The Education Funding Agency ran a series of national seminars throughout October 2012 to brief academies on 2013/14 Funding Reforms.

Throughout the seminars questions posed were collated and are included here with answers. The questions have been split into broad topics.

If you have any follow up queries based on the questions or answers in this document, please email them to academyquestions@efa.education.gov.uk

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Formula factors

1. **How will you track pupils to ensure the three years for the mobility or English as an Additional Language factors are applied fairly?**

   Pupils will be matched using the Census and National Pupil Database.

2. **Where does the data underpinning the 12 factors come from?**

   For the following table outlines the data sources.

**Table 1: Data Sources underpinning 13/14 factors**

<table>
<thead>
<tr>
<th>Data</th>
<th>Breakdown</th>
<th>Data source</th>
</tr>
</thead>
<tbody>
<tr>
<td>School list</td>
<td>Primary, Secondary, Key Stage 3, Key Stage 4</td>
<td>Mainstream schools on Autumn 2012 Census</td>
</tr>
<tr>
<td>Number on roll</td>
<td>Primary, Secondary, Key Stage 3, Key Stage 4</td>
<td>Autumn 2012 Census</td>
</tr>
<tr>
<td>EAL</td>
<td>1st, 2nd, 3rd year in system Primary/Secondary</td>
<td>Autumn 2009-2012 Censuses</td>
</tr>
<tr>
<td>IDACI</td>
<td>Split into six different bands, Separate Primary/Secondary</td>
<td>Autumn 2012 Census</td>
</tr>
<tr>
<td>FSM</td>
<td>Separate Primary/Secondary</td>
<td>Autumn 2012 Census</td>
</tr>
<tr>
<td>FSM ever 6</td>
<td>Separate Primary/Secondary</td>
<td>Published pupil premium Ever6 Data which was mapped to Spring 2012</td>
</tr>
<tr>
<td>Primary phase low attainment</td>
<td>EYFSP score below 78 or score below 73</td>
<td>EYFSP or KS2 results for AY 2010/11 mapped to Autumn 2011 Census</td>
</tr>
<tr>
<td>Secondary phase low attainment</td>
<td>Level 3 or below in both English and maths at KS2</td>
<td>KS2 Data Table AY 2010/11 mapped to Autumn 2011 Census</td>
</tr>
<tr>
<td>Looked After Children</td>
<td>Any Looked After Children, Looked after for at least 6 months, Looked after for at least 12 months</td>
<td>SSDA903 March 2012 mapped onto Spring 2012 Census</td>
</tr>
<tr>
<td>Mobility</td>
<td>Start date in last three academic years, separate Primary/Secondary</td>
<td>Autumn 2012 Census</td>
</tr>
<tr>
<td>Reception Uplift</td>
<td>Difference between on roll in October 2010 and January 2011 in Reception</td>
<td>Autumn 2011 and January 2012 Census</td>
</tr>
</tbody>
</table>
More information can be found in the Technical Guidance which is available on the Department website.

3. Can the formula factors change each year?

We will be carrying out a careful review in 2013 of the impact of simpler formula factors, with a view to agreeing what changes, if any, need to be made for 2014/15. We will work with local authorities to explore the effect of different factors, for example the lump sum and deprivation factors. This will enable us to make any necessary adjustments to prevent unacceptable consequences for schools.

4. Will you share the LA pro forma with academies?

Yes, we will share this in December, once the reasonable and compliance assessment is done. However, academies should have access to this information from minutes of the School Forum.

5. Why is the same lump sum paid across both phases?

A single lump sum reflects our move to a more transparent system. It means that there can be no ambiguity about how much one phase or type of school receives compared to another. The lump sum is intended to cover the average fixed cost of running a school and no more. It is not intended to be used to perpetuate historic grants or spending decisions.

