

Rotherham Schools Forum

Venue: Town Hall, Moorgate Street, Rotherham

Date: Friday, 8 October 2010

Time: 8.30 a.m.

A G E N D A

1. Introductions
2. Apologies for Absence.
3. Minutes of the Previous Meeting held on 25th June, 2010 (herewith) (Pages 1 - 6)
4. Matters Arising from Previous Minutes
5. Dedicated Schools Grant 2010/11
6. BSF Update
7. The Academies Act 2010 & Rotherham Update (herewith) (Pages 7 - 12)
8. Early Years Single Funding Formula
9. Schools Finance Workplan 2010/11 (herewith) (Pages 13 - 15)
10. Summary of Consultation Responses on the Future Distribution of School Funding (herewith) (Pages 16 - 32)
11. DfE Consultation on School Funding 2011-12 - RMBC Response (herewith) (Pages 33 - 42)
12. Council Review of Finance Functions
13. Any Other Business
14. Date and Time of Next Meeting
- Friday 5th November, 2010 at 8.30 am

**ROTHERHAM SCHOOLS FORUM
FRIDAY, 25TH JUNE, 2010**

Present:- Geoff Jackson (in the Chair); Councillor Paul Lakin; Val Broomhead, Steve Clayton, Margaret Hague, Lyndon Hall, Mick Hall, Peter Hawkridge, Peter Leach and Philip Robins.

In Attendance:- David Ashmore, Steve Cope, Vera Njegic and Graham Sinclair.

102. APOLOGIES FOR ABSENCE.

Apologies for absence were received from Angela Burtoft, Geoff Gillard, John Henderson, Russell Heritage, Sarah Jackson, Ruth Johnson, Dorothy Smith, David Sylvester and Julie Westwood.

103. MINUTES OF THE PREVIOUS MEETING HELD ON 23RD APRIL, 2010

Agreed:- That the minutes of the previous meeting held on 23rd April, 2010 be approved as a correct record.

104. CRC ENERGY EFFICIENCY SCHEME

Steve Cope, Environmental Officer gave a powerpoint presentation in respect of the CRC Energy Efficiency Scheme.

The presentation drew specific attention to:-

- Energy consumption by the Council and schools – 48% of the Council's CO2 emissions were from schools
- The cost of energy in 2008/ 09 for RMBC
- Rotherham's mandatory inclusion in the scheme owing to its levels of consumption
- Monitoring and managing usage through SystemLink software (RMBC server) and SMART Metering
- CRC Energy Efficiency Scheme
- Carbon Reduction Commitment
- Carbon Trading Equation
- Reimbursement Payment
- Risks
- Displaying Energy Certificates
- Property Environmental Section – Teams Actions and Responsibilities
- Local Authority Energy Financing Scheme (LAEF) Energy Responsibility

A question and answer session ensued and the following issues were raised and clarified:-

- Reference was made to Smart meters and when these would be installed in schools. Confirmation was given that some schools already had Smart meters, and the rest were scheduled to have them installed.
- Concerns were raised that some centres were open for 51 weeks per year which would have an impact on the amount of energy used. Assurance was given that this would not have a detrimental effect as schools were compared against their previous years performance and not against other schools.
- EDS proposed to publish schools CRC emissions online to enable local comparisons. This would be organised into geographic school clusters.

Members thanked Steve for his informative presentation.

105. ACADEMIES - LETTERS TO HEADS FROM DFE

Consideration was given to two letters received from the Secretary of State, the Rt Hon Michael Grove MP relating to schools being given the opportunity to apply to become Academies. One was a generic letter to schools regarding new proposals for Academies and the second letter was an invitation to schools rated as 'outstanding' to become Academies from September 2010 onwards.

Graham Sinclair confirmed that Wales and Brinsworth Schools were in favour of becoming Academies, but Wickersley had clearly stated that they had no intention of taking up this option.

A query was raised as to whether there was a limit to the number of schools who could apply for academy status, and it was confirmed there was no limit.

A discussion ensued about Maltby Academy and how this would compare to the new academies. It was confirmed that the new Government's proposals for Academies were completely different to those under the former regime and in effect there would be two types of Academy. It was noted that funding for BSF was subject to Rotherham having an Academy provision. Previously Academies were often vulnerable schools and required sponsorship. New Academy status was currently only being offered to outstanding schools. Only very limited consultation with Governors was required.

Concerns were raised by members about the introduction of academies and how this would affect the relationship the authority had with them and that there would be inconsistencies within schools.

The Unions commented that they were opposed to Academy status and the potential impact on future pay and conditions of their members. Concerns were also raised regarding pupil admissions and Academies taking a more selective approach. Graham Sinclair indicated that Academies had to comply with a fair access policy.

Agreed:- That the information be noted and received.

106. BSF UPDATE

Graham Sinclair, BSF Programme Director gave an update in respect of Transforming Rotherham Learning/ Building Schools for the Future (TRL/ BSF).

He reported on the following:-

- that the Authority was now in procurement for BSF
- there were two large consortium bidders – Carillion and Langer Rourke
- the Authority were training themselves in competitive dialogue
- TRL was one of the “Four Big Things” in the CYPP

A concern was raised as to what impact there would be with Wales and Brinsworth becoming Academies. The calculation methodology for distributing funding to Academies had not been finalised by DFE so the impact of funding was uncertain. Both schools had registered their interests in maintaining partnership working with the local authority and other schools.

Reference was made to the Academy buildings and whether they would remain under Local Authority control. Confirmation was given that they would be under a 125 year lease agreement.

A comment was made in respect of energy efficiency in new building and assurances were given that the design for all new buildings would include saving energy as part of the bid.

A query was raised as to whether the Local Authority would be writing out to Phase 2 and 3 schools in relation to ICT. It was suggested that copies of the letters sent out to Phase 1 schools be sent with the proviso that there may be changes further down the line.

Agreed:- That the report be noted and received.

107. DCSF SCHOOL FUNDING CONSULTATION RESPONSE

David Ashmore presented the submitted report which detailed the DCSF School Funding Consultation Response which was agreed by members at the previous meeting of the Schools Forum.

Agreed:- That the report be noted.

108. SUMMARISED CHILDREN AND YOUNG PEOPLES DIRECTORATE OUTTURN 2009/ 2010 (ALL WARDS)

Consideration was given to the Children and Young People's Directorate Outturn report for 2009/ 10.

Agreed:- That the report be noted and received.

109. SCHOOLS BALANCES 2009/ 10

Vera Njagic, Principal Accountant (Schools) presented the report in relation to the School Balances for 2009/ 10.

She confirmed that all schools were below the DCSF threshold and therefore there would be no claw back for schools.

Agreed:- That the report be noted and received.

110. IMPROVING ECONOMY AND EFFICIENCY IN SCHOOLS ACTION PLAN

David Ashmore presented the submitted report in respect of the Improving Economy and Efficiency in Schools Action Plan.

In July, 2009 the Audit Commission published a report "Valuable Lessons" regarding improving economy and efficiency in schools.

An action plan was produced to review the three key areas of school support which the Audit Commission believed could be strengthened:

Financial Support

- Availability and quality
- National benchmarking

Staffing and purchasing in schools

- Procurement and traded services
- Collaboration between schools on purchasing and staffing

Accountability for value for money

- School improvement partners (SIPs)
- Internal audit
- Governor support

The new Government had announced that frontline funding to schools would be protected, and money allocated to individual school budgets for 2010-11 would not be affected by the Government's proposed budget reductions. However, it had also been announced that efficiency savings were expected of schools and it was therefore critical that schools continued to offer good value for money through a range of measures including procurement and workforce deployment.

Agreed:- That the report be received and noted.

111. FREE SCHOOL MEALS EXTENSION

David Ashmore reported that the proposed extension to the free school meals pilot projects which had been agreed by the previous government had now been withdrawn.

Agreed:- That the position be noted.

112. CONSTITUTION AND RE-APPOINTMENT OF MEMBERS

David Ashmore circulated a document which outlined the current member for the Rotherham Schools Forum Membership for consideration.

He confirmed that details would be circulated to the Chairs and Vice Chairs of Governors in the Autumn for consideration of the new membership with effect from January 2011.

A suggestion was made that the timings of these meetings be discussed with Head Teachers to establish a more suitable time in order for them to attend.

Agreed:- (1) That the details be circulated to the Chairs and Vice Chairs of Governors in order for the new membership to be established for commencement in January 2011.

