

DERBYSHIRE COUNTY COUNCIL

SCHOOL FORUM

8th May 2012

Report of the Strategic Director for Children & Younger Adults

School Funding Reform

1. **Purpose of the Report**

To inform the Schools Forum of the recent DfE consultation regarding school funding and to consider the Authority's response.

2. **Information and Analysis**

On 26 March 2012 the Secretary of State for Education published a DfE consultation "School Funding Reform: Next steps towards a fairer system." The consultation, which runs until 21 May 2012, sets out a range of proposals over the short and medium term. These changes could ultimately change the allocation of a significant proportion of the Council's ~£500m school related resources.

This report gives a brief précis of the issues, initial thoughts on the potential implications locally and suggests a draft response to the consultation.

A glossary is attached to aid understanding of the terms.

3. **Summary of the Proposals**

3.1 **Dedicated Schools Grant**

The 2013-14 DSG will be largely based on 2012-13 levels, i.e. shifts in resources between local authorities will be limited. Any move to a national funding formula will not take place until at least 2015-16.

DSG allocations will be split into 3 non ring-fenced notional blocks; Schools Block, Early Years Block and High Needs Block. The overall DSG remains ring fenced to relevant services.

3.1.1 **Schools Block and Local Management of Schools (LMS) formulae**

The Schools Block will be based on an October rather than a January count, designed to allow for the earlier publication of schools' budgets. The default assumption is that the Schools Block will be delegated to schools and academies in full. There are, though, some named exceptions and the option for budgets for some other services to be re-pooled following delegation and held centrally for maintained schools (not academies). However, any decision to retain funding centrally for each sector is a matter for that sector's representatives on the Schools Forum, not the Authority.

Appendix 1 lists the affected budgets. Formula allocations will need to be calculated from April 2013 for the first two groups (School Meals to Twinning and Contingencies to Library and Museums). However, allocations in respect of the second group may ultimately be excluded from schools' (but not academies') funding if the Schools Forum agrees to re-pool the funds. The above approach removes the need for academies to take a share of central budgets on top of their formula allocations as the formula budgets will already include a share of any items the Schools Forum chooses to retain centrally for maintained schools.

The DfE intends to limit the factors used in the LMS formula to no more than 10 namely:

- (1) Per Pupil (AWPU)
- (2) Deprivation
- (3) Looked after Children (LAC)
- (4) Low cost, high incidence SEN
- (5) English as an Additional Language (EAL)
- (6) Lump sum of a limited size
- (7) Split site
- (8) Rates
- (9) PFI contracts
- (10) *London fringe costs*

The Education Funding Agency (EFA) is able to approve additional formula factors but only in exceptional circumstances. There are several indicators used in Derbyshire's current LMS formulae which will therefore have to be revised and these are set out in Appendix 2. A brief word on each of the factors is given below:

Per Pupil (Age Weighted Pupil Unit (AWPU)) - will be a flat rate for all primary ages rather than differentiating between Key Stages. The DfE has not determined if there should be a flat rate for secondary schools or whether a different rate per Key Stage should apply. This is one of the consultation questions.

The DfE is also considering whether thresholds should apply which determine the proportion of the Schools Block delegated on the basis of pupil numbers (AWPU) or pupil led factors (AWPU plus deprivation, LAC, low cost SEN and EAL). Suggested thresholds are 60% and 80% respectively. These thresholds, coupled with a reduced list of indicators, significantly reduce the options available to authorities when delegating resources to schools.

Deprivation - the DfE has confirmed that for the time being the Pupil Premium will continue to sit outside of the DSG. However, the consultation also states that "longer term, the intention is that the Premium will become the main mechanism for allocating deprivation funding to schools, as part of a new formula, rather than continuing as a separate grant alongside existing deprivation funding within the DSG"

In the interim, deprivation funded through local authorities' formulae, will be required to use either the number of pupils known to be entitled to free school meals (straight count or Ever 6) or use IDACI (Income Deprivation Affecting Children Index). The consultation suggests one way in which IDACI might be used through allocating IDACI scores to bands and applying a unit value to the number of children in each band. The DfE consultation gives an example of how the banded approach might work.