6. Can you clarify the lack of protection around the lump sum, if it isn’t protected under the MFG is it just a loss?

The lump sum is excluded from the MFG. This is because it is the same amount for all schools regardless of their size so including it would introduce inappropriate protection when pupil numbers change. It is also important to note that in terms of the protection, the lump sum will be removed equally from both sides of the equation, i.e. the same amount will be deducted from the calculation for both 2012/13 and 2013/14, so schools are not advantaged or disadvantaged by changes in the lump sum between the 2 academic years.

7. How is the lump sum calculated for an all-through academy?

All schools receive one lump sum which is set by the local authority in conjunction with the Schools Forum.
8. Why is there no funding factor for old school buildings, which are often more expensive to maintain?

There is a process by which local authorities can request the inclusion of additional factors in their formula for exceptional circumstances, this may include a factor relating to additional premises costs.

9. Are local authorities allowed to cap and scale in order to ensure equity across schools?

LAs are given a fixed budget by the EFA in December (the Dedicated Schools Grant). They will apply rates to their factors and calculate pupil numbers. In order to fund an MFG an LA may have to cap or scale back allocations. The method for capping and/or scaling must be agreed at the Schools Forum.

10. Will there be any analysis on which types of schools will be ‘winners and losers’?

The EFA will evaluate the basic entitlement factor – and will identify where rates are either particular high or low in an area. We will also look to ensure that no types of institutions will be disadvantaged (type can be geographical or institution based).

11. Do Surrey academies receive London Fringe allowances as they are not included in the list on the slide? If not, why not?

Surrey academies are not included in the London Fringe academies. The salary differential in this area is less than in the other London Fringe Areas.

12. Why was low cost high incidence not a compulsory factor in the funding formula?

The formula has been designed to be as flexible as possible and so the minimum number of factors were made compulsory, this followed feedback from the consultation.

13. The High Teacher Costs factor lists London fringe LAs, but how are these costs in London reflected in the budget?

This will be distributed between all factors and the monies the local authority has received in their Dedicated Schools Grant will have been adjusted accordingly. This factor is only to cover differential costs within a local authority and not high costs across the local authority.
14. How is PFI funded and what happens to the cost of making good any damage done during the year?

PFI is funded through each local authority’s individual formula factor if included. The local authority in conjunction with the Schools Forum can decide what to include.

15. When will academies receive an indicative allocation letter?

We expect to be able to send academies their allocation before the end of March 2013 via the IM Portal.

16. Will the EFA issue forecasting models to allow for 3 year financial plans to be produced?

The funding methodology used for 2013/14 is a stepping stone to a national funding formula. Following evaluation of 2013/14, we would anticipate changes being made to the methodology for 2014/15. Beyond that, we anticipate a national funding formula to be in place which would make financial planning more straight forward. Given these changes we are unable to produce a forecasting model at this time.

17. Will the budget statement show a comparison between years?

The budget statement will not show a line-by-line comparison between years. However, the MFG annex will show last year’s budget and the basis for calculating protection between years.

18. Will start-up funding still be available?

Start-up funding will be available but the amount has been reducing for a number of years. There are two rates, a flat rate per pupil and a formula allocation. These vary depending on if the academy is a primary or secondary and if the academy is a sponsor or converter and this information is only relevant up to March 2013.

19. It is good to hear that the LA funding models are receiving scrutiny by the Secretary of State and Ministers. Is the same level of scrutiny being applied to Free Schools and UTCs? Some of these will be ghost funded as they have no historical attendance data to base their PAN on?

Ultimately the methodology used to fund Free Schools and UTCs depends on the terms of their Funding Agreements. There are tolerance levels set out in these to protect against turbulence. The document School Funding Reform: Arrangements for 2013/14 provides further detail on funding arrangements for 2013 Free School openers.
20. Will there be any capital support for academies listed as GD1 and HD2 listed buildings?

There is a process by which local authorities can request the inclusion of additional factors in their formula for exceptional circumstances. The finance regulations will restrict the additional factors which may be approved: for example they will only apply to cases where the nature of the school premises gives rise to a significant additional cost greater than 1% of the school's total budget, and where such costs affect fewer than 5% of the schools in the authority (including academies).