(2) That Head Teachers be approached about the future timing of meetings.

113. DATES AND TIMES OF MEETINGS FOR 2010/ 2011

Agreed:- that the following dates be approved for 2010/ 11.

Friday	8.30 am – 10.30 am	8 th October 2010	Town Hal
Friday	8.30 am – 10.30 am	5 th November 2010	Town Hal
Friday	8.30 am – 10.30 am	10 th December 2010	Town Hal
Friday	8.30 am – 10.30 am	21 st January 2011	Town Hal
Friday	8.30 am – 10.30 am	18 th March 2011	Town Hal
Friday	8.30 am – 10.30 am	8 th April 2011	Town Hal
Friday	8.30 am – 10.30 am	24 th June 2011	Town Hal

114. ANY OTHER BUSINESS

Icelandic Bank

The following statement from Andrew Bedford, Strategic Director of Finance was read out:-

“Recovery of the full amounts owing from Icelandic banks, including interest, is subject to ongoing action by the Council, and is progressing in a satisfactory manner.”

115. DATE AND TIME OF NEXT MEETING

Agreed:- That the next meeting be held on Friday 8th October 2010 at 8.30 am.

STATUTORY INSTRUMENTS

2010 No. 1937 (C. 102)

EDUCATION, ENGLAND AND WALES

The Academies Act 2010 (Commencement and Transitional Provisions) Order 2010

Made - - - - *28th July 2010*

The Secretary of State for Education makes the following Order in exercise of the power conferred by section 19(2) and (3) of the Academies Act 2010(a).

Citation and interpretation

1.—(1) This Order may be cited as the Academies Act 2010 (Commencement and Transitional Provisions) Order 2010.

(2) In this Order “the Act” means the Academies Act 2010.

Provisions coming into force on 29th July 2010

2. 29th July 2010 is the day appointed for the coming into force of the provisions of the Act specified in column 1 of Schedule 1 to the extent specified in column 2 of that Schedule.

Provisions coming into force on 1st September 2010

3.—(1) 1st September 2010 is the day appointed for the coming into force of the provisions of the Act specified in column 1 of Schedule 2.

(2) Where a particular purpose is specified in column 2 of that Schedule in relation to any such provision, the provision comes into force on that date for that purpose only.

Provisions coming into force on 1st January 2011

4. 1st January 2011 is the day appointed for the coming into force of the provisions of the Act specified in column 1 of Schedule 3 to the extent specified in column 2 of that Schedule.

Transitional provisions

5.—(1) This article applies if—

- (a) an Academy order has effect in respect of a foundation or voluntary controlled school which is designated by order under section 69(3) of SSFA 1998 as a school having a religious character, and
- (b) the school is converted into an Academy.

(2) Despite section 6(8) of the Act, on and after the conversion date—

(a) 2010 c 32.

- (a) section 124A(2) and (3) of SSFA 1998 do not apply in relation to an existing non-reserved teacher while the teacher is employed or engaged as a teacher at the Academy,
 - (b) section 59(2) to (4) of SSFA 1998 continue to apply in relation to an existing non-reserved teacher, and an existing member of the non-teaching staff, while that person is employed or engaged at the Academy.
- (3) An "existing non-reserved teacher" is a teacher who—
- (a) is employed or engaged as a teacher at the school immediately before the conversion date,
 - (b) is not a reserved teacher (within the meaning given by section 58(9) of SSFA 1998) at that time, and
 - (c) becomes employed or engaged as a teacher at the Academy on the conversion date.
- (4) An "existing member of the non-teaching staff" is a person who—
- (a) is employed or engaged for the purposes of the school immediately before the conversion date, otherwise than as a teacher, and
 - (b) becomes employed or engaged for the purposes of the Academy on the conversion date.
- 6.—(1) This article applies if—
- (a) an Academy order has effect in respect of a foundation or voluntary school which is designated by order under section 69(3) of SSFA 1998 as a school having a religious character,
 - (b) the school is converted into an Academy, and
 - (c) immediately before the conversion date, section 60(7) of SSFA 1998 applied to a teacher at the school.
- (2) On and after the conversion date, section 60(7) of SSFA 1998 continues to apply in relation to an existing teacher at the school while the teacher is employed or engaged as a teacher at the Academy.
- (3) An "existing teacher" is a teacher who—
- (a) is employed or engaged as a teacher at the school immediately before the conversion date, and
 - (b) becomes employed or engaged as a teacher at the Academy on the conversion date.

28th July 2010

Jonathan Hill
Parliamentary Under Secretary for Schools
Department for Education

SCHEDULE 1

Article 2

Provisions coming into force on 29th July 2010

<i>Column 1</i>	<i>Column 2</i>
Section 1	
Section 2 save for subsections (5) and (6),	
Sections 3 to 6	
Sections 8 to 11	
Section 12 save for subsection (4)	
Section 13	
Section 14	To the extent that it relates to the paragraphs in

	Schedule 2 to the Act specified in column 1.
Schedule 1	
Schedule 2 save for paragraph 10	

SCHEDULE 2

Article 3

Provisions coming into force on 1st September 2010

<i>Column 1</i>	<i>Column 2</i>
Section 2 (5) and (6)	
Section 7	
Section 14	To the extent that it relates to the paragraph in Schedule 2 to the Act specified in column 1.
paragraph 10 of Schedule 2	Only in relation to the proprietor of an Academy opening on or after 1st September 2010.

SCHEDULE 3

Article 4

Provisions coming into force on 1st January 2011

<i>Column 1</i>	<i>Column 2</i>
Section 12 (4)	
Section 14	To the extent that it is not already in force.
Schedule 2	To the extent that it is not already in force.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order brings into force provisions of the Academies Act 2010 ("the Act") on 29th July 2010, 1st September 2010 and 1st January 2011.

Provisions coming into force on 29th July 2010

Section 1 of the Act replaces provisions in section 482 of the Education Act 1996. It enables the Secretary of State to make "Academy arrangements" (arrangements which take the form of an Academy agreement or arrangements for Academy financial assistance) with another person, to establish and run an Academy.

Section 2 (1) to (4) makes provision about the terms of an Academy agreement.

Section 3 enables a governing body of a maintained school in England to apply to the Secretary of State to become an Academy. A voluntary or foundation school with an existing foundation must consult that foundation before applying and can only make an application with the consent of the school's trustees and any other persons who are entitled to appoint foundation governors to the school.

Section 4 enables the Secretary of State to make an Academy order whereby a maintained school converts into an Academy either on the application of the governing body of the school under section 3, or where the school is eligible for intervention within the meaning of section 59(2) of the Education and Inspections Act 2006. These orders will be administrative orders and not made by statutory instrument.

Section 5 provides that before a maintained school can convert to an Academy the governing body must consult those they think appropriate either before or after an application or an Academy order is made.

Section 6 provides that when an Academy order has been made, the local authority must cease to maintain the school on the date the Academy opens.

Section 8 enables the Secretary of State to make a property transfer scheme in relation to the property, rights or liabilities of a maintained school held for the purposes of the school by a local authority or the governing body.

Section 9 requires the Secretary of State to take into account the impact on other maintained schools, Academies and further education institutions in the area when deciding whether to enter into Academy arrangements in relation to an additional school. An additional school is a school which does not replace a maintained school and is not subject to an Academy order.

Section 10 provides that before entering into Academy arrangements in respect of an additional school the person entering into those arrangements must consult those they think appropriate on whether the arrangements should be entered into.

Section 11 requires the Secretary of State to publish, for each academic year, a report detailing all Academy arrangements entered into during that year and the performance of the Academies during that year.

Section 12 (1) provides that where Academy proprietors are qualifying Academy proprietors under section 12(2) of the Act, they are charities. Section 12 (4) amends Schedule 2 to the Charities Act 1993 and provides that a qualifying Academy proprietor is an exempt charity. Section 12 (4) is not brought into force until 1st January 2011. Therefore an Academy proprietor will need to be registered with, and regulated by, the Charity Commission until section 12 (4) is brought into force.

Section 13 introduces Schedule 1 to the Act which makes provision about land in relation to Academies.

Section 14 introduces Schedule 2 to the Act which makes a number of amendments to existing legislation.

