

**HERTFORDSHIRE COUNTY COUNCIL**

**CABINET  
MONDAY 9 FEBRUARY 2004 AT 2.00 PM**

Agenda item no.

**3**

**SCHOOL FUNDING ARRANGEMENTS 2004-05**

Report of the Director of Children, Schools and Families

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**1 Purpose**

- 1.1 To consider the outcomes of consultation with headteachers and governors on the proposed arrangements for funding schools in 2004/05 and future years.

**2 Summary**

- 2.1 Each Autumn there is consultation with schools about the arrangements for funding in the following financial year.  
With continuing complexity in the implications of the Education Funding Spending Share for Hertfordshire, and the lateness of information from the DfES, the initial consultation could not commence until late November, with a closing date for responses on the last day of term. In order to maximise the amount of funding delegated to schools, a further consultation was initiated early in the Spring term, with a closing date in early February.  
The Schools' Resources Panel considered the outcome of the first consultation on 14 January, and were advised that the outcomes of the second would be reported direct to this meeting of Cabinet.

**3 Conclusions**

- 3.1 Cabinet is invited to consider the outcomes of both consultations.

## 1. Summary of proposals

1.1 The proposals relate to the arrangements for funding nursery, primary, secondary and special schools maintained by the Authority, and concern:

- lump sum – variable (primary and secondary)
- sixth form formula deduction (secondary)
- London fringe funding in special schools (excluding autism bases)
- protection factor for economic deprivation allocations (nursery)
- additional responsibility allowance (nursery)
- head and deputy supplement (nursery)
- historical energy allocation (nursery)
- teachers' salary adjustment (nursery)
- additional educational needs (nursery and primary)
- secondary autism units at special schools
- inclusion factor (special)
- split site factor (secondary mainstream schools)
- special school place numbers
- nurture groups (primary)
- learning support units (secondary)
- additional welfare and tuition (special)

## 2. Detail of proposals

2.1 **Proposal 1: Lump sum – variable** (primary and secondary)

For many years, the age weighted pupil unit (AWPU) within the funding formula has included an element of the lump sum (or “per school”) allocation. This is currently £96 per primary pupil and £160 per secondary pupil.

In the past, this has allowed Hertfordshire to meet DfES targets for the percentage of funding that is pupil-led, but it has caused complexity and confusion. Schools quite reasonably assume that the change in resource resulting from one more or less pupil is the value of the headline AWPU, whereas in fact the calculation is the AWPU less the lump sum element.

It is therefore proposed that the formula be simplified by abolishing the practice of including an element of the lump sum within the AWPU. The value of each AWPU will therefore be reduced by £96 (primary) and £160 (secondary). This will conversely increase the lump sum element in the individual school budget share, so that there will be no impact on the funding of any school.

2.2 **Proposal 2: Sixth form funding allocation** (secondary)

Since 2002/03, responsibility for the funding of sixth forms has passed to the Learning & Skills Council (LSC). While a whole school budget has continued to be calculated according to the LEA funding formula, the sixth form element is then deducted and replaced by the LSC funding allocation. The sixth form formula deduction includes the

AWPUs for the sixth formers, plus a share of the non-AWPU factors, based on the proportion of pupils in the school who are sixth formers. The funding regulations no longer allow for the addition of AWPU and other pupil-led funding, merely for this to be reversed out again. The abolition of this practice will have no net effect on the budget of any school.

### 2.3 **Proposal 3: London fringe funding in special schools (excluding autism bases)**

This element of the special school formula is currently allocated by reference to the actual number of teachers and nursery nurses in schools in December prior to the start of the financial year.

This method of allocation raises a number of issues, including:

- staffing changes after the data collection date, relating to changes in place numbers
- the difficulty of obtaining data from schools that opt out of payroll services
- distortion caused by the inclusion of staff funded outside the budget share (e.g. through earmarked funding)

It is therefore proposed that fringe funding is allocated to schools within the London fringe area on a per weighted place basis.

### 2.4 **Proposal 4: Protection factor for economic deprivation allocation** (nursery)

A new method of allocating funding for economic deprivation was introduced in 2001/02, based on the average percentage of free school meal entitlements at each nursery school's two linked primary schools. At the same time a protection mechanism ensured that no school received less through the new formula than it had previously. With the new system now well established, and only 2 schools receiving more than £500, it is proposed that this protection mechanism be abolished.

### 2.5 **Proposal 5: Additional responsibility allowance** (nursery)

Since 1994/95 or earlier, nursery schools have received one of two lump sums, inflated annually from the figure allocated in that year. In 2003/04 twelve schools received £1,950, and three schools received twice this sum. Two of these three schools currently have more than 100 pupils on roll.