Band	IDACI Score lower limit	IDACI Score lower limit	Number of pupils	Unit Value	Total
1	0.20	0.25	40	£500	£20,000
2	0.25	0.30	50	£500	£25,000
3	0.30	0.40	59	£750	£44,250
4	0.40	0.50	47	£1,000	£47,000
5	0.50	1.00	44	£1,250	£55,000

Looked After Children (LAC) – given the relative education underperformance of looked after children, local authorities are to be allowed to continue to provide additional resources through their LMS formulae if they so wish. Derbyshire does not currently have a LAC factor in its LMS formulae.

Low cost high incidence SEN – the DfE acknowledges that there is no perfect way of identifying pupils with low cost SEN. The DfE is not keen on LAs using School Action/School Action Plus due to the subjectivity involved. LAs will instead be required to use the following:

- Primary pupils: Early Years Foundation Stage Profile. Funding will be targeted at pupils scoring below 78 points, 78 and above being the score at which a child is regarded as “doing well”.
- Secondary pupils: KS2 results. Funding will be targeted at pupils at Level 3 or below in both English and Mathematics.

English as an Additional Language (EAL) – LAs will be able to provide additional resources for pupils with EAL for up to three years from the point of entry into the compulsory school system. Derbyshire does not currently have an EAL factor in its LMS formula.

Lump Sum – under the new arrangements the existing small schools protection factors in the LMS formula would be replaced with a single block allowance; the same rate has to apply to **all** primary and secondary schools.

Split Site – LAs will continue to be allowed to recognise the additional costs of operating on a split site by a cash allocation to the schools affected. This seems to indicate that the existing formula arrangements in Derbyshire may be allowed to continue.

Rates – these can continue to be funded on an “actuals” basis as schools have no control over costs that are, amongst other things, affected by a school's status e.g. voluntary aided, foundation and academies qualify for 80%

mandatory rate relief as they all have charitable status. It is unlikely there will be major implications for Derbyshire from this.

Private Finance Initiative – currently additional funding for PFI charges has to be delegated to schools; the new framework allows this approach to continue. This seems to indicate that the existing formula arrangements in Derbyshire will be allowed to continue.

Other issues relating to schools' budgets – the Minimum Funding Guarantee (MFG) rates for 2013-14 and 2014-15 have been set at minus 1.5% per pupil. Thus, assuming no change in pupil numbers, a school's reduction in budget is essentially limited to minus 1.5%. The DfE has signalled that it will look to have looser arrangements from 2015-16. Simplification of the MFG calculation is proposed but it is unclear at present how this will affect schools.

Finally, in terms of the Schools Block, with effect from 2013, and following Professor Alison Wolf's review of vocational education, FE and Sixth Form Colleges will be able to make full time provision for 14-16 year olds. FE colleges making provision for 14-16 year olds will be funded as far as possible in the same way as schools in the local area using simplified local funding formulae arrangements. In summary, the DfE proposes that the factors that should apply in such cases should be: a) the Age Weighted Pupil Unit (AWPU) for the relevant age group; b) deprivation; c) looked after children; and d) SEN.

The DfE do not propose to include premises factors or a lump sum as 14-16 funding is for small numbers of pupils at the margin of these institutions' activities. The EFA will calculate the funding due, and the payment will be made in arrears through the normal channels for colleges (Skills Funding Agency for FE colleges and the EFA for Sixth Form Colleges).

Questions 1 to 5 of the consultation seek responses to a variety of formula issues. Appendix 3 lists the questions and provides suggested responses.

3.1.2 High Needs Block and Funding Proposals

The High Needs Block will cover funding for pupils aged up to 19 with high levels of SEN in schools, academies and other settings, students aged 16-25 with high level learning difficulties or disabilities (LDD) in FE and school age pupils in Alternative Provision. The block will therefore cover:

- Delegated Budgets for Special Schools
- SEN Support Services
- Centrally Funded Provision for Individual Pupils
- Support for Inclusion
- Independent Special School Fees
- Inter Authority Recoupment
- Pupil Referral Units
- Education Out of School
- Post 16 SEN Expenditure
- Individually Assigned Resources relating to individual schools
- High Needs places in provision not maintained by the Authority but to which it sends pupils

- High Needs students aged 16-25 in FE, and the independent specialist providers held by the YPLA.

The proposed funding arrangements will use a “place-plus” approach which is designed to provide a more level playing field across different types of provision.