Provisions coming into force on 1st September 2010

Section 2(5) relates to Academy pupils with low incidence special educational needs or disabilities. It amends the School Finance (England) Regulations 2008 (SI 2008/228) to provide that expenditure on services for such Academy pupils become a class of expenditure for the purpose of the non-schools education budget. Section 2(6) enables the Secretary of State to make alternative arrangements where a local authority fails to secure satisfactory provision for pupils with low incidence special educational needs or disabilities.

Section 7 requires a local authority to determine whether a school has a budget surplus and to transfer that surplus to the proprietor of an Academy where the Secretary of State has approved an application for a maintained school to become an Academy.

Paragraph 10 of Schedule 2 to the Act adds an Academy proprietor to the list of public bodies in Part 4 of Schedule 1 to the Freedom of Information Act 2000 Act. It is commenced on 1st September in respect of Academies opening on or after 1st September 2010.

Provisions coming into force on 1st January 2011

Section 12(4) amends Schedule 2 to the Charities Act 1993 to provide that a qualifying Academy proprietor, as defined by section 12(2) of the Act, is an exempt charity.

Paragraph 10 of Schedule 2 to the Act is brought into force on 1st January 2011 in respect of all proprietors of Academies opened before 1st September 2010, which will include city technology

colleges and city colleges for the technology of the arts. They are to be added to the list of public bodies in Part 4 of Schedule 1 to the Freedom of Information Act 2000 Act.

Transitional provisions

Article 5 makes transitional provision for staff, who are not reserved teachers as defined by section 58(9) of the School Standards and Framework Act 1998 ("the SSFA 1998"), at foundation and voluntary controlled schools with a religious character. The staff to whom these transitional provisions relate have rights under section 60(2) of the SSFA 1998 (which applies section 59(2) to (4)) not to be discriminated against on religious grounds. Article 5 preserves these rights for such staff in post when the school converts to an Academy with a religious character. Without this transitional provision section 124A of the SSFA 1998 would apply so that preference could be given on religious grounds in respect of their appointment, promotion, remuneration or termination of employment or engagement.

Article 6 makes transitional provision for existing staff who had protected rights under section 60(7) of the SSFA 1998.

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STATUTORY INSTRUMENTS

2010 No. 1937 (C. 102)

EDUCATION, ENGLAND AND WALES

The Academies Act 2010 (Commencement and Transitional
Provisions) Order 2010

Rotherham Metropolitan Borough Council – Children and Young People’s Service

Schools Finance Workplan 2010/11

ISSUE	DETAILS	LEAD OFFICER/S	PRIORITY	DEADLINE/COMPLETE BY	Progress to Date
Implement Early Years Single Funding Formula by April 2011.	<ul style="list-style-type: none"> - Finalise formula factors - Undertake impact assessment and transitional protection arrangements - Undertake 3 year resourcing requirements projections and risk assessment 	D Ashmore – consultation S Scott – PVI analysis V Njelic – modification of formula budgets from 2011 onwards	H	To be in place by 01/04/2011	EYFFG established. Formula factors consulted upon and agreed.
Introduction of Academies Bill 2010	<ul style="list-style-type: none"> - Determining LACSEG allocations for new Academies - Manage transfer of assets - Impact of SLA take-up on central service provision - Consider impact of DfE review of the methodology for funding Academies from 2011-12. 	J Robertson G Sinclair G Sinclair G Sinclair/D Ashmore/J Robertson	H	01/10/2010 01/10/2010 01/10/2010 01/04/2011	
Introduction of a Pupil Premium from disadvantaged pupils from Sept 2011	<ul style="list-style-type: none"> - Determine method for allocation of pupil premium funding for Rec to Y11 (announcement of level of funding expected in late Nov/early Dec). 	D Ashmore/V Njelic	M	31/12/2010	Report produced by Data Team Mar'09
Review outcomes and impact of Comprehensive Spending review (October) on school funding for 2011 onwards.	<ul style="list-style-type: none"> - Respond to DfE consultation by 18th Oct - Inform schools of Govt announcement on indicative DSG allocations for 2011-12. - Implement any formula changes arising from mainstreaming of grants into DSG (previous levels of grant as 	D Ashmore J Robertson/V Njelic V Njelic	H	18/10/2010 31/12/2010 31/01/2011	

Rotherham Metropolitan Borough Council – Children and Young People’s Service

Schools Finance Workplan 2010/11

	<p>an allowable factor in local formulae)</p> <ul style="list-style-type: none"> - Impact of using actual take-up by 3 year olds or 90% rule in 2011. - Impact of potential withdrawal of additional funding for dual registered pupils attending a PRU - Submit claim for 10% of a unit of funding for home educated pupils if changes passed. - The intention is that the MFG would apply to a baseline incorporating DSG plus any mainstreamed grants. - Impact of withdrawal of cash floor for falling pupil numbers. 	<p>V Njelic</p> <p>V Njelic</p> <p>V Njelic</p> <p>V Njelic</p> <p>V Njelic</p>		<p>31/12/2011</p> <p>31/12/2011</p> <p>31/12/2011</p> <p>31/12/2011</p> <p>31/12/2011</p>	
Review impact of RMBC organisational changes on schools	- The LA is reviewing its structures in response to national funding cuts. All finance functions are under review which may impact upon the arrangements for schools support.	D Ashmore	M	31/01/2011	
Funding for 16-19 Education and Training	<ul style="list-style-type: none"> - local approach to planning (removal of requirement for regional planning groups) - 'lagged pupil funding' for colleges(providers funded on the basis of the previous years activity) - removal of LA duty to fund and hold financial audit and assurance functions for 16-19 	<p>K Borthwick – Lead Officer for RMBC</p> <p>K Borthwick/M Bicknell</p>	M	31/12/2010	

Rotherham Metropolitan Borough Council – Children and Young People’s Service

Schools Finance Workplan 2010/11

Special Schools Formula Review	To ensure funding for special schools is aligned with the Transforming Rotherham Learning vision and strategy	G Sinclair/H Barre/ Ashmore/J Robertson	M	31/10/2010	Helen Barre report April '09
Review of Surplus Balances	- Present update on 2009-10 balances position and decisions taken with regard to clawback. – Work with schools to ensure no schools exceed thresholds (unless prior agreement made).	D Ashmore/V Njegic	L		SFST 14/06/2010 Sch Forum 25/06/2010 Cab Mem 21/07/2010
Ensure a fair approach to schools is applied regarding the CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment).	- Schools comply with their legal requirement to supply accurate energy consumption data to RMBC - RMBC to publish each school's emissions on an annual basis, reporting performance against prior years. - CYPs to consider implications of schools not achieving efficiency savings targets (schools account for 48% of RMBC emissions).	D. Rhodes (EDS) D. Rhodes (EDS) V. Njegic/D. Ashmore	M M M		

Consultation on the Future Distribution of School Funding

15 March 2010 to 7 June 2010

Summary of Consultation Responses

Introduction

In March 2010 a consultation was launched by the previous Government on the future distribution of school funding. This followed a wide-ranging review of the mechanism for allocating the Dedicated Schools Grant announced in January 2008. The document set out the previous Government's proposals for distributing school funding from April 2011 including the principles which would underpin a new funding system and options for operating the DSG allocation formula. The consultation closed on 7 June 2010.

The new coalition Government took office on 11 May 2010. It agreed that the consultation exercise should continue and that it would consider the responses in the development of its own funding proposals.

This document provides an analysis of responses to the consultation. It sets out:

- an overview of responses to the consultation and
- a summary of the responses to the questions in each chapter

A total of 3,148 responses were received, 2,658 of which were in the form of responses and petitions from residents of Haringey and Newham, supporting a 'hybrid' approach to the Area Cost Adjustment (Question 14 of the consultation). 22 members of the '4in10' project in Newham also sent in a submission supporting the hybrid approach. A separate 93 responses were received in a petition from Devon seeking 'Fair Funding' for that county.

