service, the proportion of SEN/AEN funding needs to be as near as, or lower than our comparators ie primary >6%, secondary >5.1%

This should be reduced to £9m so that a greater proportion is allocated through AWP

Reduce to primary average of 6% and share the reception money out in the base budget per school

A £6m AEN and SEN budget is proposed, in line with similar authorities

Depends on proportion of AEN/SEN needs

I would not think it right to increase any further since schools with less SEN pupils could financially lose

The current funding total of £10.2m should be maintained, if a requirement to increase this funding total this should be assessed alongside other requests for growth or additional funding

Can more be allocated to cover the support required for pupils now in mainstream due to inclusion?

Question 2: What combination of factors should be used to distribute AEN funding between schools? Please specify for your phase what percentage, if any, of the total AEN funding should be distributed by each factor.

The figures below show the average percentage from the responses

	Primary	Secondary	Special	Total
Free meal entitlement	42	19		
English as an additional language	18	9		
Pupil turnover	4	6		
Prior attainment		38		
2001 census	2	3		
Vulnerable children	8	3		
Pupil numbers	22	14		
Flat rate amount	3	8		
Other	2	0		

Recognised early development issues (with support from health and social services agencies) should feature.

Difficulties in early identification and/or support if funding not in place to support.

Vulnerable children should include pupils identified by health/pre-school service as having developmental delay.

The use of free meals as the indicator for triggering AEN funds is at best flawed. In the absence of a more reliable measure, it seems wrong to delegate the whole of the AEN/SEN budget on this sole indicator. All schools will have AEN and SEN children. Widening the range of indicators is an infinitely fairer system.

Statemented pupils – this would give a % based on real need

PLASC could provide up to date postcodes

Children at risk

Free meal entitlement is irrelevant false indication more relevant to primary; AEN/SEN relates to underattainment; census information not useful where parental choices mean high mobility; vulnerable children always in need of much support; all schools should have basic service

AEN allocation should reflect the need to permanently exclude. Funding for the education/care/rehabilitation needs to come from a broader base of services. It is the failure of social policy not educational policy that leads to

permanent exclusions. The whole AEN agenda needs an in-depth rethink with criteria led funding of individual need

There are no combinations of factors which will suit all, and winners and losers will always be created. It would have been helpful if information had been available on schools' total AEN/SEN budgets and losses/gains shown as a percentage against this. In this instance a £50,000 loss against a total of £100,000 is perhaps less serious than a £5000 loss against a previous zero total. In order to guard against huge winners and losers, floors and ceilings need to be established. This could be best achieved by establishing a threshold against existing SEN/AEN funding which schools cannot go over or below. If this were established at around 15% of the school's previous SEN/AEN funding, no school would be either huge losers or winners. It is also important to acknowledge that some schools are able to access other external funding strands. Although this cannot be taken into consideration via the formula it should be a consideration when looking at the various factors used for distributing the total funding. We can only view these matters from our own individual circumstances but, if we are to distribute the funding within the new ideology of inclusivity, a higher percentage needs to be allocated to AWPN and school base than the other factors in total

We have indicated that increasing the factor to 40% for EAL children could be an option. Whilst we concede that this may be an unrealistic figure for the authority to accept as a school we believe strongly that the factor should be increased. The present agreed figure of 5% is we consider unrealistic for our school with 92% EAL pupils on roll. Many of the other schools in the city have a similar figure and even an increase to 10% would make a significant difference to our budgets particularly if linked to a fall in the factor for free meals. An increase in the factor for EAL would help to alleviate the continued budgeting issues around the freeze in the EMAG budget allocations to schools. The poverty profile indicators in the city indicate that areas of need are not always reflected by the free school meal uptake. A decrease in the factor for free school meals would support schools where the uptake on school meals is low because of the lack of provision within the city of culturally appropriate meals. Recent research which whilst we recognise needs to be further investigated indicates that children from within the inner city community may require appropriate additional educational provision. Increasing the factor for EAL would allow schools to provide this support from within the allocated budget.

There is an issue about EAL. There are EAL needs from specific communities in Derby which impact significantly on SEN funding and resources – these are not reflected in the free meals %. The EAL count needs to be significantly increased

Accept that 2001 census data may be inaccurate over time but it does reflect wider issues than just free meal entitlement. We have included SEN children on School Action Plus in vulnerable children category. Pupil number allocation would help take account of potentially greater number of SEN pupils.