Three elements of funding are assumed in the overall model. Within the Schools Block, schools will already have delegated to them:

- Element 1: AWPU funding
- Element 2: funding towards low cost, high incidence SEN

Through the above Elements it is assumed that a school would be responsible for the first £10,000 of a pupil's SEN costs. Costs in excess of this threshold are defined as “High Needs” and ‘top up’ funding will be provided by the commissioner.

In short it is proposed that:

Pre 16:

- Mainstream Schools: self-fund the first £10k with additional funding provided from the High Needs Block
- Special Schools: provided with £10k per planned place with additional funding from the High Needs Block on the basis of commissioned places
- Alternative Provision (PRUs): provided with £8k per place with additional funding from the High Needs Block on the basis of commissioned places. This will require PRUs to have delegated formula budgets from April 2013.

Post 16:

- Mainstream Schools: self-fund the first £10k with funding provided via the national 16-19 funding system with additional funding from the High Needs Block on the basis of commissioned places
- LDD Placements - £10k per place to be funded from the EFA with additional funding from the High Needs Block on the basis of commissioned places

3.1.3 Early Years Block

This covers the funding of the universal free entitlement of 15 hours per week for 3 and 4 year olds. The government has signalled its medium term intention to move to a formulaic approach for allocating resources to local authorities. However, due to the complexity and the variations between authorities, this requires further work over the next few years.

The government has confirmed that the Early Years Single Funding Formula (EYSFF) was not intended to be complex. Local authorities with complex formulae are encouraged to simplify their arrangements. To encourage this and aid transparency, LAs will be required to complete a pro forma for 2013-14 explaining their EYSFF.

In the short term the DfE has confirmed that deprivation funding must be based on the child's circumstances rather than that of the setting. This is already the case in Derbyshire.

The government also proposes removing the 90% funding floor. This floor, which was introduced in 2003, was designed to give LAs with less than 90% of their 3 year old population in early years provision a guaranteed level of resources to help build up capacity and increase take up. The government now intends to remove this guarantee from 2014-15 and to begin moving to that point by reducing the floor to 85% for 2013-14. This change will not affect Derbyshire.

Finally, in general, the DfE proposes that local authorities should continue to be responsible for making all EYSFF payments, irrespective of where a child accesses their free entitlement.

3.2 Schools Forum

The DfE has emphasised the important role of the Schools Forum in local decision making and are keen to ensure that Schools Forums operate effectively. Revised regulations will be published which will:

- a) Remove the requirement to have a minimum of 15 people on a Forum;
- b) Limit the number of other local authority attendees from participating in meetings unless they are a Lead Member, a Director of Children's Services (or their representative) or are providing specific financial or technical advice (including presenting a paper to the Forum);
- c) Confine the voting arrangements to allow only schools members and members from the private, voluntary and independent sector to vote on the funding formula;
- d) Require local authorities to publish Forum papers, minutes and decisions promptly on their websites;
- e) Require Forums to hold public meetings, as is the case with other council committees;
- f) Provide for the EFA to have observer status on the Forum.

In the longer term, to improve transparency and fairness, the DfE may consider:

- a) Setting a maximum cap on the number of members;
- b) Significant slimming down (or removal) of non-schools members; and,
- c) Requiring an independent secretariat to service Schools Forums.

If necessary, a further report proposing changes to the Forum Constitution will be brought to a future Schools Forum meeting once the relevant revised regulations have been published.

3.3 Role of the Education Funding Agency (EFA)

The EFA will have a significant role in overseeing local funding arrangements and will have observer status at School Forum meetings. The EFA will review formula changes agreed between the Authority and its Schools Forum to ensure that they are compliant with the new framework. Where the formula does not comply, the EFA will require the Authority to make the necessary changes.

The EFA also has a role to ensure that funding is distributed in a fair and equitable way. If there are concerns in this respect, even where the formula complies with the regulations, the EFA can intervene. Where the funding for an academy is deemed unfair the EFA has the power to re-determine the allocation and to deduct the revised sum from the host authority.

Where the EFA is satisfied that an authority's formula is fair, it has the task of calculating the budgets for academies in that area.

3.4 Academy Funding

As described above, the EFA will calculate budgets for academies in an area. Budgets for the Academic Year (AY) 2013/14 will be based on the LA's LMS formula and multipliers for the Financial Year (FY) 2013-14, thus largely avoiding the existing lagged arrangements.