In total 748 responses, including 351 'campaign' responses, were loaded onto the e-consultation database¹, broken down by organisation as follows:

Parent / Carer:	179	24%
Campaign Group:	147	20%
School:	100	13%
Individual Local Authority:	91	12%
Teacher:	70	9%
Other:	46	6%
Schools Forum:	44	6%
Governor Association:	34	5%
Local Authority Group:	20	3%
Teacher Association:	10	1%
Other Trade Union / Professional Body:	6	1%
Early Years Setting:	1	0%
Total:	748	100%

A list of the organisation that responded can be found at Annex A

¹ 'Campaign' responses received in the Department in hardcopy were counted, but not entered onto the database

Overview

The responses to the consultation have been analysed and a short overview of some of the main comments is set out below:

- The vast majority of the 340 respondents to Question 1 on the principles agreed with all or some of the principles underpinning the formula with just 3% agreeing with none of them.
- There was general support for the policy of mainstreaming grants into the DSG, with nearly two thirds of the 321 responses to Question 2 agreeing, although there was some concern about the impact of mainstreaming specific grants such as EMAG or the school lunch grant.
- The majority of those who responded to the question about the methodology for calculating the basic entitlement, some 51%, supported the Activity Led Funding approach as opposed to 22% who supported the Judgemental approach.
- There was a mixed response to the question of which is the best indicator for distributing deprivation funding with none of the five indicators receiving overwhelming support. The most favoured option - Option 5, a mixed FSM and IDACI indicator - received the most support with 32%, but the second most favoured – Option 4 – received 28%.
- There was strong support for the proposal for LAs to develop their own pupil premium, with 83% in favour.
- There was a lot of interest in the issue of the fairest method of applying the Area Cost Adjustment. There were campaigns in Newham and Haringey which have significantly increased support for the hybrid option. However, even without the campaign responses the hybrid option still received most support (60%).
- There was strong support for the proposal to provide extra funding to schools catering for large numbers of Service children with almost two thirds in favour.

Summary of Consultation responses

(NB – in some case percentages may add up to 99% or 101% due to rounding error)

Chapter 1 – Towards a new formula

The principles underlying the new funding formula are: that it should meet the needs of the 21st Century School; that “fairness” does not mean that everyone will get the same; that needs in individual schools are best assessed at the local level; that differences in funding between local authorities must be justified using robust evidence; that a Local Pupil Premium should be used to distribute deprivation funding, and that there should be protections at school and local authority level to reduce the level of short term changes to the distribution.

1. Do you agree with the principles we are applying to the formula?

340 responses of which:

50% All 43% Some 4% Not sure 3% None

Comments made

An overwhelming majority supported either all or some of the principles outlined in the consultation document which were around the issues of fairness, the use of robust evidence, the introduction of a local pupil premium and the need for funding protection arrangements. There was however some disappointment at the lack of detailed exemplifications which have for some prevented a more informed response.

Many of the specific comments were around questions covered later in the consultation. Others were around: (a) the need to ensure that there is sufficient funding for schools to enable them to meet pupil entitlements; (b) for differences in funding between areas to be backed up by robust evidence so that it is clear where there is the need for higher spend in particular cases, and (c) a more needs-led approach to allocating funding. Some argued that additional funding provided by local authorities over and above SFSS (Schools Formula Spending Share) in 2005-06 which were included in the base used for the spend-plus methodology for calculating the DSG should be protected within each LA or returned to the LA for local tax payers.

We intend to mainstream as many specific grants as possible into the DSG. At this stage we see the DSG as including: Dedicated Schools Grant (including London Pay Addition Grant); School Development Grant (Devolved) excluding Specialist Schools; School Standards Grant; School Standards Grant (Personalisation); School Lunch Grant; Ethnic Minority Achievement Grant; Extension of the Early Years Free Entitlement and Extended Schools – Sustainability and Subsidy.

2. Do you agree with the proposals to mainstream the grants specified into DSG?

321 responses of which:

63% Yes

21% No

16% Not sure

Comments made

A large majority of those who responded to this question supported the case for mainstreaming grants as a way of simplifying the funding system, both in terms of increasing its transparency and reducing its bureaucracy. There were particular concerns around the proposals to mainstream individual grants, EMAG and the School Lunch Grant being the main examples, but no consensus. Those against mainstreaming the School Lunch Grant felt that in a context of reduced public spending and tighter education budgets, this funding may be diverted into other areas of education, and preferred to retain a centrally managed source of funding for school meals. The converse view was that mainstreaming the grant would allow schools to have greater control and discretion over how they allocate funding for school food, allowing schools to be creative in how they invest and fund their school food service.

With EMAG some welcomed the proposed flexibilities to allow LAs to retain a portion of this funding to run centralised services, while others suggested that EMAG funding should be exempt from mainstreaming on the basis that there is a lack of a framework of accountability for LAs and schools in this area; that mainstreaming would diminish the focus on work supported by this specific funding stream, and that the existence of certain specific services (such as the Travellers' Education Service) was threatened by the proposals – a number of respondents commented on the need to maintain central specialised services in the LA.

There was general support for transitional arrangements to ease the effect of the mainstreaming of these grants.

We are clear that the elements of the formula will be: a basic entitlement; additional educational needs, including those associated with deprivation; high cost pupils; sparsity and an area cost adjustment.

3. Do you agree with the proposed elements of the formula?

320 responses of which:

70% Yes

15% No

15% Not sure

Comments made

Many recognised the proposed blocks as similar to those that existed before spend-plus, and were supportive of their continued relevance. There was widespread agreement that the weighting between the blocks was crucial, with some arguing that the ACA and AEN blocks should be reduced to enable more to be put into the basic entitlement.

Chapter 2 – The Basic Entitlement

The basic entitlement is intended to cover the general costs of running schools - notionally just less than three quarters of the current DSG allocation. There are two approaches to calculating the basic unit of funding per pupil: a judgemental approach – in which the funding is based on an assessment about how best to divide up the overall sum planned by the Government into its main formula components, or a bottom-up approach – in which the funding is based on an assessment of how much a school needs to spend to provide education for pupils before any adjustments are made, known as activity-led funding (ALF).

4. Which methodology for calculating the basic entitlement do you consider would enable the fairest and most practical distribution of funding?

305 responses of which:

51% Activity-led funding 27% Not sure 22% Judgemental

Comments made

A majority supported an activity-led funding methodology, but a significant minority either supported a judgemental approach or were not sure. Those supporting ALF saw its advantages as being transparency and that it seemed the 'right' approach to recognising which activities need to be reflected in the basic entitlement. Those arguing against felt that it was likely to be too bureaucratic and expensive to run and there was either a lack of data or the likelihood that data used would not be accurate. Some local authorities that have tried to introduce an ALF element in their local formulae commented on the difficulties.

Chapter 3 – Additional Educational Needs

Our proposed methodology for distributing AEN funding is to make an assessment of the national incidence of additional educational needs and, because we have no way of knowing exactly where each pupil with additional educational needs is located, to use proxy indicators to assess the likely incidence of these needs in each local authority. We propose to distribute funding using carefully chosen indicators that are associated with the individual need types identified in the PricewaterhouseCoopers survey.

5. Do you agree with the proposed methodology for distributing money for additional educational needs?

311 responses of which:

50% Yes 22% No 28% Not sure

Comments made

There was, in general, agreement to the use of proxy indicators, though some debate on the detail of which indicators to use and, particularly, whether or not a 'flat' distribution would reflect need. Several respondents felt that there should be greater transparency between AEN and deprivation, and that the current definition of 'underperforming groups' does not take account of one of the lowest performing groups of all – white working class boys.

Within the distribution mechanism we have identified five options for the indicators to be used for distributing deprivation funding. These are:

Option 1 Out of Work Tax Credit Indicator

Option 2 Free School Meals (FSM)

Option 3 Child Poverty Measure

Option 4 Average IDACI (Income Deprivation Affecting Children Index) score of pupils educated within the local authority

Option 5 FSM with the additional 500,000 pupils in most deprived areas by the IDACI score not on FSM

6. Which is your preferred indicator for distributing money via deprivation? Why?

258 responses of which:

Option 1: 5%

Option 2: 15%

Option 3: 20%

Option 4: 28%

Option 5: 32%

Comments made

As can be seen from the results there was no agreement on which indicator to use. Those who favoured FSM did so mainly on the basis that it is the easiest to measure, directly pupil-related and provides the best correlation with attainment. Many felt, however, that because take up is known to be poor in some areas it was not the best measure of deprivation and preferred either the Child Poverty Measure, or IDACI. Overall, the dual approach of FSM + IDACI received most support, but not by a wide margin. Several alternatives, such as Education ACORN or MOSAIC were suggested, based on local authorities' experience of using these.

In the consultation document we have linked the non-high cost AEN need types to what we consider to be the most appropriate distribution indicator. This results in 49.5 per cent of AEN funding being distributed via a deprivation indicator, 24.6 per cent is distributed via underperforming groups, 13.5 per cent via English as an Additional Language and 12.4 per cent via a flat per pupil rate.