The only factors which inherently imply a likelihood of significant additional educational needs are free meal entitlement, unemployment/low area for qualifications and vulnerable children. However, the 2001 census information will already be outdated and increasingly unreliable. The others, especially "flat rate", pupil numbers and turnover imply no additional needs at all so

should not form part of the changes to AEN funding. The impact of volatility and abuse at home on a child's educational development is unquestionable and severe, as is the burden it places on staff time and therefore the cost to the school. As high a proportion/weighting as possible should be allocated to "vulnerable children". Vulnerable children and free school meals I would suggest are the only reliable indicators and should be weighted equally 50/50. We feel very strongly that money should follow the children with the greatest needs. We have one of the highest proportions of children with entitlement to free school meals, children in need and children on the child protection register in the city. Sinfin is an extremely deprived area and yet it has not benefited from the huge amounts of money pumped into the EAZ or from funding streams like SRB or Neighbourhood Renewal. This does seem unfair, especially where schools in these areas have extremely high surpluses and even more especially as we have been identified as the biggest potential loser in the city from the AEN review. A huge proportion of my SENCO and deputy head's time is taken up by "vulnerable children" issues. I am very much hoping that the formula changes will take this very real and significant cost into account as a major funding factor. Protecting schools from losses should take precedence over all other peripheral issues like the Post-16 deduction and delegated insurance

Increasing the EAL count would support the findings of the SEN report for clusters 1 and 2 (6 responses)

40% EAL is a realistic reflection of EAL level – even a 5% raise would benefit because for the last 2 years EMAG has been frozen

Currently there are differences in SEN across the city. Many EAL children are not getting additional resources needed from SEN budget

A multiplicity of factors can fund the same child(ren) over and over again

The risk is that schools chose an option that suits them financially rather than an option that is fair and matches funding with need

As a relatively small number of nursery school pupils have school meals, numbers of pupils eligible for free school meals throughout the school are not known

In this community there is a high incidence of AEN/SEN which includes a large number of children with severe genetic disorders. There is also a high level of anaemia identified in the under 5s population

Free school meals entitlement cannot be used in a nursery school context as the school does not have the capacity for all 80 children to have a meal; using the Index of Social Deprivation would include indicators such as ethnicity, EAL, unemployment, asylum seekers, refugee status, lack of adult qualifications, poor housing, children who are vulnerable etc; needs based allocation of funding should be based on school communities and not wards, which are purely artificial administrative boundaries

NASUWT is opposed to any changes in the formula in this regard which create losers as well as winners – ie there is a cut in AEN/SEN allocation for a school. In particular, NASUWT is opposed to any process which shifts funding from the more deprived and challenging schools to the "leafy suburban" schools

Question 3: Do you think we should adopt the principle of phasing in individual school gains from the AEN review? If yes, should this take

place only if insufficient growth is available, or should it happen in any case?

	Primary	Secondary	Special	Total
Yes	26	7	0	33
No	11	1	0	12
Only if insufficient growth available	3	2	0	5
In any case	14	5	0	19

Any gains will be mirrored by a similar number of losses. Phasing is essential. Ideally the money should be given straightaway, but if this means that some schools are losers, we would prefer any gains to be phased in
 In any case – phase over 2 years
 But short term rather than long

Question 4: Do you agree that the threshold for the contingency should be 15 hours per week for an individual pupil?

	Primary	Secondary	Special	Total
Yes	28	7	0	35
No	9	0	0	9

Lower threshold – perhaps 10 or 12 hours per week.
 The threshold should be lower at 7 hours per week.
 Hours should be calculated as a % of pupil numbers so that schools with significant needs get more money
 Greater
 Soft landing in the form of no actual cut this year already in place – why delay introducing a fairer system further
 Providing there are clear criteria
 However, there must be some flexibility to account for situations such as children on a part-time reintegration programme or part-time shared placement. This could be done on a pro-rata basis eg a SEN child with severe physical disabilities on a part-time placement of one day per week who needs full-time ECO cover of eight hours would receive funding for 5 of the 8 hours
 Low funded schools with only basic allocation and few free school meals taken up will have difficulties in funding teaching assistant hours and inclusion will become a real issue for them as support will not be available (10 hours maximum). Where schools receive no additional funding through other “pots” eg EAZ etc to support special needs it will be very difficult to provide a teaching assistant for statemented children for 15 hours. This would take *all* the support from other children who need ALS, ELS etc
 Would be interested to know the level of contingency required and how this is monitored and how any surpluses will be distributed or deficits funded
 Provided AEN allocation will provide funding for those pupils who need 15 hours support then this will work. At present we have 3 statemented pupils. Two share 30 hours. We hope funding for them will be secure otherwise we