Currently when a school becomes an academy, in addition to its formula budget, it receives a share of the centrally retained school related budgets known as LACSEG (Local Authority Central Services Equivalent Grant). LACSEG includes services funded by the Dedicated Schools Grant (DSG) and by the County Council directly out of Formula Grant.

As a result of the delegation of the Schools Block in full to academies, there will be no longer be DSG (Schools Block) LACSEG payable as this will be already included in the formula budgets.

This leaves the LACSEG in respect of services funded by the Council from its Formula Grant. As part of the Government's proposals to introduce a business rates retention scheme from April 2013, the DfE are exploring the possible transfer of funding for relevant central education services from Formula Grant funding for local authorities into the DfE budget. Under this scenario, the DfE would then administer this money as a separate grant to authorities and academies on a national basis, proportionate to the number of pupils for which each is responsible. The Government plans to consult on the details of the proposed business rates scheme, including on any transfers into and out of the funding baseline in the summer.

3.5 Next steps

The DfE's proposals are very similar to those set out in their previous consultation in July 2011. This suggests that the changes are more likely than not to take effect from April 2013.

Reduced variability between local authorities of formula factors, their values and delegation levels should ensure a greater consistency of funding. Having a more uniform approach provides the DfE with an improved baseline from which to consider devising and implementing a national funding formula in the next spending review i.e. sometime from 2015-16 onwards.

Over the summer the Authority will work on revising its LMS formulae with the Schools Forum to reflect the proposed new arrangements. A further report on the proposed formula changes will be brought to the Schools Forum as soon as possible.

3.6 Proposed consultation with schools

The DfE's proposals are potentially challenging for both the Authority and schools. Decisions on whether funding should ultimately be retained centrally will rest with members of the Schools Forum. A consultation document specifically on the issue of further delegation is already with Derbyshire governing bodies explaining how the funding in Appendix 1 might be delegated and seeking views on the desirability, or otherwise, of re-pooling funding.

The results of this first consultation will be reported to the June meeting of the Forum. For those items in Appendix 1 which can be re-pooled (contingencies to library and museum services), it will be for the Schools Forum members in the relevant phase (primary or secondary), to decide whether that service should be retained centrally. The decision would apply to all maintained schools in that phase and would mean that the funding for these services was removed from the formula before school budgets were issued.

This will be a key decision for Forum in respect of schools' funding for 2013-14 and beyond.

A further consultation will be published later in the summer on the remaining formula related issues.

The timeline for these local consultations is largely driven by the requirement for the Authority to submit a pro forma return to the EFA on its formula allocations for 2013-14 by 31 October 2012.

4. Other Considerations In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, finance, human resources, legal & human rights, environmental, health, property and transport considerations.
5. Background Papers DfE Consultation Published 26th March 2012.
6. Strategic Director's Recommendations
That Schools Forum:
 - (i) notes the report;
 - (ii) comments on the draft response as set out in Appendix 3;
 - (iii) notes the current and proposed local consultations as set out in 3.6; and

- (iv) agrees to receive further reports on the issues raised by the School Funding Review as necessary.

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Item	£k
Required Delegation - no option to re-pool	
School Meals	6,637
14-16 Practical Learning Options	150
Broadband Support	1,647
Criminal Records Bureau checks	255
Sports	203
Twinning	12
Required Delegation - Schools Forum can agree to re-pool	
Allocation of Contingencies	803
FSM Eligibility	53
Insurance	1,514
Licences and Subscriptions	134
Staff Costs (Maternity, Public Duties, TU)	1,834
Support for Minority Ethnic Pupils/Underachieving Groups	129
Behaviour Support Services	2,097
Library and Museum Services	157
Historic Commitments – retained*	
Existing Combined Services	2,621
Existing Capital Funded from Revenue	3,470
Existing redundancy	655
Statutory Functions – retained*	
Admissions	410
Carbon Reduction	725
Cost of Servicing Schools Forum	28
Termination of Employment*	see below
Prudential Borrowing	0

- * Although the proposals from the DfE state that historic commitments and statutory functions can be retained at their 2012-13 level, further clarity is being sought from the DfE so that the implications can be assessed.