7. Do you agree with the indicators, other than for deprivation, that we have proposed for each need?

287 responses of which:

26% All 54% Some 15% Not sure 6% None

Comments made

80% of people who responded to this question agreed with either all or some of the indicators. Issues identified by respondents were that: (a) white working class boys (closely followed by white working class girls) are amongst the lowest performing groups nationally, yet do not feature in allocations for underperforming groups. (b) The proportion of AEN funding to be distributed via 'English as an Additional Language' (13.5%) is high, given that pupils identified as having EAL may already be fully fluent in English. (c) The issues of Gypsy Roma and Traveller Education, Gifted and Talented and Children in Care are not given sufficient priority. (d) The High Cost pupil block uses achievement levels for Cognition & Learning, and it is not clear why the different measure of under performing groups is used here. (e) There seems no logic to using flat rates – more should be done to develop a suitable indicator.

To ensure the funding to support schools to meet the needs of deprived children is clearly identified and responsive to where these children are, the Government will require all local authorities to operate a Local Pupil Premium from 2012-13 onwards. This means that an amount of money in a school's delegated budget must relate directly and explicitly to deprived pupils within the school, and should move around the system as necessary. Such a Local Pupil Premium would mean that if a school recruits a larger number of deprived pupils, they can see that they will get additional funds, which will be reflected in their budget.

8. Will the Local Pupil Premium mechanism help funding to be more responsive to changes in pupil characteristics?

294 responses of which:

55% Yes 13% No 32% Not sure

Comments made

While there was a majority agreeing that a pupil premium will make funding more responsive, many local authorities commented that they - in effect - already operate a local pupil premium for allocating their deprivation funding. It was thought that it might be helpful in rural settings, and with overcoming resistance from schools in admitting Gypsy Roma and Traveller children. In-year transfers and clawback were identified as disadvantages, and it was pointed out that because school budgets are delegated there is no audit trail to show that funding allocated to an individual pupil is actually spent on that pupil; it simply becomes part of the school budget.

The Government believes that local authorities and schools are in a far better position than central Government to assess the levels of need within individual schools. Local authorities will have the freedom to agree with their Schools Forums how to operate a local pupil premium, rather than a process being mandated nationally. Local authorities will want to develop different systems depending on their local circumstances, and we will look to provide best practice as systems develop.

9. Is it right that local authorities should each develop their own pupil premium mechanism?

301 responses of which:

83% Yes

8% No

8% Not sure

Comments made

There was strong support for the pupil premium mechanism to be developed by each local authority, though it was pointed out that this might lead to a lack of parity between children in one LA compared to children with the same needs in another. It was recognised that LAs would need to work closely with their schools and school forums in developing the mechanism. It was suggested that largely rural LAs may decide relevant indicators for rural deprivation are different to those appropriate in an urban environment. Guidance from the Department on this would be seen as useful.

Chapter 4 – High Cost Pupils

We propose to use the same approach for the allocation of funding for the high cost pupil block to that proposed for the allocation of AEN funding – namely that based on the pupil need types identified in PwC school survey, but using the specific data for high cost pupils, and identifying the most appropriate distribution mechanism for allocating resources to local authorities for these need types. The effect of the formula is to distribute 14 per cent of the high cost pupils block via deprivation, 50 per cent distributed via a flat per pupil rate, 33 per cent distributed via a measure of those pupils not achieving higher than Level 2 at Key Stage 2, 2 per cent via the take-up of Disability Living Allowance and 1 per cent via English as an Additional Language.

10. Do you agree with the methodology for distributing money for High Cost Pupils?

282 responses of which:

43% Yes

18% No

39% Not sure

Comments made

Responses were mixed. Those who agreed tended to simply state that the proposed methodology was appropriate. There was little consensus amongst the 57% who were either against or not sure. Some respondents, for instance, welcomed the flat rate element; some felt that the percentage to be allocated by a flat rate was far too high. Differences in the methodology used to High-Cost Pupils pre- and post-16 were raised. And several respondents pointed out that using pupil achievement would not incentivise pupil progress as it would simply reward low attainment.

Chapter 5 - Sparsity

For sparsity funding we propose to use the home postcode data collected in the annual school censuses; these are collected annually and, as a pupil census, would more accurately reflect the sparsity of the pupil population. We also propose to use the Middle Super Output Area to provide a replacement to the ward geography, providing a comparable number of geographic units to that of wards

11. Do you agree that the school censuses and Middle Super Output Area are the right data source and geography to use to assess the sparsity of an area?

267 responses of which:

64% Yes

6% No

31% Not sure

Comments made

A large majority of respondents agreed with the use of home postcode data and the MSOA for the assessment of sparsity. It was pointed out, however, that although the home postcode of the child would reflect the distance a child has travelled to get to school, this may be as a result of the popularity of a school, whether it is selective, or parental choice for a particular type of school (e.g. faith). There was some support for the use of lower super output areas as MSOAs could cover both rural and urban areas.

Two options are proposed for calculating the sparsity factor – broad and narrow. The broad option would, at current figures, result in 104 local authorities receiving additional money for sparsity, with 1.07 million pupils deemed sparse or super-sparse. An alternative, narrow, option would mean that around 300,000 pupils are deemed sparse or super-sparse, a number similar to the 280,000 pupils who currently attend small (<150FTEs) rural primary schools. Under these altered thresholds 66 authorities would receive sparsity money, enabling us to increase the unit cost for each sparse pupil.

12. Which method for calculating the sparsity factor do you think will best enable additional funding to reach those local authorities that need to maintain small schools – the broad or narrow option?

264 responses of which:

25% Broad

42% Narrow

33% Not sure

Comments made

The largest percentage of responses supported the narrow option, but this was not overwhelming. Support for the narrow option were based on the view that the broad option would include too many LAs, some of which would not appear to have a strong justification for sparsity funding; that if sparsity funding is spread too thinly there will not be enough to guarantee the survival of village schools; and that for the broad option, using a threshold of 0.408 pupils per hectare, there would be approximately 1300 children within that area likely to attend the school. Support for the broad option was based on the view that it would create less turbulence; that as pupil numbers in small rural schools can vary significantly year-on-year, the narrow option has the risk of not reflecting these variations and that the narrow option creates cliff edges. Whichever option is chosen it was commented that it should not discourage local authorities from tackling the sensitive issue of inefficient small primary schools.

The case for a sparsity factor for small secondary schools was considered, having regard to:

• Whether there are enough small secondary schools to warrant a dedicated sparsity factor and whether their occurrence can be predicted by a sparsity measure;

• Whether or not small secondary schools require more teachers per pupil than other schools; and

• If not, whether that means that small secondary schools are unable to deliver sufficient choice in the KS4 curriculum.

No robust link was found between small schools (below 600 FTE) and sparsity. No evidence was found that small secondary schools have disproportionately more teachers than other schools. And an analysis of the number of subjects on offer at each school showed a very wide variation in the number of subjects available in schools of similar sizes. This suggests that the need for a secondary sparsity factor has not been proven.

13. Do you agree that there should not be a secondary sparsity factor?

274 responses of which:

42% Yes

28% No

30% Not sure

Comments made

While there was no majority for a secondary sparsity factor, where there was support for one it tended to be a strongly held view. Most agreed that secondary schools were less affected by sparsity issues than primary, though strong arguments were put forward for a secondary factor based on the need for significant additional funding to ensure the full curriculum can be delivered, particularly with the Diploma. It was also pointed out that there are significant issues around providing extended services in sparsely populated areas and many commented on the additional home-to-school transport costs (though these are not covered by the DSG). Nonetheless the majority supported the analysis by the Department and did not feel the case for a secondary factor has been proved.

Chapter 6 – Area Cost Adjustment

The Area Cost Adjustment (ACA) reflects the need for schools in some areas to pay higher salaries and to pay more to recruit and retain staff. Two options are proposed for reflecting area cost differences for education: the general labour market (GLM) approach and a hybrid approach. The latter is based on the specific pay costs of teachers, details of which are available, and the GLM approach for the elements of staff costs where details are not available.