do not know how we can maintain their places successfully. The other pupil receives 8 hours – he needs a high level of support and relief TA support is in place to cover the rest of the school week. Again we are very concerned about being able to continue to fund this provision and the consequences for the child/pupils and teacher if funding isn't available don't bearing thinking about

Question 5: Should funding be targeted at early intervention? If yes, should there be a phased transfer of resources from secondary to primary or, should additional primary AEN funding be funded from real terms growth, if available?

	Primary	Secondary	Special	Total
Yes	40	4	1	45
No	0	4	0	4
Phased transfer	22	0	0	22
Real terms growth	9	3	1	13

Phasing of funding from secondary to infant/nursery as these are the most significant developmental years. AEN should be linked with health and social services initiatives to address specific issues.

Phased from secondary to infant/nursery for early identification and support (prevention over cure!)

Funding should come from real terms growth but this should be kept under review to measure the benefits of it

Speedy phased transfer

Phased transfer and then made up with additional growth funding in primary initially then secondary

Phased transfer over a clearly declared time period

What evidence is there that early intervention prevents AEN/SEN in the most difficult teenage years. Problems start pre-school

The % is so high that there should be scope for early intervention within existing resources

AEN funded from real terms growth – if more available funds split between phases

NASUWT is opposed to the phased transfer of resources from secondary to primary – as any secondary school teacher would tell the LEA, pupils manifest EBD/challenging behaviour in their teenage years which they have not presented at primary school. Additional primary AEN funding should be funded from real terms growth

No transfer of resources though as there are significant problems that occur during teenage years

Yes – but an acknowledgement that SEN is across the board and should be funded in the main from real terms growth

In the short term it should be funded from real terms growth. However, there remains a significant difference in the funding of primary compared to secondary which is historical

A combination of both sources
 Phased transfer of resources from secondary to primary in first instance and funding from real terms growth as well if available
 And any phasing over a period of time
 However, concerns are raised over pupils transferring to secondary and those having new difficulties caused by move
 Secondary schools have to deal with problems brought from primary school.
 Some funding should be targeted at secondary sector
 There has been an abundance of national and international research, which consistently supports the notion of early intervention
 From real terms growth if possible; secondary schools would not see reduction in *their* resources as desirable
 As percentage of income. Same % for all secondary schools

Question 6: Do you agree that nursery school funding should be based on the existing formula for primary schools? If not, please give justification why nursery schools should be treated differently.

	Primary	Secondary	Special	Total
Yes	33	5	1	39
No	6	1	0	7

Funding based predominantly on pupil numbers will not generate enough income to maintain and continue additional services and support that many nursery schools have built up over the years and added to using direct grants. If nursery schools are unable to offer extended services and support, parents will increasingly select private provision, thereby compounding problems caused through reducing pupil numbers. All nursery schools will receive a small schools allowance. However, one-point entry will have a significant effect on pupil numbers, which will lead to further disruption to funding. Continuity – funded places, rather than funding based on pupil numbers, guarantees staffing levels and available support services. This avoids endless staff reduction/recruitment. DfES have highlighted need to look at alternative funding mechanisms. What do other LEAs do?
 We struggle to maintain ratios in our nursery when pupil numbers fall and nursery schools are protected
 Need for interface between education/social services is greatest pre-school
 Nursery school funding should not be based on the existing formula for primary schools. The application of such a formula would result in unacceptable cutbacks in staffing and worsening of nursery provision. Over the last few months, the people of Derby have shown their desire to retain separate viable nursery provision and the LEA should respect this. The LEA should not attempt to reintroduce by the back door its policy of nursery closures
 We do not understand why inner city nursery schools have not received any enhanced facilities. The percentage of SEN pupils continues to rise and provision appears to be diminishing. This does not appear to fit into the government's policy of social inclusion