On this basis, Authorities will need to decide whether there are any exceptional formula factors where they would wish to put a case to the EFA (applications for exception factors have now closed, you will need to speak to your authority to see if any have been requested). If other cost pressures emerge, then we would expect this to be dealt with in the short term through the MFG or the usual arrangements authorities have with their schools – such as internal loan schemes. Academies in financial difficulty would continue to contact the EFA.

21. As an academy our contribution to the Local Government Pension Scheme has increased, I don’t see this reflected in the new funding methodology. How will the higher payments be reflected in our funding?

The Government’s position, set out in the December 2011 joint letter from the DfE and DCLG Secretaries of State to fund managers, is that a change to academy status should not increase a local government pension scheme’s cost and academies should not therefore be set higher rates than when they were maintained schools.

We are working with DCLG officials to look at the options, which include amending regulations to require funds to pool academies, for ensuring that academies are not set unjustifiably high employer contributions. The joint letter can be found on the Department for Education website.

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Minimum Funding Guarantee (MFG)

22. How long will the MFG last?

The MFG will continue to be applied at -1.5 per cent per pupil in 2013/14 and 2014/15 to address the concerns that some schools and authorities have raised about a potential ‘cliff-edge’ in funding from 2014/15.
23. What impact will the roll forward methodology have on allocations for 2013/14?

The roll forward methodology will not have an impact on calculations for 2013/14; however, the 2012/13 allocation will be used to calculate the MFG. The move to October Census will bring the allocations more in line with maintained schools creating a 5 month lag instead of 17 months.

24. Which year will the MFG use as a baseline, or will it move?

For the 2013/14 allocation, we will use 2012/13 as the baseline, this will move to 2013/14 for the funding allocation for 2014/15.

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LACSEG

25. How is LACSEG split between the different blocks and who determines how much is in each block of LACSEG?

LACSEG is divided into three blocks:

- **All schools and academies Block LACSEG**

  This equates to money held back from the Dedicated Schools Grant (DSG) by local authorities in order to provide central education services. From 2013/14 it will be replaced by extra money in the school budget share, as local authorities will be required to delegate the maximum amount of DSG to all schools.

- **LA Block LACSEG**

  This is the equivalent of the funding local authorities allocate to education services from their Formula Grant funding which is paid by the Department of Communities and Local Government. From 2013/14 it will be replaced by a new grant from the Department for Education for education services. The grant will be paid to academies and local authorities on a national per-pupil basis according to the number of pupils for which they are responsible. We consulted on these changes over the summer and a final announcement will be made this winter.

- **SEN LACSEG**

  This is a payment for specialist SEN support services for all pupils on School Action and School Action Plus. It is calculated based on the amount that each local authority plans to spend on specialist SEN support services as reported on the section 251 budget statement. From 2013/14 academies will not receive SEN LACSEG and all local authorities will be required to provide these services to pupils in academies on the same basis as pupils in maintained schools.
Currently the amount of money in each block is calculated according to the amount local authorities report on the relevant lines on their section 251 returns for each financial year. The proportions of funding in each block vary by local authority and may change year by year.

In future, Schools Block LACSEG and SEN LASCEG will cease to exist, as outlined above, and LA Block LACSEG will be replaced by a new education services grant.

**26. Will LACSEG be protected in 2013/14?**

Yes. Schools Block LACSEG and SEN LACSEG will be included in the 2012/13 baseline for the Minimum Funding Guarantee and will be protected at -1.5%. LA Block LACSEG will be protected at -10%.

**27. Will there be an adjustment to the replacement for LA Block LACSEG to reflect costs in London and Fringe areas?**

The consultation on replacing LA Block LACSEG closed on 24 September. Ministers will take final decisions in the next few weeks about how the new grant for education services should be allocated, including whether there should be an Area Cost Adjustment to reflect higher general labour market costs in different areas of the country. We will publish the Government response to the consultation this winter.