**Potentially Ineligible Formula Factors:
Primary and Secondary Schools**

Appendix 2

Sector/Current Indicator	Comment/Potential Replacement
Primary:	
Very Large School Management	Incorporate in the lump sum
Large School Management	Incorporate in the lump sum
Small School Management	Incorporate in the lump sum
Small School Protection	Incorporate in the lump sum
Very Small School Protection	Incorporate in the lump sum
Swimming Pool	Possible exceptional site factor. No alternative at present
Former Grant Maintained add on	No alternative at present
Key Stage 1 Class Size funding	No alternative at present
School Action Allocation (School Action Plus)	Early Years Foundation Stage Profile (EYFSP)
Secondary:	
Post 16 per pupil and FSM factors	No alternative at present
Small schools factor	Incorporate in the lump sum
School Action Allocation (School Action Plus)	Key Stage 2 results
School Action Allocation (Cognitive Ability Tests)	Key Stage 2 results
Non AWPN Deduction (rates)	No alternative at present
3 year Transition re schools not previously designated as Specialist Schools	No alternative at present
Primary & Secondary:	
Rents	Higher levels of funding may be allowed as an exceptional factor otherwise no alternative at present
Buildings Condition Factor	Possible exceptional site factor. No alternative at present
Voluntary Aided Additional Responsibility	No alternative at present
Salary Safeguarding	No alternative at present
Merger Payment	Funding for new, reorganised or closing schools can only be held centrally with School Forum approval
Advanced Skills Teachers	No alternative at present

Question 1: Should local authorities and Schools Forums be able to agree separate rates for Key Stage 3 and Key Stage 4?

Suggested Response: the Authority would support the retention of this local flexibility of being able to agree separate rates, particularly as the DfE's own consultation document recognises the differential costs of education provision between these year groups.

The DfE's proposals appear to present other problems. Firstly, having an overall primary pupil value will shift resources from Key Stage 2 to Key Stage 1. KS2 pupils currently attract £2,470 AWPU funding whilst KS1 attract £2,303. Based on 2012-13 budgets the average per pupil funding across KS1 and KS2 would become £2,396. Derbyshire junior schools would therefore lose £74 per pupil which, in overall terms, would be equivalent to between 1.3% and 2.5% of their current LMS budgets. The overall shift in resources from KS2 to KS1 would be around £2.3m. It is not clear what measures, other than MFG protection, could be taken to compensate junior schools for the losses arising from this change.

Secondly, Derbyshire's LMS formula provides resources for post 16 (Key stage 5). This is mainly due to the need from April 2010 to incorporate a range of former specific grants, for example Schools Standards Grant and School Development Grant, into the LA's LMS formula. Since a share of these specific grants was attributable to post 16 student numbers, this feature has now been embedded in the LMS formula as a Key Stage 5 multiplier. Derbyshire's KS5 multiplier accounts for £1.5m of the total DSG, if no provision for a KS5 factor were allowed, around 1/3rd of this funding would transfer to 11-16 schools.

Question 2: Do you think we should implement option a, b or c?

Suggested Response: the Authority considers that there are sufficient constraints on LAs' funding formulae for 2013-14. Requiring LAs to delegate further funding to schools using a limited range of formula factors and, at the same time, meet either a 60% AWPU threshold (option (a)) or 80% pupil led threshold (option (b)) is problematic. Authorities would either have to skew the new delegation or change existing formula distributions to meet what are essentially arbitrary targets. Making significant changes to the funding formula would be inconsistent with the government's desire to limit the changes to year on year funding levels.

For 2013-14 it should be sufficient to have a more consistent delegation framework across authorities with an intention that, from 2014-15, LAs will work towards agreed national delegation targets. The authority's choice would therefore be for option (c).

Question 3: Do you agree with our proposals on banding? How do you think they might be applied locally?

Suggested Response: the Authority has no problem in principle with using IDACI as an indicator. However, having recently changed the delegation of all of our deprivation funding, including several historic former Standards Fund grants, to a

January free school meals entitlement count, the Authority is reluctant to change its LMS formula in this area again so soon.

The DfE's consultation document makes it clear that the government intends the Pupil Premium Grant (PPG) to be the main vehicle for funding deprivation in the future. This suggests that at some point the PPG will be added to the deprivation element of the DSG, or vice versa, and the total quantum delegated using IDACI, free meals or another indicator. The Authority would prefer to retain free school meals as its deprivation indicator pending clarity on the DfE's deprivation intentions.

Question 4: Where within the £100k-150k range do you think the upper limit should be set?