We note that generally the nursery schools appear to be excessively funded. We believe that the revised funding formula should apply equally to *all* nursery schools

In primary schools it may be easier to absorb the effects of pupil-led funding than it is in smaller schools. For the nursery schools the existing formula based on that of primary schools will mean a huge loss of finance, resulting in staffing cuts which will mean that the standards of education currently provided will fall, through no fault of the remaining staff. A commitment by the authority to a greater financial investment is essential, to ensure that the needs of these very young children are met. The current level of staffing in the three inner city nursery schools appears high because it includes staff funded by the EMA grant. This term this school has a register of 92.5% children from ethnic minority families. Most of these children have limited skills in English. As a result of this level of staffing, all children have been equipped with the confidence to offer a level of English by the time they transfer to statutory education. The AEN/SEN children benefit from the intensive input provided and are often able to move to statutory education, needing no further help. In matters of health, background, social and self-help skills, and family support, the children in the inner city start on an unequal footing compared with children elsewhere, but attendance at a well-staffed nursery school whose specialism and sole priority is working holistically with the 3-5 age range and their families, ensures that the gap is narrowed. In the city there are two nursery schools with enhanced resource status which we understand they will retain after April 2004. One nursery school is in a deprived ward but the other is in a middle class all white area with a diminishing number of children under 5. There is no enhanced resource nursery school in the inner city in spite of the high level of identified children with AEN/SEN and EAL admitted to the inner city nurseries. From our knowledge of the local community, I am able to state that the families in the inner city wish their children to be educated within their local community at the local nursery school, all of whom implement an inclusion policy, and would resist any suggestion that their child should be transported to the other side of the city (except in exceptional circumstances) and be denied cultural inclusion. There appears to be a lack of recognition and understanding of the needs of the inner city communities.

In most cases nursery schools are specialist schools that for many years have supported a high number of children with SEN/AEN and their families. At this school we currently have 28% of children at School Action or School Action Plus. This is not unusual. Because of the current levels of staffing most of our children make rapid progress and transfer to mainstream school not needing a Statement. If this school does not receive an enhanced resource budget we will not be able to retain the level of staffing. An additional complication is that over 80% of children speak little or no English and therefore the children from this community who need SEN support would not be happy to access one of the proposed enhanced resource nurseries even if transport across the city was made available and was financially viable. Governors would wish the high levels of need in this multi-ethnic, multi-lingual inner city community to be resourced in order that our children can transfer to school with the same life chances of other children. Funding on pupil numbers rather than places is not appropriate for small schools as it can lead to instability of staffing and lack of continuity for the children. Quality and stability are two of the major factors of

the continuing success of this school. Children and families in this community of social and economic deprivation face many challenges and it is the wish of the Governors that they receive high quality input in order to begin to equalise their life chances and educational opportunities. We feel it is imperative that the children in our community have every opportunity to enter mainstream school on an equal footing with their peers.

If actual pupil numbers rather than places were used for funding nursery schools, the resultant cuts in the income budget would mean the inevitable loss of staff. This would lead to diminished support for children with AEN/SEN and their families, a fall in standards, and equal access to the curriculum, which is an entitlement, would be denied as the needs of these families would not be able to be met fully. In this inner city nursery school, 77% of children on roll in the autumn term 2003 from homes where English is an additional language – this included 8 asylum seeker families. With the current high level of staffing, including staff funded by the EMA grant, these children are able to gain a good understanding of the English language, gain confidence in communicating in English, and access the Foundation Stage curriculum. This early intervention provides a firm base on which to build when these children transfer to statutory schooling, and greatly diminishes the level of additional support required. The Government's policy is inclusion for children into mainstream schools. In the inner city there have always been a very high number of children with SEN. A significant proportion of children with genetic diseases and/or severe disabilities are in the Pakistani community. Research indicates there is a risk of these numbers increasing. Close relative marriage continues in the community. Other medical conditions eg a very high level of children under 5 with severe anaemia have been identified in this inner city community. The staff expertise has been built up over many years, and provides very effective, holistic early intervention, and support for families/carers, so the level of support required when the child is admitted to statutory education is diminished. This inner city nursery school had 4 statemented children and a high percentage of children with SEN in the autumn term 2003. Children with syndromes and severe SEN are referred to this nursery school by the paediatrician at Ronnie McKeith. None of the 3 inner city nursery schools have official enhanced resource status, but the LEA needs to maintain their current high levels of support staff in order that these vulnerable inner city children and their families are not further disadvantaged. Ethnic minority families in the inner city are unwilling to travel out of area to a designated enhanced resource school due to eg lack of bilingual staff and other ethnic minority families and children; children attending schools out of area are easily noticed and labelled