**28. How is LACSEG applied in the new system for nursery provision which will have significant in year admissions (primarily between Oct-Jan)?**

The total grant for an academy will be calculated based on the number of pupils aged 3 to 19 as recorded in the October 2012 School Census. If there was an increase in the number of 3 year olds between October 2011 and January 2012 then an uplift will be applied based on this difference from the year before.

More information on [LACSEG for 13/14](#) is available on the Department for Education website.

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**Pupil numbers**

**29. Local authorities will be funding maintained schools from April 2013 based on the new formula. Will there be any rebasing for the Apr-Aug payments as academies will be funded from Sept 2013.**

Academies are funded on an academic year and the 2012/13 allocation will not be rebased; either upward or downward.
30. Will the rebasing exercise apply in the first year of an academy as it does under the current system?

We have rebased using the same criteria as the LA and from 2013/14 LAs will not be rebasing their pupil numbers. Any exceptional growth will be dealt with by the LA under the criteria agreed at the Schools Forum.

31. What is exceptional growth and how will it be assessed?

Exceptional growth is where an increase in pupil numbers is significant and attracts additional costs. For 2012/13 LAs do not have to fund additional pupils in academies, but from 2013/14 the LA will set the top slice and the rules for exceptional growth through the Schools Forum.

32. Will any adjustments be made for exclusions?

Academies will be expected to make local arrangements to transfer funding (as determined by the Schools Forum).

33. Why are you moving to an October Census count?

Until now, all schools (maintained or academy) have had their allocations based on the January census and academies should be funded in the same way as a comparable maintained school in the same local authority area.

The use of January numbers for funding meant that local authorities' formula calculations were not completed until close to 31 March each year, and this in turn meant that in order to give academies their budgets (based on replication of the local authority's formula), they had to be based on the previous year’s formula. As a consequence, academies funding were running a year behind their maintained counterparts. This could seriously compromise comparability when the local authority changed its formula.

Consequently, the Government consulted last year on changing the calculation of budgets to use October pupil numbers. This would mean that local formulae could be completed much earlier and, together with the simplification of formula factors, would allow academy budgets to be brought up to date so that they were genuinely funded on the same basis as local maintained schools. These proposals received strong support in the consultation, including from academies.

In future, therefore, funding for academies and local maintained schools will be truly comparable, in being based on the same formula and the same pupil count.

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34. What information would be used to calculate SEN funding for junior schools that don’t have Early Years Foundation Stage Profile (EYFSP) data?

For the low prior attainment indicators we take the individual pupil’s assessment result, regardless of the school they were in when they sat the assessment. These are then aggregated to school level for the pupils’ current schools.

We are only using EYFSP results from the point at which the assessment became fully operational which means that for October 2012, those pupils in year 5 and 6 will not have any low attainment data so will have to be excluded from the indicator. In the rare case that a school has only pupils in Year 5 or 6 in the primary phase, then the Secondary Low Prior attainment indicator will be used as a proxy.

35. How will SEN funding be calculated beyond 2013/14 as using the Early Years Foundation Stage Profile scores of 73 or 78 points won’t be applicable in the future?

That is correct. We are aware that the EYFSP will be undergoing some changes that may require us to set a new low cost/high incidence SEN measure from 2014/15. We will be considering this as part of the review of the 2013/14 arrangements.

36. How will funding for specialist SEN support services work?

Currently, specialist SEN services are included in the DSG LACSEG calculation for academies. However, local authorities are required to provide these services on the same basis to all pupils in maintained schools and recoupment academies and so the money is not recouped from local authorities. In order to remove this double funding from the system from 2013/14, academies will no longer receive a separate payment for specialist SEN support services. Local authorities will be required to provide specialist SEN support services to academies, including Free Schools and non-recoupment academies, on the same basis as maintained schools.