14. Which is the fairest method of applying the Area Cost Adjustment?

2,814 responses (including the campaigns from Haringey and Newham)

2% GLM	96 % Hybrid	2% Not sure
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261 responses (excluding the campaigns from Haringey and Newham)

16% GLM	60% Hybrid	25% Not sure
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Comments made

Responses to this question were dominated by the campaigns and petitions – mainly from residents in Haringey and Newham who strongly supported the hybrid approach. This would, they felt, go some way to addressing an historical anomaly under which they are funded using an outer-London ACA for DSG purposes, whilst being required to pay inner-London teacher salaries.

Even without the large number of responses by the campaigns, however, the hybrid option was still the most popular, with the majority feeling that it was both fairer and easier to explain than the GLM. Some respondents, however, felt that there should not be any ACA (apart from an inner-London addition), and/or that the amount paid was too high and drained funding away from the basic entitlement. A number supported the GLM, arguing that it had the broadest recognition of variances faced by all local authorities and schools, and that as teachers are part of the wider labour market the GLM method should adequately reflect differences across the country.

Chapter 7 – Transitional arrangements

As we are mainstreaming specific grants into the DSG we propose having a single set of transitional arrangements that applies to a baseline incorporating both the DSG and those grants. As the approach is likely to require local authorities to revise their formulae and as timing is tight to do this for 2011-12 we propose to amend the School Finance Regulations to enable local authorities to include previous specific grant payments as formula factors for 2011-13.

15. Do you support our plans for the transitional arrangements for mainstreaming grants?

285 responses of which:

67% Yes

16% No

17% Not sure

Comments made

Overall, respondents strongly supported proposals for a single set of arrangements to cover DSG and mainstreamed grants. The need for flexibility and the importance of agreeing a way forward with school forums was raised. As with question 2, some felt that EMAG should be retained as a discrete grant – at least for an interim period. The need for transparency was raised by several respondents, particularly in the childcare and early years' sector. It was suggested that replicating existing grant streams in the schools' local funding formula would defeat the principle of mainstreaming grants in the first place.

In order to protect local authorities from significant potential losses in the formula, we intend to have a per pupil cash floor which will be set above the level of the Minimum Funding Guarantee. This floor will need to be paid for by either a ceiling on large increases the formula generates for some authorities or by reducing the allocation to all other non-floor authorities (or a combination of the two).

16. Should floors be paid for by all local authorities or just the largest gaining authorities?

272 responses of which:

39% All Authorities

31% Largest Gaining Authorities

31% Not sure

Comments made

There was no consensus on this, with many respondents saying it was impossible to give an opinion until they can see exemplifications. A number of respondents did not support a cash floor or a MFG for authorities, commenting that they both extend inequity by protecting school budgets above the level the local formula would allocate, and that any transitional arrangements must not be complex or long-standing. Other options offered were a combination of both approaches or a sliding scale.

We have said that we will take this opportunity to consider if the operation of the Minimum Funding Guarantee can be improved.

17. Have you any suggestions as to how the Minimum Funding Guarantee could be improved?

247 responses of which:

45% Yes

37% No

19% Not sure

Comments made

Responses ranged from “It should be scrapped” to “works well and gives a sense of stability”. A number of respondents suggested abolishing it, though it was acknowledged that it had been useful in the past. Arguments against it were that it adds another layer of bureaucracy to the system and reduces the power of local authorities and their schools forums to make local funding decisions. If it is to continue, however it was felt that there should be more local discretion in setting the MFG as it currently dampens the effect of the local formula and that we should allow School Forums the flexibility to make changes to reflect local circumstances. It was suggested that in order to avoid the MFG acting as a force to stifle change, it should be retained but set at “a very low level” to allow more headroom. It was also suggested that pupil number changes have more of an impact on school budgets and schools generally manage the effects of these. A nationally set MFG builds in too much protection if, for example, there are local pay awards for non-teaching staff below the assumed rise. Several LAs thought that protection was built in for too long and should be tapered/time-limited or that it should be changed so there is just a minimum increase to the AWPU. Several respondents mentioned that more clarity is needed around Early Years settings and possible use of the MFG.

In 2008 we introduced the Exceptional Circumstances Grant (ECG). Its purpose was to assist local authorities who experience:

- **significant growth in the number of pupils between the January school census and the start of the academic year; or**
- **significant growth over the spending period in the number of pupils with English as an Additional Language.**

This grant is funded from the overall DSG settlement. In 2008-09 and 2009-10, no authorities received ECG for a general increase in pupil numbers, although several have received funding for increases in the proportion of pupils with EAL. We are seeking views on whether there is a case for a similar arrangement from 2011, funded from the DSG, and if so how it should operate and what circumstances should be covered.

18. If a contingency arrangement for local authorities is to continue, funded from the DSG, what areas should it cover and what should the criteria be for triggering eligibility?

Comments made

The vast majority of respondents supported the continuation of the ECG, though a few argued against the principle of holding contingency funds centrally and felt that all funds should be distributed to LAs and schools. On the whole respondents agreed with the current circumstances covered, though some felt that the criteria were too strict and should be relaxed and some argued that it should apply to EAL only. There were a number of additional suggestions for increases that could generate bids for funding, e.g. additional funding for Gypsy, Roma and Traveller pupils and significant growth in pupils with AEN. A number of respondents felt that any underspend in one year should be added to the DSG in the next.

The review considered whether there is evidence that children of parents from the Armed Services are underachieving and need additional support. Evidence shows that such children do well compared to their non-Service children peers and this does not suggest the need to make specific provision for Service children in the DSG formula to support underachievement.

We consider there is a case for additional support for schools which traditionally cater for Service families, mainly those located near armed service establishments. Such schools are prone to pupil number fluctuations and therefore funding due to troop movements, which can affect their stability and sustainability. We are considering whether to allow local authorities with such schools to make a claim for additional pupils to be counted for DSG purposes where numbers have fallen significantly from one year to the next as a result of armed forces movements. These claims would be made directly to the Department and would be considered individually on their merits.

19. Do you support our proposals for Service children?

264 responses of which:

66% Yes

19% No

16% Not sure

Comments made

The majority supported the proposals, though a number of respondents felt that this was a local issue and should not complicate national funding arrangements. A significant number of respondents also felt that it was an appropriate use of the Exceptional Circumstances Grant, rather than setting up an additional discrete funding arrangement. A small number of respondents felt that the issue did not only apply to schools with service children but also coastal resorts, particularly those that attract large numbers of families on benefits in temporary accommodation, and schools that had high numbers of travellers.

20. Have you any further comments?

Many of the issues raised under this question reflected specific examples relating to earlier questions in the consultation, and have been covered by the summaries to these questions. A number of separate issues, however, were raised:

- The scope of the review was discussed, with suggestions that it should have been wider and included such subjects as transport costs, particularly in rural areas, and should have specifically looked into the funding for home education.
- The question of Looked After Children (LAC) was raised, with one authority saying that the funding allocated did not adequately reflect the very high levels of LAC placed in it by neighbouring (London) authorities
- Early years providers mentioned the difficulties caused by the decision not to implement EYSFF across all local authorities from April 2010.
- The importance of ensuring that the basic entitlement block is sufficient to meet all of the basic educational needs of all pupils was reiterated, as was the call for it to include a distinct block for local authority central expenditure.
- There were a number of calls for a National Funding Formula to be developed. It was commented that this should “build on the experience of the 16-19 funding formula developed though the LSC”, to provide a “national formula in the context of a national system for state education provision”.
- The position of PFI schools was raised. Many schools have agreements in relation to the charges they pay calculated as a proportion of between 10%-20% of DSG. If grants are mainstreamed into DSG that proportion will need to be renegotiated.
- There was a call for more recognition for deprivation in rural and suburban areas and smaller towns.

Next Steps

The review of school funding was started by the previous Government and a consultation was underway at the time of the election. The coalition Government is aware of the consultation and is grateful for the work of education partners in developing proposals. It has considered the consultation responses in the context of its own aims and objectives about how schools should be funded, in particular that a less complicated system can and should be developed. It supports proposals to mainstream relevant grants into the DSG as a step on the way to reducing the complexity of the system and accepts some of the principles that were put forward.

The Government has already committed to changes to the funding system through the introduction of a pupil premium for disadvantaged children. As well as the premium, any changes to the system will need to support the Government's policy objective of giving schools more freedom including through increasing the number of Academies and making it easier for parents and other groups to start new schools. On 26 July the Government launched its own consultation on school funding, and this can be found at <http://www.dcsf.gov.uk/consultations/>.

