

The Future Distribution of School Funding

Consultation Response Form

The closing date for this consultation is:

7 June 2010

Your comments must reach us by that date.

THIS FORM IS NOT INTERACTIVE. If you wish to respond electronically please use the online response facility available on the Department for Children, Schools and Families e-consultation website (<http://www.dcsf.gov.uk/consultations>).

The information you provide in your response will be subject to the Freedom of Information Act 2000 and Environmental Information Regulations, which allow public access to information held by the Department. This does not necessarily mean that your response can be made available to the public as there are exemptions relating to information provided in confidence and information to which the Data Protection Act 1998 applies. You may request confidentiality by ticking the box provided, but you should note that neither this, nor an automatically-generated e-mail confidentiality statement, will necessarily exclude the public right of access.

Please tick if you want us to keep your response confidential. ✓

Name David Ashmore

Organisation (if applicable) Rotherham Children and Young People's Services

Address: Norfolk House, Walker Place, Rotherham S65 1AS

If you have an enquiry related to the policy content of the consultation you can contact either

Juliet Yates on: Telephone: 020 7340 8313 e-mail: juliet.yates@dcsf.gsi.gov.uk, or

Ian McVicar on: Telephone: 020 7340 7980 e-mail: ian.mcvicar@dcsf.gsi.gov.uk

If your enquiry is related to the DCSF e-consultation website or the consultation process in general, you can contact the Consultation Unit by e-mail:

consultation.unit@dcsf.gsi.gov.uk, by Fax: 01928 794 311, or by telephone: 0870 000 2288.

Please tick the box that best describes you as a respondent.

<input type="checkbox"/> School	<input checked="" type="checkbox"/> Schools Forum	<input type="checkbox"/> Governor Association
<input type="checkbox"/> Teacher	<input type="checkbox"/> Local Authority Group	<input type="checkbox"/> Individual Local Authority
<input type="checkbox"/> Teacher Association	<input type="checkbox"/> Other Trade Union / Professional Body	<input type="checkbox"/> Early Years Setting
<input type="checkbox"/> Campaign Group	<input type="checkbox"/> Parent / Carer	<input type="checkbox"/> Other

If 'Other' Please Specify:

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?

<input type="checkbox"/> All	<input checked="" type="checkbox"/> Some	<input type="checkbox"/> None	<input type="checkbox"/> Not Sure
------------------------------	--	-------------------------------	-----------------------------------

Comments:

If the Local Pupil Premium is to be funded from within the system, from where will it come? Is there a risk that we will simply be moving funding from other sources that also link to deprivation i.e. services for children with SEN.

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?

✓ Yes No Not Sure

Comments:

The proposal to merge a number of smaller grants into the DSG will help simplify the grant structure but also runs the risk in the short-term that schools will be unable to clearly identify targeted interventions and may see this as being less transparent. A case in point would be the mainstreaming of the Ethnic Minority Achievement Grant which has been used to support needs of pupils from underperforming ethnic groups and with English language needs. Additionally, the Schools Lunch Grant would continue to be crucial in providing an affordable and nutritious meal. If this is simply cut, it will erode all of the good work which has been done with schools in the last 5 years. Mainstreaming of grants may be perceived as a way of masking cuts in overall funding levels.

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?



Yes

No

Not Sure

Comments:

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?

Judgemental



Activity-led Funding

Not Sure

Comments:

The activity-led model appears to offer a consistent approach across all local authority areas, about what activities are intended to be affordable within the basic entitlement. Consideration will need to be given to the different resource requirements at each Key Stage.

The activity-led model inevitably describes one pattern of expenditure, which is unlikely to match any specific school's current pattern. The credibility of a 'should cost' data driven approach as opposed to a 'does cost' will be an area of contention and it is important that there is a sufficiently high level of detail of the data underpinning the model. It is important for all stakeholders to be assured that actual data is driving the model rather than a series of assumptions. The ALF model could lead to schools to making decisions to 'fit the pattern' rather than to make judgements based on their own local circumstances.

Any rebasing of funding between authorities will create significant additional tensions in an already uncertain climate of change. Equally, any scaling of funding for affordability reasons totally undermines the process.

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?

Yes

No



Not Sure

Comments:

Schools are more aware of the broader range of indicators now available as alternatives to FSM and generally welcome the rationale for using a broader base. However, concerns remain regarding the reliability of some of the broader indicators owing to time-lag between data collection points and actual usage, with data often being several years out of date. The strong correlation of FSM entitlement to incidence of AEN/SEN as found through the PWC research, suggests that FSM still remains a valid and suitable proxy.

The use and balance of the proxy indicators has to be trusted to the research commissioned from Price Waterhouse Coopers.

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?

<input type="checkbox"/>	1	✓	2	<input type="checkbox"/>	3	✓	4	<input type="checkbox"/>	5
--------------------------	---	---	---	--------------------------	---	---	---	--------------------------	---

Why?

The fieldwork conducted indicated that FSM entitlement was the most highly correlated measure with the incidence of AEN/SEN and it is also an indicator that schools/governors understand.

