

## ROTHERHAM BOROUGH COUNCIL – REPORT TO SCHOOLS FORUM

1.	Meeting:	Rotherham Schools Forum
2.	Date:	08 <sup>th</sup> 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>.

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## 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
<b>FSM (in-year)</b>	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.
<b>FSM ever (3 year)</b>	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.
<b>FSM ever (6 year)</b>	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

	This utilises the same census 'flag' as above.				qualify as 100% disadvantaged, as every child will have been eligible for FSM at some point.
<b>Out of work tax credit</b>	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.	Calculated at Lower Super Output Area level. Is currently based on data from 2005.	20.6% of pupils	Picks up families just above the FSM threshold	No historical data-set Area-based and therefore does not represent individual family circumstances
<b>ACORN / MOSAIC</b>	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.	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.	n/k	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.	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.