

**FUNDING ADJUSTMENTS FOR PERMANENTLY EXCLUDED PUPILS**

*Report of the Director of Children's Services*

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**1. Purpose**

- 1.1 To seek the support of the Forum for changes to the calculation of the adjustments made to school budget shares in respect of permanently excluded pupils.

**2. Summary**

- 2.1 This paper outlines proposed changes to the funding adjustments for permanent exclusions.

**3. Recommendations**

- 3.1 The Forum is asked:

- a) to support the changes outlined in section 5 for calculating the amount to be recovered from a school or academy which has permanently excluded a pupil,
- b) to agree to alter the funding period used to calculate funding adjustments for pupils excluded from (or readmitted by) academies. The funding period to be used would be the academic year, instead of the local authority financial year.

**4. Background**

- 4.1 When a pupil is excluded from school, DfE regulations require that funding is removed from the school by the local authority from the sixth day following the date of permanent exclusion.
- 4.2 The deduction made to the school's budget is currently calculated using the basic entitlement pupil led funding (i.e. the age weighted pupil unit (AWPU)) that the school receives together with any pupil premium that the excluded

pupil attracts. These amounts are multiplied by the proportion of the local authority financial year remaining after the exclusion, measured in weeks (i.e. the period from six days after the permanent exclusion until 31<sup>st</sup> March).

- 4.3 The deduction should also include the amount of any financial adjustment order where this is relevant.
- 4.4 Two issues have arisen with the calculation of the deductions for permanently excluded pupils.
  - a) Recent DfE guidance states that these deductions should be calculated using not just the AWPU and the Pupil Premium but also including other pupil led factors in budget shares which relate to the excluded pupil.
  - b) Academies have raised concerns that the excluded pupil calculation is based on the local authority financial year (1<sup>st</sup> April to 31<sup>st</sup> March) rather than the academic year on which academies are funded.

## **5. Increase in the permanent exclusion deduction rate**

- 5.1 Recent DfE guidance makes clear that the local authority must deduct from the excluding school's budget in-year the amount within the funding formula relating not just to the age but also the personal circumstances of the excluded pupil, pro rata to the number of weeks remaining in the financial year from the sixth school day following the date of permanent exclusion.
- 5.2 Therefore the deduction needs to cover not just the basic entitlement of per pupil funding (AWPU) but also the relevant amounts for other pupil-led factors, such as free school meals or English as an additional language, where the pupil would attract funding through those criteria.
- 5.3 In order to comply with the DfE's guidance, the Authority intends to increase the deductions for permanently excluded pupils in 2019-20 in order to include the additional needs funding relevant to the pupil as well as the London fringe uplift (where applicable).
- 5.4 Annex A outlines the pupil led funding factors that would be deducted under these arrangements and the maximum deduction of budget share funding possible, in the very unlikely event that a pupil attracted all the funding factors listed.
- 5.5 In line with DfE requirements, Pupil Premium grant would continue to be deducted where applicable - in addition to the budget share formula factors shown.

## **6. Academies**

- 6.1 The DfE regulations requiring a funding deduction when a pupil is permanently excluded relate to maintained schools. However, all academies except the oldest have provisions in their funding agreements

that require the equivalent adjustments to their budgets when requested by their local authority. Thus, maintained schools and academies are treated on the same basis.

6.2 DfE guidance outlines that, as the wording in academy funding agreements relates to the Regulations, academy funding adjustments should also relate to the local authority financial year. However, local authorities can change this to the academy financial year, by local agreement.

6.3. In summary, the effects of changing from the local authority financial year to the academy financial year are:

- Any pupils that are permanently excluded in the summer term would generate a claw-back to the end of August only, instead of a further 30 weeks to the end of the Authority's financial year.
- By contrast, pupils excluded in the autumn and spring terms would generate a further claw-back for the following summer term (i.e. 22 weeks) to the end of the academy's financial year.

6.4 Hertfordshire has recently received a number of complaints from academies about the use of the local authority financial year when calculating funding deductions for excluded pupils. This is perceived as unreasonable. We are aware that a number of other authorities have exercised the option of moving to calculating academy deductions on the basis of the academic year.

6.5 In view of these developments, the Authority is proposing to switch to using an academic year calculation for academies, so that their funding deductions for excluded pupils would more closely align with the basis on which academies are funded. The Forum is asked to agree this change.

## **7. Other Issues**

### **7.1 Funded pupil numbers**

On occasion funding is deducted for an excluded pupil who was not on roll at the school at the previous October's census and for whom the school has not received funding. In this situation schools sometimes query whether the deduction is appropriate. The DfE guidance specifies that the requirement to deduct funding for a permanent exclusion is unconnected to whether a particular pupil has been on the census in the first place, and whether the school has received funding for them.

The DfE's focus seems to be on ensuring that the school excluding the pupil transfers the appropriate amount of funding for the pupil, alongside the exclusion.

### **7.2 Readmission of a permanently excluded pupil**

Where a school admits a pupil who has previously been permanently excluded, the admitting school receives an allocation based on the deduction taken from the excluding school. The allocation paid to the

admitting school relates to the length of the period from the admission of the pupil to the end of the financial year.

Thus, both the proposals in this paper would impact on the calculation of amounts for readmitted pupils. The allocations would on average be larger due to the inclusion of additional needs factors and London fringe. Also, for academies, the calculation would be based on the period from the pupil's admission date to the end of the academic year.

## **8. Conclusion**

- 8.1 The increase in the deduction rate for permanent exclusions to include additional needs factors and London fringe is a DfE requirement and the Authority intends to implement this in 2019-20. The result will be that funding deductions will more closely reflect the circumstances of the pupils being excluded.
- 8.2 The change to using the academic year (rather than the financial year) when calculating funding deductions for academies is a local decision.
- 8.3 The Forum is asked to agree the recommendations in section 3 of this paper.

## Annex A

### Formula factors to be included in the calculation of funding adjustments for permanently excluded pupils

School Budget Share Formula factors 2019-20	Primary (£)	Secondary Key Stage 3 (£)	Secondary Key Stage 4 (£)
AWPU	2,811.24	3,925.20	5,294.93
Free School Meals	2,873.94	2,485.93	2,485.93
IDACI (Highest band A)	332.86	1,348.87	1,348.87
Low Prior Attainment	226.33	671.19	671.19
English as an Additional Language	280.24	1,943.05	1,943.05
Looked After Children	1,848.57	1,848.57	1,848.57
London fringe uplift of 1.56% (where applicable)	130.92	191.12	212.53
Maximum Potential Annual Deduction (excluding Pupil Premium)	8,504.10	12,413.93	13,805.07

Where the pupil is funded according to the post-16 formula, the amount attributable to the pupil is £4,000.

Pupil Premium	Primary (£)	Secondary Key Stage 3 (£)	Secondary Key Stage 4 (£)
Ever 6 Free School Meals	1,320	935	935
Adopted from Care	2,300	2,300	2,300
Service Children	300	300	300