Nursery schools provide a secure, stable environment, which can be lacking in larger units. Place funding, rather than pupil funding, gives an advantage. Schools like ours have high EAL needs, which formula funding does not meet. Our school has no enhanced resources, in spite of the fact that the intake of our children means there are many genetic disorders and additional issues such as anaemia among our school population. Our expertise in providing nursery education for children with very specific special and additional needs has grown over the years; we feel our funding needs to reflect this. That early intervention for all children, not just those with special needs, is important has been recognised by the government with its programmes such as Sure Start.

This early intervention is both beneficial for the child, and can lead to budget savings later on.

Two longer replies from nursery schools are attached separately

Question 7: Do you agree that age-weighted and place-led funding should be adjusted differentially to reflect the costs of regrading teaching assistants?

	Primary	Secondary	Special	Total
Yes	29	5	1	35
No	6	3	0	9

Will consideration be given to staffing levels prior to redundancies/reduction in hours due to prior budget pressures? Schools need to have a minimum for the profile of the children they support rather than the amount of support dictated by budget pressures.

Money should be funded directly from DfES for this purpose.

UNISON have not consulted us, LEA has

Sufficient additional funding is required to support any regrading

I guess yes – but still am concerned over funding available as a junior school

No decision made therefore cannot guess costs. Secondary schools are required to be mindful of 21 tasks etc therefore more teaching assistants are required

For the record, NASUWT supports the UNISON pay claim in this regard

Question 8: Do you agree that we should implement equalisation of Foundation Stage funding immediately if this is possible within the funding available?

	Primary	Secondary	Special	Total
Yes	33	6	1	40
No	4	0	0	4

Should be phased to minimise disruption, especially in tandem with new admissions strategy.

We agree with this in principle but existing enhanced hours should not be withdrawn as once again this will not support social inclusion (2 responses).

With commitment to one point entry, equalisation must follow. Without it, schools may seek to withdraw from the one point entry

As a junior school, pupils are funded less than our colleagues in KS1. Any chance of equalisation of funding in the primary years?

There must be equality of opportunity for inner city and other children

Governors feel that funding should be based on the identified needs of the children and the community. Schools in areas of identified high needs and with high numbers of children with SEN/AEN should receive the funding in order to address these needs.

But only if it comes from growth

Question 9: Should growth in special school budgets above the minimum guarantee be targeted at the base allowance?

	Primary	Secondary	Special	Total
Yes	26	5	1	32
No	0	0	0	0

And for ERS schools and units

NASUWT is not convinced that this would necessarily bring about the stability the LEA seeks, even with the guarantee of 4% per pupil increase. There could be a long-term reduction in budget of some special schools. NASUWT recommends consultation with special school teachers, not solely headteachers

Question 10: Do you agree that there should be a primary split-site factor of £25,000?

	Primary	Secondary	Special	Total
Yes	27	7	1	35
No	4	0	0	4

Flexible amount of money to reflect transition changes – could be split site or transition from one type of provision to another, as in nursery school to childcare

Whilst we believe that cost savings will result from rationalisation of staffing (eg headteacher positions) we are in agreement with a one-off payment as described

A small amount only to pay for additional allowance point for staffing

The decision to offer a temporary allocation should be supported

Question 11 Do you agree that the Post-16 deduction should be amended to adjust the deduction for enhanced resource allocations and funded from growth in 2004/05?

	Primary	Secondary	Special	Total
Yes	11	7	1	19
No	13	0	0	13

Concerned about the clarity and justice of LSC clawback for double funding

We are concerned about the non-AWPU deduction and would like clarification of its calculation before we could respond

Learning and Skills Council should fund all over 16s

We have always maintained that the deduction made under the guise of double funding should only be made from those factors that have an element relating to sixth form students. We believe that objective and measurable factors are available to calculate this deduction and support the acceptance that deductions made from areas that do not include pupils over 16 lead to schools been unfavourably treated

Question 12: Do you agree that the allocations for schools with delegated insurance should be increased to reflect the amounts centrally retained, and that the increase should be funded from growth in 2004/05?