Suggested Response: the £150k maximum is too low for secondary schools. Derbyshire's block allowance and small school multipliers average £230k. The block allowance in particular has risen sharply in recent years due to the need to accommodate School Standards Grant, Specialist Schools Funding and Standards Fund grants in the LMS formula. If the £150k maximum were applied this would push around £3.7m into AWPU which would re-distribute significant resources from small schools to large. Whilst accepting that MFG may provide some protection for some schools, it would still be preferable for local authorities, in conjunction with their Schools Forum, to be given more time to move to any nationally prescribed limits.

Question 5: What sort of information do Free School, UTC and Studio School proposers need, and at what stages, to enable them to check viability and plan effectively?

Suggested Response: the consultation proposes that authorities will have to set out on proforma details of their LMS formula allocations across the 10 indicators. This proforma defines the formula indicators and values within a local authority area which should provide sufficient information for proposers to work up an indicative funding allocation.

Question 6: What are the ways in which commissioners can ensure responsibilities and arrangements for reviewing pupil and student progress and provider quality can be managed in a way that does not create undue administrative burdens for providers?

Suggested Response: student progress would normally be assessed via the annual review of statements. One way this could be supplemented would be to link Independent Non Maintained Special Schools to an individual local authority for quality assurance purposes. This would ensure each provider would only need to have one dialogue with one local authority.

Question 7: Are there other ways that we can help to ensure a smooth transition for commissioners and providers to the reformed funding approach for high needs pupils and students?

Suggested Response: the suggestion in paragraph 3.4.2 that the high needs element could be included in a SEN personal budget is a major concern. If this were

to happen, and depending where parents ultimately choose to use these resources, this could de-stabilise the budgets of those institutions which are currently reliant on this funding e.g. special schools.

Question 8: Do you agree that £8,000 per-planned place would be an appropriate level of base funding for AP settings within a place-plus funding approach?

Suggested Response: the Authority considers it reasonable that £8,000 per planned pupil place would be an appropriate level of funding. The average cost of a Derbyshire PRU place is £19,000

Question 9: Do you agree that it would be sensible to calculate pro rata top-up payments for short-term placements in AP on a termly or half-termly basis?

Suggested Response: the Authority would agree that pro-rata top-up payments should be calculated on a termly or half-termly basis.

Question 10: Do you agree that it would be sensible to calculate pro rata top-up payments for part-time placements in AP on the basis of a daily rate?

Suggested Response: the Authority would agree that pro-rata top-up payments for part-time placements should be calculated on a daily rate.

Question 11: What are the ways in which hospital education could be funded that would enable hospital schools to continue to offer high-quality education provision to pupils who are admitted to hospital?

Suggested Response: Derbyshire has no hospital provision within its administrative boundary. The choices would appear to be to place funding with the host local authority to commission or distribute the funding to all LAs and agree a framework for charging.

Question 12a: Do you agree with the proposed process for reviewing and adjusting the number of places for which specialist settings receive base funding?

Suggested Response: the proposal to buy a number of places and to review this at least every two years is a welcome development broadly in line with the Authority's existing practices.

Question 12b: Are there any other ways in which this process could be managed in a way that is non-bureaucratic and takes account of local need and choice?

Suggested Response: no further comment.

Question 13: Do you have any views on the move to participation funding for three year olds, particularly on how transitional protection for 2013-14 might operate?

Suggested Response: Derbyshire's take up of 3 year old places has generally exceeded 90% of the population so transitional arrangements would be unlikely to apply.

Question 14: Do you have any views on whether free early education in all Academies should be funded directly by local authorities?

Suggested Response: given the movement of children at this age it would make sense for the local authority to have the lead responsibility for all payments, including those in academy provision.

Glossary

Age Weighted Pupil Unit (AWPU) - A factor used in local authorities' school funding formulae to distribute different amounts of funding for pupils of different ages or at each key stage.

Dedicated Schools Grant (DSG) - The ring-fenced specific grant paid by the Department to local authorities from April 2006 in support of the Schools Budget.

Early Years Single Funding Formula (EYSFF) - The single local funding formula that each local authority is required to develop and implement to fund all free entitlement to early education and care for 3 and 4 year olds.

