

MEETING:	SCHOOLS FORUM
DATE:	7TH DECEMBER 2009
TITLE OF REPORT:	FUNDING FOR INCLUSION GROUP – REVISED MODEL FOR DELEGATED BANDS 1 AND 2 FUNDING 2010/11
FINANCE MANAGER	MALCOLM GREEN

CLASSIFICATION: Open

Wards Affected

County-wide

Purpose

To consider changes to the allocation method of delegated Bands 1 and 2 funding for 2010/11. Delegated Banded Funding is used by schools to provide for the special education needs (SEN) of individual pupils.

Key Decision

This is not a Key Decision.

Recommendation(s)

THAT Schools Forum:

1. Approves changes to the Banded Funding delegation model as follows:

2010/11

- a. **The adoption of the “basket of deprivation indicators” to replace the Free School Meals factor**
- b. **Formula Option B – 75% on the new funding model and 25 % on the adjusted/uplifted 2007/08 actual banded funding**
- c. **Protection is 50% of the losses between option B and the uplifted/adjusted 07/08 banded funding actuals for primaries only**

2011/12

- d. **Option C – 100% on the new funding model and 25% protection for primaries**

2012/13

- e. **100% of the new funding model with no protection**

Key Points Summary

The proposals contained in the report replace the use of the single free school meals

Further information on the subject of this report is available from
Malcolm Green on (01432) 260818

indicator with a “basket” approach in 2010/11.

The new model is introduced on a phased basis from the original 2009/10 model of 50% formula/50% banded funding actuals to 75% formula/25% adjusted banded funding actuals in 2010/11 and 100% formula in 2011/12.

Protection is also phased down from 50% of losses in 2010/11, 25% of losses in 2011/12 and no protection in 2012/11.

Alternative Options

1. Continue with the current arrangement which uses pupil numbers and Free School Meals.

Reasons for Recommendations

2. The Funding for Inclusion Group was originally concerned that the use of free school meals as an indicator for distributing SEN funding was not the best option and asked for a review during 2009/10. Children Services Scrutiny Committee have also asked for a review of the use of the single free school meals indicators and recommended the use of a “basket of indicators” approach. The Recommendations of the Funding for Inclusion Group who will be discussing this issue at their meeting on 20th November 2009 will be reported to Schools Forum

Introduction and Background

3. In 2009/10, the allocation of funding for SEN Bands 1 and 2 was delegated on the basis of an amount per pupil plus an amount per pupil claiming Free School Meals (FSM). It was recognised by the Funding for Inclusion Group at the time that other factors may be preferable but this would require more work. The protection factors proposed for 2009/10 would minimise any potential distortions arising from the sole use of the free school meals indicator. Children’s Services Scrutiny Committee has also requested that rather than relying solely on FSM a ‘basket’ of indicators be used (similar to the allocation of social deprivation funding).

2009/10 Allocation Method

4. The impact of the change in allocation this year was mitigated by using an average of the calculated amounts and 2007/8 Bands 1 and 2 allocations uplifted to 2009/10 values. Some schools that saw their allocations reduce significantly received additional protection.

Revised Model Using a Basket of Indicators

5. Using regression analysis we have compared the existing model which uses pupil numbers and free school meals with a ‘basket’ of indicators containing:
 - i. Pupil numbers
 - ii. Low Prior Attainment Score (LPA x NOR)
 - iii. Index of Deprivation Affecting Children Index Score (IDACI x NOR)
 - iv. Free School Meals (FSM) as percentage of NOR
6. Several models were tested but the chosen “basket” is the best fit model having an R Square result of 95.6%. The original funding model for 2009/10 was 81.75%. The new model is fairer and more accurate because the basket approach reduces the distortion caused by FSM and focuses more on pupil numbers. The model has been recalculated omitting those schools that claimed no band 1 and 2 funding in 2007/8.

- 7 The table below demonstrates the effect of the revised funding model for schools with high and low FSM. It can be seen that for the school with low FSM, the use of the “basket” model has a small impact on the amount of funding received but because of the lower reliance on FSM the school with higher FSM receives less funding. This is due to the fact that IDACI and Low Prior Attainment (LPA) measure deprivation in a different way than FSM.