	Primary	Secondary	Special	Total
Yes	23	8	1	32
No	9	0	0	9

But not necessarily for the full amount. We suggest a maximum of 80%
 We agree that increases should be made to reflect the amounts centrally retained, however this increase should be done to ensure all schools are treated equally rather than being dependent on growth being available in 2004/05

Question 13: Should the analysis of levels of balances result in any specific formula changes? If yes, what should they be?

	Primary	Secondary	Special	Total
Yes	19	2	0	21
No	14	6	1	21

Flexibility to respond to “unpredictable” circumstances.
 Schools with significant uncommitted funds should only be allowed to carry an agreed percentage forward.
 There should be a limit (as a percent) to school balances unless the school has a valid reason for a high balance.
 Uncommitted balances should be included in following year’s allocation.
 It is clear that schools in some pockets of the city eg EAZ, Sure Start, Excellence in Cities received additional funding which neighbouring schools cannot access. Funding should be fair and where these areas have been identified as having needs, nearby schools become the poor relation
 A number of inferences have been made about schools carrying forward high balances. These may have been due to heads having greater foresight than the DfES! This is not to argue that the LEA should not become involved with those schools which carry forward large balances – they should.
 Only on balances over 10% and where no prior use for the balance has been identified
 Reduction in KS2 funding levels
 Yes – and if the LEA can successfully wrestle with this issue, it will make a significant contribution to the improvement of provision in Derby schools
 Uncertain but schools that have a *big* underspend would appear to be over-resourced
 No – each school has to be viewed according to its own individual circumstances. There is still a great deal of uncertainty and unpredictability with regards to budgets and late decisions from the LEA and DfES. Schools are becoming more skilled at strategic management and any decisions made with regard to the level of balances will result in a British Rail mentality at the end of the financial year and panic spending! This will not produce Value for Money!

If schools with high balances cannot justify to the satisfaction of their School Improvement Officer why they have it, then a proportion should be clawed back and reallocated to other schools

That would depend on the results of the analysis. If there were clear patterns of underspend in particular areas and that related to the formula – then it should be changed accordingly. In either case an acceptable % needs to be decided on and the rest, over and above, questioned

Based on fact that some schools benefit from funding from several different initiatives – others get no extra

Gains from formula funding should be phased and where a school has a surplus greater than 7.5% gains should be reclaimed in order to protect schools losing. Formula should be adjusted to divert gains to schools in EAZ with existing high surpluses to areas of city with high proportion of unemployment and adults without qualifications that are not benefiting from additional funding streams like SRB or NRF eg Sinfin

Balances of over 10% should be questioned by the LEA – schools need to provide an action plan on how money is to be spent (6 responses)

If sitting on a large underspend, they don't need it. Should be clawed back until no year on year underspend, and redistributed

Additional funding, rightly, identifies communities with greatest need and extra resources have/are/will be used to deliver a planned strategy to support local community, city, central government policies/initiatives to meet extreme or particular needs of community ie extended school facilities/staffing/home support links. Precise clear spend strategy in school in place to balance receipt/loss of additional funding. Phased in changes would not be of help in maintaining plan/meeting pupil needs. Additional EAZ funding/Excellence in Cities used in full with clear evidence/performance indicators of use to meet criteria of funding and school needs. Carry forward developed in planned way to meet urgent asset management requirements ie new full school length verandah (leaking/no heating/split level floor) approx cost City figure £85,000 and upgrading heating system for verandah classrooms offices to raise winter temperature (above 50F verandah and up to more comfortable level in classes etc currently 65F+) approx cost City figure £80,000. Very recently New Deal indicated may support asset management issues in part. Existing carry forward £90,000 will be used for fixtures fittings and asset management issues not met by NDC. Also clear balanced spending strategy for supporting extended school initiatives after additional funding

A working limit of 10% of the annual school budget should be set as a maximum carry forward value. This may be waived where major projects have been agreed with the authority

Clarity of balances should be examined and split (Standards Fund carry forward/capital buildings/...). Excessive balances to be questioned

The level of balances should be investigated and explained before deciding on whether any specific formula changes are required

There is a concern about making changes - most schools – we are one had good reason for a very short lived high level of balances. Falling pupil numbers prompted the finance officer recommending we retain rather than spend. Most of the balance was used to maintain budgets for 03/04

Question 14: Do you agree that there should be a deduction of £6000 from the pupil retention funding for secondary schools each time a pupil is permanently excluded? If not, please propose how the necessary increase in provision should be funded.