In order that this funding should be allocated on a more transparent and logical basis, it is proposed that it be distributed as a banded lump sum, with schools with fewer than 100 pupils receiving £1,671, and those with more than 100 pupils receiving twice this sum.

*(See also paragraph 3.2.2)*

### 2.6 **Proposal 6: Head and deputy supplement** (nursery)

Nursery schools receive an allowance calculated by reference to the actual scale point of the headteacher in December prior to the start of the financial year, comparing this to the sector average teaching cost at

that date. A complication arises where there is a vacancy at the time of the data extraction. In 2003/04 the allocations varied between £12,737 and £21,438, the average being £14,853. No nursery schools currently have a deputy head in post.

This element of the formula differs from any mainstream element in that it is based on actual costs, and bears no relation, directly or indirectly, to the size of the school in terms of pupil numbers.

It is therefore proposed that the funding be allocated as a single lump sum of £14,853 for all schools.

**2.7 Proposal 7: Historical energy allocation** (nursery)

Funding for energy, water and sewerage is allocated as a proportion of historical costs, probably based on 1989/90 spending data. From a comparison with nursery schools' average spending over the last three years, it is clear that this is no longer appropriate. For example, the total spend for all schools is 30% less than the total allocated, and one school has spent, on average, less than a third of its allocation.

It is therefore proposed that the budget for energy, water and sewerage is distributed on the following basis:

Per part-time equivalent pupil	33%
Per school	33%
Per square metre	33%

**2.8 Proposal 8: Teachers' salary adjustment** (nursery)

In December preceding the financial year, a comparison is made between the average cost per teacher (excluding the headteacher) at each school and the average across the sector. A deduction is made from any school whose costs are below the sector average, and the proceeds are distributed among those schools with costs above the average.

In 2003/04, 14 schools received allocations between £41 and £198, and one school suffered a deduction of £1,686. In effect the formula hinged on one inexpensive teacher at one school.

It is proposed that this element of the formula is abolished, as it does not reflect the principles of local management, and its outcomes do not merit the administrative process involved.

**2.9 Proposal 9: Additional educational needs (AEN)** (nursery/primary)

Funding for non-statemented AEN is allocated annually in school budget shares on the basis of pupil numbers, achievement levels and economic deprivation. The measure for economic deprivation is the level of free school meal entitlements.

Prior attainment or achievement within the formula for nursery and key stage 1 pupils is currently based on data from the HCC nursery and reception baseline assessments for the previous complete academic year.

For reasons associated with a change of assessment methods in 2003, there is incomplete data on which to base funding for 2004/05. It is therefore proposed that, for one year only, the data used in 2003/04 budget shares for nursery and reception age pupils, including that for

free school meals, is frozen and used as the basis for the nursery and reception element for AEN in 2004/05.

**2.10 Proposal 10: Secondary autism units at special schools**

Autistic pupils occupy places at two secondary Moderate Learning Difficulties special schools, and the schools receive the per place funding from the school budget share. To reflect the additional needs of these autistic pupils, a top-up is paid as earmarked funding. This is based on a formula comprising a lump sum and an amount per pupil, distinguishing between pupils in higher and lower needs bands. In contrast, funding for primary autism units at special schools is delegated to schools as part of their budget shares on a per planned place basis (with a small amount per pupil). This is consistent with the funding method for other types of special school places. The autism places are identified separately within the total number of funded places at the school.

It is proposed to simplify and standardise the funding for secondary autism units by incorporating it fully into the budget share, on a similar basis to the funding for other types of special school place, including primary autism places. The places occupied by the secondary autism pupils will be re-classified as autism places. Funding will be on a per planned place basis (distinguishing between higher and lower band places). There will also be a small amount of funding per pupil (based on pupil numbers from the PLASC census prior to the start of the financial year) and a London fringe allocation per place. The funding per higher band secondary place will be the same as the funding per primary autism place. The funding per lower band place will be less, because most of the lower band pupils are not of such severe need (illustrated by the fact that they were not placed in autism units when they were primary age).

Illustrative rates (at 2003/04 prices) are:

Funding for secondary autism place (higher band)	£15,759
Funding for secondary autism place (lower band)	£13,587
Funding per pupil	£ 92
Additional funding per secondary autism place (London fringe allowance)	£ 498

**2.11 Proposal 11: Inclusion factor** (special)

As part of the outcomes of the work on the Inclusion Strategy, we have been exploring the costs and operation of the secondary inclusion model operated by Heathlands at Townsend and St. Luke's.

This model involves all of the secondary aged pupils on the roll of Heathlands School being educated at one of the other schools, dependant upon their level of need. The arrangements have developed over a number of years, in terms of numbers on roll located at both sites. However, the provision for pupils at Townsend has now reached maximum capacity, while the provision at St. Luke's is now two thirds full.