Where a local authority has Free Schools and non-recoupment academies in its area, we will add an additional amount to their baseline to enable them to provide SEN support services in those schools. For the local authorities affected, we have calculated a per pupil amount based on the expenditure reported on line 1.2.2 of the 2012-13 S251 Budget Statement. This per pupil amount has been multiplied by the number of pupils in Free Schools and non-recoupment academies in the authority. This is shown in the High Needs table.

In future, therefore, funding for academies and local maintained schools will be truly comparable, in being based on the same formula and the same pupil count.
37. I am worried about how the Schools Forum is operating; with whom can I discuss my concerns?

Initially you should discuss your concerns with your representative(s) on the Forum or your local authority. If you believe after this that the Forum is still not operating in compliance with regulations, then the EFA can investigate if necessary. We will also investigate representations from academies which feel they will be unreasonably funded as a result of the local authority not applying an allowable formula factor or not requesting an exceptional factor. We will not consider general representations from individual academies that have lost funding under the new arrangements but will monitor the impact of the new formulae on different types of schools to inform future policy.

38. How do we determine academy representation on the Forum?

The requirement that maintained primary and secondary schools and academies should have broadly proportionate representation according to pupil numbers in each category is maintained. Academy members must be elected by the proprietors of academies in the authority’s area (these include free schools). Where there is only one academy in an authority, the proprietor of that academy must decide who will represent them on the forum. The local authority can name a date by which the election must take place and can appoint the member(s) if no such election has taken place. It is important, therefore, that academies have an appropriate mechanism for organising elections.

39. When were the School Forum reforms implemented?

The regulations came into force on 1 October 2012, and Schools Forums should have been reconstituted by that date.

40. How can I find out what decisions my Schools Forum has made?

Under the new regulations, local authorities are required to publish the minutes and papers from Schools Forums on their website as soon as possible. Meetings must also be held in public.
41. Can local authorities specify the members of the Forum – Principals/Finance Directors or others?

It is for academies to determine who should represent them. There is no restriction on who can be an academies member.

42. Can local authorities veto decisions made by the Schools Forum if they don’t think they are in the interests of the local authority?

The Schools Forum has limited decision making powers, relating mainly to the approval of central schools block expenditure. Where the Forum turns down a local authority proposal, the authority can refer the matter to the Secretary of State. Decisions on the formula are a matter for the authority, though they must consult the Forum as well as all maintained schools and academies.

43. Can you expand on the potential for DfE intervening where rates proposed by the local authority seem to be too low?

The DfE will be conducting a ‘reasonableness’ check which will identify those areas with particularly low or high rates and ask the local authority to provide more information. Our work with and feedback from LAs/academies and Schools Forum is useful in highlighting these kinds of issues. There may be legitimate reasons why the rates have been set at particular levels and we will explore these with the LA as we receive the data.

44. My local authority is releasing notionally generated budgets for 2013/14. Will this be the same as my allocation from the EFA?

LAs are sharing their modelling with schools and academies as part of the Schools Forum work, but that’s not necessarily what the EFA will pay (because of different MFG baselines).

45. Where can I find more information on changes to the Schools Forum?

More information on changes to the Schools Forum can be found on our website.

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Pupil Premium

46. When will we receive our Pupil Premium allocation?

Pupil premium is likely to be paid in June/July 2013 once the allocation has been confirmed for all schools and academies.

47. The lateness over pupil premium allocations causes problems for financial planning, is there any way to bring forward?

Unfortunately under the current arrangements there is no way to change this as it is a Financial Year grant. Academies should plan using their own data and the published per pupil amount.

48. Will Pupil Premium remain as part of the Jan count or also move to Oct?

Data underpinning Pupil Premium allocations will remain as part of the January Census count.

Further Information

49. Where can I find further information on Funding Reform?

Further information can be found on our website.

50. I still have a question, who can I ask?

Any enquiries should be sent to us at academyquestions@efa.education.gov.uk