Education Funding Agency (EFA) - The EFA is a new executive agency of the Department for Education. From April 2012 it will be responsible for capital and revenue funding for education and training of 3-19 year olds. The EFA will directly fund Academies, Free Schools, and 16-19 providers; it will fund local authorities for maintained schools; and it will be responsible for the distribution of capital funding and advice on capital projects.

English as an Additional Language (EAL) - Term used to define a pupil whose mother tongue is not English. It is one of a number of factors that may be taken into account in a local authority's school funding formula.

Ever 6 – Method of identifying the number of pupils to be taken into account when allocating funding based on Free School Meals. Using the 'Ever 6' method provides each school with the count of children currently at that school who have been identified as eligible for free school meals within any of the previous 6 years (18 census points). An alternative approach is a straight count of the children currently at that school that were identified as eligible for free school meals at the previous census point.

Free School Meals (FSM) - Known eligibility for free school meals is commonly used as an indicator of deprivation. FSM entitlement is currently based on whether the child's parents are in receipt of certain non-work benefits, including Income Support, Job-Seeker's Allowance and Tax Credits. A pupil is eligible only where the parent is in receipt of one of the listed benefits, and a request for free school meals has been made.

Guaranteed Unit of Funding (GUF) - The per pupil amount of money allocated to each local authority through the Dedicated Schools Grant.

Income Deprivation Affecting Children Index (IDACI) - A measure of financial deprivation that affects children: a score and rank is provided for each Lower Layer Super Output Area.

Learning Difficulty or Disability (LDD) - A person has a learning difficulty or disability if:
(a) they have a significantly greater difficulty in learning than the majority of people of the same age, or

(b) they have a disability which either prevents or hinders them from making use of facilities of a kind generally provided by institutions that provide for young people of 16 or over.

Local Authority Central Spend Equivalent Grant (LACSEG) - A grant paid to Academies in recognition of the fact that as independent schools they no longer receive a number of services from local authorities, and must make appropriate provision for themselves.

Key Stage - There are four distinct stages of schooling:

Key Stage 1: pupils aged 4-7 (year groups R to 2)

Key Stage 2: pupils aged 7-11 (year groups 3 to 6)

Key Stage 3: pupils aged 11-14 (year groups 7 to 9)

Key Stage 4: pupils aged 14-16 (year groups 10 to 11)

Minimum Funding Guarantee (MFG) - The MFG stipulates the minimum amount by which a school's budget must increase (or maximum amount by which it may decrease) when compared with its budget for the previous year, before allowing for changes in pupil numbers. Some specific items of expenditure (such as rates and resources specifically assigned to individual pupils with special needs) are excluded from the coverage of the MFG. Local authorities can modify the operation of the MFG with the approval of the Secretary of State.

Pupil Premium Grant (PPG) - Targeted funding which is in addition to the Dedicated Schools Grant. It is paid mainly to schools to enable pupils entitled to FSM receive the support they need to reach their potential and to help schools reduce educational inequalities. PPG is also provided for children in care (who have been continuously looked after for at least six months) and children of parents serving in the armed forces.

In 2011-12, funding for deprived pupils was distributed on the basis of a single census count of pupils known to be eligible for FSM at the rate of £488 per pupil. The looked after children rate was also set at £488 and the service children rate at £200.

In 2012-13, the count for deprived pupils has been changed to an 'Ever 6 FSM' count which basically means that funding is provided for all pupils recorded on the January 2012 School Census who have been eligible for FSM at any point in the last 6 years (18 census points). The funding rates have increased to £600 (deprived and looked after children) and £250 (children of service families).

Schools Forum - A statutorily required body which represents the governing bodies and head teachers of local authority maintained schools and Academies, together with other members. The purpose of the Forum is to advise the local authority on matters relating to schools budgets.

Section 251 (S251) - Refers to the section of the Apprenticeships, Skills, Children and Learning Act 2009 which requires local authorities to publish annual budget and outturn statements relating to their education spending. The statements (often referred to as Section 251 Statements) are the means of informing schools and the public in general about the education funding plans and spend of the local authority.

Special Educational Needs (SEN) - Children have special educational needs if they have a learning difficulty or disability that makes it harder for them to learn or access education than most children of the same age.

Young People's Learning Agency (YPLA) - The organisation previously responsible for funding learning opportunities for 16-19 year olds, funding and supporting Academies, and funding support for young learners. It was closed and replaced by the Education Funding Agency in April 2012.