It was clear when we costed the current model, which was found to provide good value in terms of the curriculum, that there was a shortfall between the resources available and the costs of operation. The main component of the shortfall is the cost of providing the staffing and accommodation at Townsend School, which is approximately £50,000 per annum at 2003/04 prices.

We propose that a new place-led funding factor is introduced to deal with the additional costs of the inclusion model at Heathlands School.

- Funding per HI\* All Age Day Place in Residential School (split site)
- Funding per HI All Age Residential Place (split site)

This will include the current per place funding, plus a top-up to address the inclusion/split site cost. (*\*Note: HI = Hearing Impaired*)

#### 2.12 **Proposal 12: Split site factor – secondary mainstream schools**

The split site factor for secondary mainstream schools was developed to fund the additional costs incurred by a school operating on two sites, on an interim basis, as a result of re-organisation. The formula is currently applied to a school with two permanent sites, whose needs and costs are different from the type of circumstances within which it was developed.

The formula was developed for one model of split site operation.

However, we are aware that the organisation of the split site model will vary between schools. A significant factor that will influence its operation, and therefore costs, will be whether pupils are able to travel independently between sites. We suggest that a measure of this may be the level of AEN and economic deprivation at the school.

It is therefore proposed that the Authority review the formula for split site factors at secondary mainstream schools, to take into account the additional costs arising from a higher incidence of AEN and free school meals.

#### 2.13 **Proposal 13: Special school place numbers**

The proposed place numbers for special schools in 2004/05 are shown at Appendix A (centre columns). The place numbers in EBD schools show the full year effect of the changes introduced during 2003/04 resulting from the Behaviour and Achievement Review.

#### 2.14 **Proposal 14: Nurture groups** (primary)

Funding for a total of 13 Nurture Groups has been made available as part of the Behaviour and Achievement Strategy. They provide high levels of initial support to children entering nursery and key stage 1 classes, and have been shown to have a significant impact in schools serving deprived and challenging communities, where some children are admitted without well developed social, language and learning skills.

In addition to the AWPU for each of the children concerned, each group is allocated £48,000 per annum. As the management of these groups is an integral aspect of the day to day work of the schools, it is proposed that the funding is delegated.

**2.15 Proposal 15: Learning Support Units** (secondary)

At secondary level, the presence of a Learning Support Unit is an important part of the Inclusion agenda, and can help to improve behaviour by reinforcing pastoral systems, and by providing targeted support to individual pupils who might otherwise be at risk of exclusion. Funding is now available for these units in 20 secondary schools. The rate for newly-established units is £54,000 per annum.

As with Nurture Groups, this provision functions as an integral part of the school's overall provision, with specialist staff supporting staff and pupils in a flexible way across the campus. Consequently it is proposed that this funding is delegated.

**2.16 Proposal 16: Additional welfare and tuition** (special)

Funding for special schools is allocated on the basis of a formula which is mainly based on funded places, but also includes a per pupil element and other fixed elements similar to those in mainstream schools.

Although the size of the pupil population is relatively constant, more of the children have multiple or complex difficulties. This is reflected in the number and scale of requests from individual schools for additional resources above their budget share, to help them meet the needs of particular children who they feel fall outside their normal terms of reference.

These additional resource allocations are made on a temporary basis from the general budget for additional welfare and tuition for children with Statements. The allocations are reviewed on a termly basis. The way in which the resources are used within the schools to achieve specific outcomes is a matter for the headteachers and staff.

It is proposed that this additional resource is delegated within the sector's overall budget share, and distributed on the basis of evidence of needs and progress by a panel of headteachers supported by appropriate CSF staff. This will help to produce greater consistency of practice, and will involve the headteachers more centrally in the planning and development process than is currently the case.

It is proposed that funding for additional welfare and tuition be delegated to special schools on a rate per hour basis, according to the hours allocated to each child in the Statement (the same method as is currently used to distribute these allocations as earmarked funding).

The value of allocations (at 2003/04 prices) is:

Teachers, per hour	£32.96
LSA, per hour (Band 1 schools)	£ 9.98
LSA, per hour (Band 2 schools)	£10.77

### 3. Responses

3.1 By 19 December, the closing date of the first consultation (Proposals 1 – 13), responses had been received from 93 schools (17%). By 29 January, 65 responses (12%) had been received on the second consultation (Proposals 14 – 16). A summary of the responses is shown below.