Longer term the Government is looking to bring in a simpler and more transparent funding system and will work with education partners to consider how best to bring this about. In particular, the intention is to introduce a fairer, formulaic basis for distributing funding, and to reduce differences in funding between similar schools in different areas. In developing proposals the previous work of the Formula Review Group will be considered.

ROTHERHAM BOROUGH COUNCIL – REPORT TO SCHOOLS FORUM
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1.	Meeting:	Rotherham Schools Forum
2.	Date:	08 th October 2010
3.	Title:	DfE Consultation on School Funding 2011-12
4.	Directorate:	Children & Young People's Services

5. Summary

On the 26 July 2010, the Government set out proposals for distributing funding for schools in 2011-12. The consultation puts forward options for how the Government's policy to introduce a pupil premium for disadvantaged pupils should operate and seeks views on the overall funding methodology for next year. The level of funding for schools for 2011-12 will be determined once the outcome of the Government's spending review is announced on 20 October 2010. In reaching decisions there will be a balance between taking urgent action to manage the public finances, while protecting the most vulnerable and recognising that education faces particular pressures.

6. Recommendations

That the response at Appendix A be returned to the DFE by 18th October 2010.

7. Proposals and Details

On the 26 July 2010, the Government set out proposals for distributing funding for schools in 2011-12. The changes can be summarised under two main headings:-

- Introduction of a pupil premium for disadvantaged pupils
- The methodology for allocation of the Dedicated Schools Grant in 2011-12

7.1 Pupil Premium

- One of the Government's key priorities is to introduce a pupil premium to support disadvantaged pupils, who continue to underachieve compared with their peers.
- Funding for the premium, which will be introduced in September 2011, will come from outside the schools budget to support disadvantaged pupils from Reception to Year 11. The intention is to allocate the funding by means of a separate specific grant and not through the Dedicated Schools Grant (DSG).
- The money will not be ring fenced at school level so schools will be free to decide how the premium should be used to support their pupils.
- The grant will be paid to local authorities based on figures from the previous January school census. Conditions of Grant will require local authorities to pass it on in its entirety to maintained mainstream schools using specific defined per pupil amounts, for every relevant pupil in years from Reception to Year 11 (4-15 year olds on the census).
- In the case of Academies, the Young People's Learning Agency (YPLA) will pay the grant at the same level as other schools within a local authority area.
- 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.
- Proposals also include extending the coverage of the pupil premium to ensure that Looked After Children are targeted effectively. Because of the nature of care arrangements, LAC often do not qualify for free school meals or are included in any of the proposed deprivation indicators, even though they will very often be from deprived backgrounds. Therefore this very disadvantaged group will not be adequately targeted by the main pupil premium mechanism.
- Reflecting current care arrangements, the proposal would be to fund the authority which looks after the child and is responsible for maintaining and reviewing their care plan, rather than the authority where the pupil is educated. Around 30% of Looked After Children go to school in a different authority. Details are yet to be fully resolved but it would mean that each local authority would receive funding based on its number of children looked after for six months or more in the previous financial year. The funding would then be passed to the schools that are educating those pupils regardless of the authority in which they are located. In Rotherham, there are currently 418 LAC, which represents approximately 1% of the total pupil population. Of the 418 LAC, 341 (82%) attend Rotherham schools and 77 (18%) are

- The intention is to set the LAC premium at the same level as for the main deprivation premium.
- There are also proposals to explore the potential for extending the scope of the pupil premium to include additional support for service children. Decisions on the level of any Service premium will be subject to the spending review and value for money considerations.
- The Government is seeking views on the indicator to determine which pupils should attract the premium. Several indicators for measuring deprivation which could be used for distributing the premium currently exist. The aim is to use the indicator that best represents the pupils that need to be targeted because of additional educational need caused by socio-economic deprivation. The options being considered are as follows with relative advantages and disadvantages outlined in Appendix B:
 - Free School Meal eligibility – which could be current eligibility or a measure of whether a pupil has ever been eligible for FSM;
 - Tax Credit Indicator – pupils in families in receipt of out of work tax credit; and
 - Mosaic or Acorn – commercial packages used by some local authorities which are based on classifications of postcodes.
- An alternative to FSM is an “Ever” FSM measure. This measure would cover a wider cohort as it would include pupils who have been registered as eligible for FSM at any point in the previous three or six years. When looking at eligibility over the last six years, the percentage of eligible pupils increases significantly to 24% compared to the 16% using current eligibility, as recorded in January 2009 School Census. The main issue with this indicator is that as it covers a much higher proportion of pupils than current FSM eligibility, it would reduce the level of funding per pupil.
- The Government wants to monitor the achievements of disadvantaged children who are likely to benefit from the premium and will look at the most accessible way to publish data so that parents and others can judge how well they are doing at each school.

7.2 Funding Arrangements for 2011-12

- In addition to consulting on the pupil premium, the consultation also sets out the Government’s intentions for school funding for 2011-12. The current methodology for the distribution of school funding will continue into 2011-12 to allow for a clear and transparent introduction of the pupil premium. However, a review of the system for funding schools beyond 2011-12 will be undertaken. The current methodology for allocating DSG, generally known as the “spend-plus” system, should continue for 2011-12.
- From April 2011, all local authorities will be required to implement the Early Years Single Funding Formula. This was initially due for implementation in

- The intention is to mainstream relevant grants into the DSG but to allow local authorities to use previous levels of grant as a factor in their local formulae to support stability in funding at school level. The DSG is likely to include at least School Development Grant, School Standards Grant and School Standards Grant (Personalisation), but again this is subject to the spending review.
- Views are being sought on a number of proposals: whether from April 2011 the pupil count for three year olds should reflect actual take up or continue to reflect a minimum of 90% participation where lower; whether to cease to provide DSG for dual subsidiary registrations for pupils registered at pupil referral units; and whether to remove the current cash floor provisions which protect authorities with falling pupil rolls.
- The Government's intention for the longer term is to bring in a simpler and more transparent funding system with the aim of reducing the funding differences between similar schools in different areas.
- The principle of Academies' funding is that they should receive the same level of per-pupil funding as they would receive from the local authority as a maintained school. In addition, they receive top-up funding to meet additional responsibilities that are no longer provided for them by the local authority. The Government states that becoming an Academy should not bring about a financial advantage or disadvantage to a school. However, Academies have greater freedom over how they use their budgets, alongside the other freedoms that they enjoy. The methodology for funding Academies from 2011-12 onwards will be reviewed, including the calculation of the Local Authority Central Services Equivalent Grant.
- All 3 year olds as recorded on the January censuses attract DSG funding. Current arrangements recognise either the actual number of 3 year olds who take up a part time entitlement place, or an amount equivalent to 90% of the 3 year old population doing so, whichever figure is higher. The Government is considering whether they should fund all authorities based on actual take-up from 2011. For 2010/11, Rotherham's take-up of places was 88.1%, so we were funded via the 90% criteria and therefore benefited from the current arrangements. The Early Years service expects take-up to surpass the 90% level from 2011/12 onwards and providing this is achieved then the Authority will not lose out financially under the new proposals.
- Many pupils attending a PRU are currently dual registered. Because, prior to 2010-11, there was no way of differentiating between dual main and dual subsidiary registrations, all dual registered pupils in PRU's have been funded in addition to sole registrations. This is effectively double funding some PRU pupils. Since January 2010, a new PRU census has been in place which records details of main and subsidiary dual registrations. It is now possible therefore to distinguish between them and adjust the funding accordingly by not funding dual subsidiary pupils. For Rotherham in 2010/11, there were 200 pupils returned through the PRU census, 181 of these were

- The Government also proposes to introduce a scheme allowing local authorities to claim for funding for pupils educated at home where services are provided to these pupils. This might include giving them access to school facilities or paying the entry fees for exams sat at school. The proposal would allow local authorities to claim for 10% of a unit of funding for home educated pupils in order to provide these services. At present, Rotherham has 72 pupils being educated at home (39 female; 33 male).
- The Minimum Funding Guarantee (MFG) ensures that all schools receive a minimum level of funding per pupil in relation to the previous year. It is recognised that the MFG can provide funding stability for schools, and can serve as an effective planning tool. However, other schools would consider that protecting budgets above the level that the local authority formula would provide is effectively over-funding a school at the expense of others. The Government intends to retain an MFG arrangement for 2011-12, although it is not possible at this stage to announce at what level, and it could be negative rather than positive. If a school receiving the MFG has pupils attracting pupil premium funding, then the pupil premium funding will be given in addition to the MFG.
- Current funding arrangements include a cash floor for local authorities to protect them from falling pupil numbers. The operation of the floor results in a higher level of funding per pupil rather than providing funding on the basis of pupil numbers alone. The Government is inclined not to have a cash floor as part of the 2011-12 funding arrangements, as they believe that money should closely follow pupils. Current estimates are that Rotherham's pupil numbers will fall by around 500 in total over the next 5 years which in percentage terms equates to 1.3%.