Similarly the IDACI score is one that is growing in familiarity and although the accuracy of this data is sometimes called into question, the strong correlation found through the PWC research, suggests it may also be suitable.

It is important that the data used is reliable and remains current if it is to be regarded as truly reflective of local circumstances and changes occurring therein.

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?

<input checked="" type="checkbox"/> All	<input type="checkbox"/> Some	<input type="checkbox"/> None	<input type="checkbox"/> Not Sure
---	-------------------------------	-------------------------------	-----------------------------------

Comments:

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?

Yes

No



Not Sure

Comments:

Individual schools can currently see the level of funding they attract owing to the number and levels of deprivation as measured through FSM and IMD indices. It is unclear what 'extra' a Local Pupil Premium brings to our current allocation process and levels of transparency. There is still no guarantee with a Local Pupil Premium, that schools receiving deprivation funding will specifically target this towards deprived pupils. The Government's concern that local authorities 'flatten' deprivation funding at a local level could still hold true at school level.

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?



Yes

No

Not Sure

Comments:

Different authorities are likely to exhibit different patterns of deprivation within their respective boundaries so need the ability to apply funding accordingly.

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?

Yes

No



Not Sure

Comments:

The approach seems reasonable. We would question the distribution percentages however and consider that a larger proportion be distributed according to deprivation and achievement levels with less based on a flat per pupil rate.

In respect of the 'need incidences' the % attributable to Communication and Interaction (18%) seems low based on our local needs and the increase in ASD pupils and associated costs.

Consideration also should be given to how the numbers and needs of Looked After Children are factored in to the allocations process and also those in Early Years where higher levels of support are required.

As a general point from a local perspective:- the numbers of high cost pupils in mainstream settings is rising as are the costs of those pupils.

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?

Yes

No



Not Sure

Comments:

Use of the home postcode seems a better option to census data collected every ten years.

With regards to Middle Super Output Areas, the terminology and concept is too confusing to formulate a judgement.

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?

Broad Narrow Not Sure

Comments:
All authorities that serve sparse areas should receive a proportionate level of funding.

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?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
---	-----------------------------	-----------------------------------

Comments:

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?

GLM



Hybrid

Not Sure

Comments:

We do not see a direct correlation between the LA/schools competing with other employers in the private sector to recruit and retain staff. The specialist nature of the teaching profession does not make it easy to be compared with the general labour market conditions.

The hybrid approach appears to be the better option, as it incorporates the direct financial costs of teachers.

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?

<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	Not Sure
-------------------------------------	-----	--------------------------	----	--------------------------	----------

Comments:

Transitional arrangements are critical to protect authorities from any significant distributional changes arising from the new funding arrangements.

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?



All Authorities

Largest Gaining Authorities

Not Sure

Comments:

To protect some authorities from significant potential losses, it would be fairest to have the floor paid by all local authorities.

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?

Yes

No

Not Sure

Comments:

The continuation of MFG in slower growth period must be seriously considered as this could use up all real terms growth and more and could put considerable pressure on councils as the cost of the MFG could be more than the funding available within the DSG.

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:

It seems pointless for the triggers for Exceptional Circumstances Grant to be set at levels for which any authority is highly unlikely to reach i.e. an increase in overall pupil numbers above 2.5% between the January and autumn censuses.

It would seem reasonable that contingency funding remains available for increases in the proportion of pupils with EAL.

Consideration should also be given to individual schools that are subject to a significant influx of EU Migrant Workers children which affects the school's stability, standards and sustainability. Pupil numbers in isolation do not reflect the transient nature of such children and the challenges faced.

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?

Yes

No



Not Sure

Comments:

If the evidence is that children of parents from the Armed Services do well compared to their non-Service children peers, it does not suggest the need to make specific provision to support underachievement.

However, the Department should not put the onus of making such a decision on those authorities that are unaffected by such issues and therefore are not in a position to understand the issues fully and contribute appropriately. It would seem reasonable that the Department establishes a system which is able to consider claims on their merits.

20. Have you any further comments?

Comments:

Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

Please acknowledge this reply X

Here at the Department for Children, Schools and Families we carry out our research on many different topics and consultations. As your views are valuable to us, would it be alright if we were to contact you again from time to time either for research or to send through consultation documents?

<input type="checkbox"/> Yes	<input type="checkbox"/> No
------------------------------	-----------------------------

All DCSF public consultations are required to conform to the following criteria within the Government Code of Practice on Consultation:

Criterion 1: Formal consultation should take place at a stage when there is scope to influence the policy outcome.

Criterion 2: Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.

Criterion 3: Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.

Criterion 4: Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.

Criterion 5: Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.

Criterion 6: Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.

Criterion 7: Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

If you have any comments on how DCSF consultations are conducted, please contact Donna Harrison, DCSF Consultation Co-ordinator, tel: 01928 794304 / email: donna.harrison@dcsf.gsi.gov.uk

Thank you for taking time to respond to this consultation.

Completed questionnaires and other responses should be sent to the address shown below by 7 June 2010

Send by post to:

Ian McVicar
SFTU
3rd Floor
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

Send by e-mail to: dsg.consultation@dcf.gsi.gov.uk