	No.	% of all responses	% of all schools
Proposal 1: Lump sum variable			
Agree	77	82.8%	14.2%
Disagree	1	1.1%	0.2%
No view	15	16.1%	2.8%
Proposal 2: Sixth form formula deduction			
Agree	48	51.6%	8.8%
Disagree	0	0.0%	0.0%
No view	45	48.4%	8.3%
Proposal 3: London fringe funding			
Agree	31	33.3%	5.7%
Disagree	6	6.5%	1.1%
No view	56	60.2%	10.3%
Proposal 4: Protection factor for economic deprivation funding			
Agree	44	47.3%	8.1%
Disagree	1	1.1%	0.2%
No view	48	51.6%	8.8%
Proposal 5: Additional responsibility allowance			
Agree	41	44.1%	7.5%
Disagree	3	3.2%	0.6%
No view	49	52.7%	9.0%
Proposal 6: Head and deputy supplement			
Agree	42	45.2%	7.7%
Disagree	1	1.1%	0.2%
No view	50	53.8%	9.2%
Proposal 7: Historical energy allocation			
Agree	42	45.2%	7.7%
Disagree	1	1.1%	0.2%
No view	50	53.8%	9.2%
Proposal 8: Teachers' salary adjustment			
Agree	40	43.0%	7.4%
Disagree	1	1.1%	0.2%
No view	52	55.9%	9.6%

Proposal 9: Additional educational needs				
Agree	56	60.2%	10.3%	
Disagree	5	5.4%	0.9%	
No view	32	34.4%	5.9%	
Proposal 10: Secondary autism units at special schools				
Agree	34	36.6%	6.3%	
Disagree	0	0.0%	0.0%	
No view	59	63.4%	10.8%	
Proposal 11: Inclusion factor				
Agree	37	39.8%	6.8%	
Disagree	1	1.1%	0.2%	
No view	55	59.1%	10.1%	
Proposal 12: Split site factor – secondary mainstream schools				
Agree	34	36.6%	6.3%	
Disagree	1	1.1%	0.2%	
No view	58	62.4%	10.7%	
Proposal 13: Place numbers in special schools				
Agree	31	33.3%	5.7%	
Disagree	3	3.2%	0.6%	
No view	59	63.4%	10.8%	
Proposal 14: Nurture groups				
Agree	49	75.4%	9.0%	
Disagree	1	1.5%	0.2%	
No view	15	23.1%	2.8%	
Proposal 15: Learning support units				
Agree	49	75.4%	9.0%	
Disagree	4	6.2%	0.7%	
No view	12	18.5%	2.2%	
Proposal 16: Additional welfare & tuition				
Agree	49	75.4%	9.0%	
Disagree	2	3.1%	0.4%	
No view	14	21.5%	2.6%	

- 3.2 All schools broadly supported the proposals, with the exception of the following:
- 3.2.1 Proposal 3 – London fringe funding in special schools  
50% of special schools that responded to this proposal did not support it. This partly reflected concern that, under the new arrangement, autism and other special provision at particular schools would not receive funding for London fringe. We have investigated this to demonstrate that the extra funding will take account of London fringe, and therefore recommend that the proposal be adopted.
- 3.2.2. Proposal 5 – Additional responsibility allowance in nursery schools  
There was concern that the banding proposed, which would give a double allocation to schools with more than 100 pupils, was unjustified. Schools argued that the main additional responsibility is deputising for

the headteacher, a role equally applicable to all schools. It would therefore be more appropriate to allocate on the basis of £2,340 for all nursery schools.

3.2.3 Proposal 9 – Additional educational needs in nursery & primary schools

Schools were concerned about the impact of not taking account of the most up to date position regarding pupil numbers and levels of need in the formula. However, as there is no data source covering all schools, there is no alternative to using the historical data. The proposal is for one year only, and we will review this as part of the school funding arrangements for 2005/06.

3.2.4 Proposal 13 – place numbers in special schools

In the light of comments received, we propose to alter the place numbers at Woodfield, Greenside and Knightsfield Schools to those shown at Appendix A (right hand columns).

Knightsfield School currently receive small school funding. The school proposed that it was more appropriate that the increase in funding from the additional places should be offset against a reduction in the small school factor. It is therefore proposed that the bandings in the small schools factor for secondary hearing impaired residential schools be revised as in the table below:

<u>Place nos.</u>	<u>£</u> <u>Current</u>	<u>£</u> <u>Proposed</u>
25	148,453	148,453
26	148,453	137,418
27	148,453	126,383
28	148,453	115,348
29	148,453	104,313
30	148,453	93,279
31	148,453	82,244
32	148,453	71,209
33	148,453	60,174
34	148,453	49,139
35	137,034	38,104
36	137,034	27,069
37	125,614	16,034
38	125,614	4,999
39	114,195	0

This proposal will impact only on Knightsfield School. Subject to approval in principle to the proposal, we will seek formal agreement by the Governing Body.

**4. Financial implications**

The implications of these proposals are accounted for within the overall budget proposals for Children, Schools & Families for 2004/05.

Background papers

*School Funding Arrangements 2004/05: consultation document  
November 2003.*

*School Funding Arrangements 2004/05 – Supplement: consultation  
document January 2004*