	Primary	Secondary	Special	Total
Yes	23	3	0	26
No	6	5	1	12

Perhaps excluded pupils could be found places in schools with a low level of pupils with behavioural problems.

You need to look at the reasons for exclusions

More support for children at risk of exclusion within secondary and junior schools to try to prevent the necessity of exclusion

Requires a complete rethink from the government within the crime and disorder/education budgets agenda. More funding should be held back to advise on and “police” permanent exclusions and provide for those students and then given out to schools if not used

Tapered – April to July £6000, September/October £4000,

November/December £3000, January/February £2000, March £130 per day, otherwise no incentive to keep trying. Might as well save the hassle and exclude in April

If the government reinstates their PRG Standards Fund

If a proportionate amount of funding is clawed back, when excluded pupils join a school a proportionate amount of funding should come with them

Not an answer really! The government needs to take another look at its policy on inclusion and the management of disaffected youngsters. They should then fund appropriately

Rate should be proportionate to the time of year of the exclusion – is provision elsewhere needed for 1 month or 11?

Top skim secondary money to set up a secondary PRU

We are in agreement with the principle. However, the size of the deduction should be adjusted to reflect the portion of the year completed prior to the exclusion

Deduction should be pro rata of amount of year remaining

To receive funding that could be potentially removed by exclusion of students is not a “useable” fund. Cannot budget/plan to spend funds that could be lost. Why do we not look at a new way of funding for this eventuality? A big job but an opportunity to look at the whole issue – not just from a funding point of view! The current provision fails both students and schools

Despite some sensible LEA budget suggestions this year, this is the single proposed change which could do most damage to Derby schools. The reinstatement of the fining system, hated by schools, will penalise schools which attempt to maintain good discipline. If the LEA proceeds with this reinstatement, it will not just rub, but pour salt into the wounds of unacceptable pupil behaviour in Derby schools. Teachers will quite correctly see any protestations by the LEA that it wishes to address issues of behaviour management in Derby schools as cynical, empty soundbites if it does not immediately withdraw this proposal

Question 15: Do you agree that the funding for pupil retention should be delegated rather than devolved?

	Primary	Secondary	Special	Total
Yes	16	6	0	22
No	7	1	1	9

Provided the allocation was clearly identified to ensure the fines did not exceed the original allocation

In order to prevent this element of schools' budgets being vired into other areas, funding for pupil retention should not be delegated and should remain devolved

Does it really matter? The amount will not be different

But only if no fines are levied

General comments

Once again I have filled in this consultation. Our school will no doubt be told again that in order that no school loses "too much" we will not have the increases we ought to have. Our school has been losing for years. We cannot continue in this way. "Someone" has got to equalise the funding for Derby schools. The gaps are still far too wide.

It would have been helpful to have examples to support each question, for and against. The issues are complex and could have been expressed more clearly. As a junior school, we have only recently benefited from an improved budget and may look again. We do not have any EAZ or Excellence in Cities funding as many schools do.

The section on inclusion should be linked with that on early intervention. If infant schools had sufficient funds to buy in expertise, resources and ECOs to work with the children who enter school with special needs straightaway, without the need to go through lengthy time wasting statementing procedures, there would be fewer children needing to be excluded from secondary schools. In 2005 we must provide 10% non-contact time for teachers. If on same year 6/year 7 differentials, won't be able to do it. Well done for present reception differential with nurseries. Now have to start addressing year 6/year 7 differentials. Any additional funding should be targeted to address the differential between year 6 and year 7

As a junior "only" school I fear that we lose out financially each year compared to "primary" colleagues

A further question from governors relates to the transitional arrangements for nursery schools delegated budgets

We just feel yet again that the same areas of concern are being funded at so many levels that it creates distortions when we come to looking at total per pupil income. On formula and devolved, there are some funding streams to which we cannot have access. Further exacerbated by LIG (Leadership Incentive Grant). Any chance of redressing balance? Taking this into account?