School with high FSM				School with low FSM			
Existing Model	Factors	Funding Amount	Funding	Existing Model	Factors	Funding Amount	Funding
NOR	386	82	31,652	NOR	433	82	35,506
FSM	85	318	27,030	FSM	9	318	2,862
			58,682				38,368
Basket				Basket			
NOR	386	60.1	23,199	NOR	433	60.1	26,023
LPA Score	57.446	120.83	6,941	LPA Score	35.50	120.83	4,289
IDACI Score	95.47	128.44	12,262	IDACI Score	39.01	128.44	5,011
FSM % of NOR	20.63	219.83	4,535	FSM % of NOR	2.08	219.83	457
			46,937				35,780

- 8 A full list of the changes to funding can be found in the Appendix. For 2010/11 allocations made solely on the 2009/10 model (excluding protection) will be £2.4m. By comparison, the “basket approach” will cost £2.5m (pupil numbers are per the autumn 2009 census). The additional cost will be met from Dedicated Schools Grant.

Protection Arrangements

- 9 In 2009/10 to mitigate the effects of the change in formula, temporary protection arrangements were put in place for primary schools. Schools received 50% of the new allocation and 50% of the 2007/8 allocation, uplifted to current year values. No adjustment was made for changes in pupil numbers. In addition, the six schools with losses in excess of £5k received extra funding, with the balance of £50k being distributed across all schools.

Proposed Protection 2010/11

Option A

- 10 Continue with the existing arrangement of 50% of delegated model and 50% of the 2007/8 figures uplifted to current year values (1% increase based on the expected minimum funding guarantee). As there will now be a three year gap between the January 07 and January 10 pupil numbers i.e. 3 year groups will have left primary schools representing at least 50% of the pupils likely to have received banded funding in 07/08. It is proposed therefore that the 2007/8 figures will be adjusted pro-rata to reflect the January 2010 census and additional protection will be paid to fund 50% of the losses.

Option B

- 11 Use 25% of the uplifted/adjusted 2007/8 actual banded funding figures and 75% of the delegated model, with additional protection of 50% of loss being paid to those schools who receive less funding than the adjusted 2007/8 allocation.
- 12 This reflects a further year of pupils moving out of school and thereby reducing the original 50:50 formula /model to better reflect the change in pupil cohorts since 2007/08 by reducing to 25%. This then allows the 07/08 actual banded funding to be phased out in 2011/12.

Protection 2011/12 and Beyond

- 13 In 2011/12 it is proposed that 100% of the delegated model is allocated with losses compared with adjusted 2007/8 amounts being funded at 25% of loss. From 2012/13 schools will receive 100% funding as per the model with no additional protection.

	2009/10 Allocation (50% model 50% 07/08 Uplifted)	Option A 10/11	Option B 10/11	2011/12
Allocation	2,302,262	2,380,513	2,435,050	2,489,587
Extra protection 6 schools	18,212			
Balance of £50k	31,788			
Protection at 50%		33,273	49,913	
Protection at 25%				33,273
Cost of Model	2,352,262	2,413,786	2,484,963	2,522,860

Increase 2.6% 5.6% 1.5%

- 14 Please note that Options A and B for 10/11 include an inflationary increase of 1% in line with the expected Minimum Funding Guarantee and also take account of a 12% increase in free school meals in 10//11 which will have increased the amount delegated by £50k equivalent to a further 2%.

Key Considerations

- 15 The proposals represent the formula improvements requested by the Funding for Inclusion Group and the Children's Services Scrutiny Committee. The proposals also include the phasing out of protection by 2012/13.

Community Impact

- 16 None assessed

Financial Implications

- 17 In 10/11 the delegated funding is forecast to cost approximately £2.5m (see table above).

Legal Implications

- 18 These proposals comply with the Council's legal duties.

Risk Management

- 19 The Funding For Inclusion Group is currently the reference group which reviews the arrangements for providing Special Education Needs in mainstream schools and will continue to monitor the impact of SEN delegation annually.

Consultees

- 20 There is a statutory requirement that Schools Forum is consulted on proposed changes to the formula funding model. No further consultation other than Schools Forum is required.

Appendices

The Appendix lists the funding allocated to primary and high schools and the protection allocated by the proposed new SEN delegation model.

Background Papers

Report to Funding for Inclusion Group showing impact of recommended delegation model of all schools.