7.3 Timescales

- The consultation runs from 26 July to 18 October - 12 weeks. The deadline for responses is set so as to give sufficient time for the calculation of local authority and school budgets.
- Indicative DSG allocations for 2011-12 and announcement on the level of the pupil premium for each local authority will be made in November or early December, following the Comprehensive Spending Review announcement on 20 October 2010.
- The results of the consultation and the Department's response will be published on the Department for Education e-consultation website in autumn 2010.

8. Finance

School funding, like other areas of public spending, will of course be part of the Chancellor's spending review considerations and overall levels of funding for

schools will not be known until after 20th October. More detailed funding figures, including the pupil premium, will not be announced until after this date.

9. Risks and Uncertainties

The level of funding for schools for 2011-12 will be determined once the outcome of the Government's spending review is announced on 20 October 2010. In reaching decisions there will be a balance between taking urgent action to manage the public finances, while protecting the most vulnerable and recognising that education faces particular pressures.

10. Policy and Performance Agenda Implications

Rotherham's Scheme for Financing Schools

11. Background Papers and Consultation

All related documents are available from the Department for Education e-consultation website at: <http://www.education.gov.uk/consultations>.

Contact Name:

David Ashmore
Resources and Business Manager
Resources, Planning and Performance
Children and Young People's Services
Extension 54846
david.ashmore@rotherham.gov.uk

Appendix A

DFE Consultation Questions and Rotherham's response.

Q1. Do you agree it is right to give a higher pupil premium to areas that currently receive less per pupil funding?

No. Levels of funding for the pupil premium should reflect its intended purpose to support disadvantaged pupils and be calculated using appropriate, up to date data measures in a transparent way. The pupil premium should not be used to balance other perceived inequities in the system.

Q2. What is your preferred deprivation indicator for allocating the pupil premium?

Of the 3 options being considered, the "Ever FSM" measure covering pupils who have been registered as eligible for FSM at any point in the previous three years is our preferred option. A weakness in the use of the FSM measure however, is the ineligibility of Roma Slovak families to claim benefits and the resulting ineligibility of children to free school meals.

Although not presented as an option, we also consider that the Index of Multiple Deprivation provides a suitable measure which also serves to include the Roma Slovak community.

Q3. Do you agree the coverage of the pupil premium should include Looked After Children?

Yes. It is important to ensure that Looked After Children are targeted effectively and are not overlooked because they do not qualify for free school meals (if this is chosen as the proposed deprivation indicator).

Q4. What are your views on the operation of the Looked After Children element of the pupil premium? In particular, how might the funding arrangements work at local authority level for pupils educated outside of the local authority with caring responsibility?

We support the principle that funding should follow the child. However, we are wary of the potential of creating overly bureaucratic processes to transfer funds between authorities.

Q5. Do you think the coverage of the pupil premium should be extended to include additional support for Service children?

This would seem a fair process where high volumes warrant additional support.

Q6. Should the pupil count for three year olds used to allocate DSG for 2011-12 reflect actual take up or continue to reflect a minimum of 90% participation where lower?

Reflect actual take-up.

Q7. Should the pupil count used to allocate DSG for 2011-12 continue to reflect dual subsidiary registrations for pupils at Pupil Referral Units?

Yes, it is important to recognise the additional support costs that arise from the partnership and collaborative arrangements between two settings that ensure the best outcomes for dual registered pupils (curriculum planning and delivery, progress, attendance, welfare, attainment, assessment and reporting).

Q8. Do you support our proposals for additional support for schools catering for Service children?

Yes

Q9. Do you support our proposals for home educated pupils?

Yes

Q10. Do you think that there should be a cash floor at local authority level in 2011-12?

Yes, to protect those authorities that may be the most severely affected by the proposals and maintain some level of stability.

Appendix B

Comparison of potential indicators of deprivation

Indicator	What it is	How it works	%age of pupils captured at Key Stages	Advantages	Disadvantages
FSM (in-year)	Individual pupils known to be eligible to receive free school meals. Pupils are counted once a year in the January School Census.	Eligibility is based on parental income. Parents have to apply for free school meals at the school or LA and prove they are eligible by producing, for instance, a TC602 Tax Credit Award Notice.	16% - KS2 13% - KS4	Targets funding at the individual pupil. Recognised and generally understood Based on the specific characteristics of the pupil rather than the assumption that the pupil reflects the general characteristics of the area. Readily available in schools Established historical time-series Updated annually	Relies on parents claiming FSM. There is a known issue of under-reporting. (Though this may be ameliorated by behaviour change if it is adopted as a measure for the premium). Cultural barriers for some groups Size of FSM cohort declines as pupils get older. Resistance from a sizeable proportion of teachers to its validity.
FSM ever (3 year)	As above, but including all pupils recorded as being eligible for FSM in the last three years. This utilises the same census 'flag' as FSM (in-year).	As data are collected through the school census each year it is available via the National Pupil Database	21% - KS2 17% - KS4	All the above advantages of FSM (in-year) In addition it includes those children in families where eligibility fluctuates as parents are in or out of work. It thus captures a wider range of deprivation than in-year FSM.	As above. In addition, assuming a cash-limited budget for the Pupil Premium, defining more pupils as deprived inevitably means reducing the size of the premium per pupil. Targeting, therefore, becomes more diffuse.
FSM ever (6 year)	As above, but including all pupils recorded as being eligible for FSM in the last six years.	As data are collected through the school census each year it is available via the National Pupil Database	27% - KS2 24% - KS4	As above, but captures the next group of less seriously deprived pupils.	Targeting is even more diffuse. A national average disadvantaged rate of 27% at KS2 means that some primary schools would

	<p>This utilises the same census 'flag' as above.</p> <p>An indicator developed to identify those families where Child Tax Credits are being claimed where both parents are not working and claiming the out of work tax credit.</p>	<p>Calculated at Lower Super Output Area level. Is currently based on data from 2005.</p>	<p>20.6% of pupils</p>	<p>Picks up families just above the FSM threshold</p>	<p>qualify as 100% disadvantaged, as every child will have been eligible for FSM at some point.</p> <p>No historical data-set Area-based and therefore does not represent individual family circumstances</p>
<p>ACORN / MOSAIC</p>	<p>ACORN and MOSAIC are commercial geodemographic classifications of postcodes into types based on census and other information using cluster analysis and other statistical methods. They are designed to identify groupings of households based on consumer behaviour. Postcodes are allocated to groups according to the characteristics / behaviour of residents, based on a wide range of source data.</p>	<p>ACORN (CACI) classifies at postcode level into 56 types, which in turn are grouped into 17 groups and five categories. Mosaic (Experian) classifies all households into one of 61 types and 11 groups - available for households and postcodes. These are not child-specific and the information about how they are made up is not all in the public domain due to commercial confidentiality.</p>	<p>n/k</p>	<p>Based on a wider range of data, including census and commercial information, which enables discrimination below LSOA level based on allocating postcodes to one of the 56/61 types. Types/groupings labelled to help understanding Likely to provide better discrimination for less severely deprived groups which may be missed by the indices which are based on identifying the most severe deprivation. Increasingly being used by, and products tailored to needs of, public sector as well as private sector. Analyses by CASA suggest that the MOSAIC or ACORN types are a good predictor of performance at GCSE.</p>	<p>Classification of areas rather than a direct index. Developed primarily for business (sales and marketing) purposes Although given for each postcode, most input data is based on larger areas. These are commercial products so precise data inputs and statistical methods are not made public; data is made available for use on payment of a licence fee. Hierarchy of advantage/disadvantage developed for more general purposes and for adults may not match that for education/children; Were we to decide to use either MOSAIC or ACORN it is likely we would have to contract with them to tailor their datasets to fit a deprivation usage.</p>