



Haringey Council

The Children's Service

**Agenda Item
8**

Report Status

For information/note
For consultation & views
For decision

Report to Haringey Schools Forum Thursday 22 September 2011

Report Title: Consultation on School Funding Reform.

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Purpose:

- 1. To inform members of the Department for Education's proposals for reforming the school funding system.**
- 2. For members to consider the proposed responses.**

Recommendations:

- 1. That members agree the proposed response to the consultation.**

1. Background and Introduction.

- 1.1. The previous government began consultation on changes to the national system for funding schools. The present Government has continued down this path and recently issued its second consultation document with a response deadline of 11 October 2011
- 1.2. Annex 1 is a briefing paper setting out the main elements of the consultation. Annex 2 sets out the questions posed in the document and our draft responses

2. Recommendations.

- 2. That members agree the proposed response to the consultation.**

Annex 1

Consultation on School Funding reform – Briefing Note

1. Introduction.

- 1.1. The government has published a consultation document on school funding reform; 'proposals for a fairer system'. The consultation document was issued on 19 July 2011 as part of three consultations issued at that time, the other two documents on changes to the capital system and the basis for the academies LACSEG 'topslice' are dealt with separately.
- 1.2. This briefing note considers only the proposals covered in the document entitled 'School funding reform: proposals for a fairer system' which runs until 11 October 2011. A response will be developed for consideration by the Schools Forum; their next meeting is scheduled for 22 September 2011. This consultation follows on from a similar consultation undertaken earlier in 2011 on 'Rationale and Principles'.
- 1.3. The consultation document is structured into 9 chapters as below and this note follows that format:
 - The National Funding System.
 - The Schools Block – system.
 - The Schools Block – formula content.
 - Central Services and defining responsibilities
 - Future arrangements for the Local Authority Central Spend Equivalent Grant (LACSEG)
 - Children and Young People requiring high levels of support.
 - Early Years.
 - Pupil Premium.
 - Timing for Implementation
- 1.4. In setting the scene the government concludes from its earlier consultation that there is widespread support for reforming the school funding system and sets out four criteria for the new system:
 - Supports the needs of pupils;
 - Is clear and transparent;
 - Enables schools and Academies, sponsors and Free School proposers to make informed decisions about their provision; and
 - Enables schools and Academies to be funded on a broadly comparable basis.
- 1.5. It also acknowledges a continuing role for Local Authorities and Schools Forums.

1.6. The consultation document does not provide any exemplifications and so it is difficult to draw specific conclusions, although it does refer to more detailed proposals on the new system and sets out the intention to run a 'shadow settlement' in 2012-13. This confirms that they will not implement any changes before 2013-14 and, in the later part of the consultation document, establishes a proposal to implement changes gradually so as to allow stability in school budgets as changes are made.

1.7. The overview of the proposals sets out the intention for:

- A national formula for funding Local Authorities which will comprise three main blocks:
 - Early Years;
 - High Needs Pupils
 - Schools.
- Plus a smaller fourth block for centrally retained services currently in the Schools Budget.

It is intended that the Schools Block will comprise of:

- A basic amount per pupil;
 - Additional funding for deprivation;
 - Additional funding for small schools; and
 - An adjustment for areas with higher labour costs (An Area Cost Adjustment).
- Simplification of allowable factors for local Authorities to use in their own formulae;
 - Continuation of a simpler Early Years Funding Formula;
 - Continuation of formula replication for Academies by either the new Education Funding Agency (EFA) or the Local Authority.
 - Continuation of the Pupil Premium as a separate funding stream for this Spending Review period albeit increased in value and potentially extended.

Overall there are a number of questions raised by the consultation summary which are considered in more detail in the appropriate chapter however, it is important to note that the rhetoric about a National Funding Formula might be more accurately be referred to as a return to an Standard Spending Assessment (SSA) Formula Spending Share (FSS) approach which existed previously. Although there is a suggestion of the government calculating a formula at an individual school level and aggregating them for each authority this is not strongly put forward instead the paper argues for a continuing role for local Authorities and Schools Forums. This is to be welcomed as any move to a national calculation of school budget would reduce local discretion and cause unnecessary work in explaining to schools why the local formula is different to any nationally calculated budget amount which might be viewed as an entitlement.

The approach taken to recognising the inconsistent treatment of Haringey (and five other Boroughs) for Area Cost purposes is encouraging, particularly given the significant across the board support for the hybrid (now referred to as ‘combined approach’) to the ACA in the last consultation. It is however disappointing in that context that the proposals are not scheduled to take effect until 2013-14 at the earliest and then subject to transitional arrangements that may delay full implementation for some time even after that. Given the proposed use of a shadow settlement in 2012-13 we should argue that schools can begin to make adjustments now to accommodate any funding reductions, allowing the effects of the new formula to happen quicker.

It is clear that in general the proposals are not particularly radical, with the possible exception of those necessary to integrate Academy funding more transparently, marking a return to a simplified version of what existed prior to the ‘spend plus’ approach being implemented in 2006-07. What is also clear however, is that some of the criticisms of the current system are a result of measures implemented over time and likely to continue – for example the case of similar schools receiving very different levels of funding is in part at least caused by the Minimum Funding Guarantee (MFG) which is assumed to continue as a way of managing turbulence in school budgets.

It is clear that the complication of Academies being funded on an Academic Year basis causes difficulties in maintaining transparency with maintained schools funded on a Financial Year basis but there are no proposals to standardise either way in this consultation. The option of Authorities themselves calculating budgets for Academies on behalf of the new Education Funding Agency (EFA) is interesting given that it must call into question the value of the EFA.

2. Chapter 1 – The National Funding System

2.1. The national funding system described marks a return to a formula based allocation based on authority’s relative needs i.e. similarly to the previous Standard Spending Assessment (SSA) or (schools) Formula Spending Share (FSS). It moves us away from the spend plus methodology which has existed since 2006-07 and which is in itself rooted in the spending decisions of authorities in 2005-06. The proposed formula for the Dedicated Schools Grant (DSG) is however a simple one consisting of four blocks:

- Schools;
- Early Years;
- High Needs pupils; and
- Non-delegated services.

2.2. The DSG will continue to be ring-fenced although movement between blocks will be allowed subject to the on-going constraints imposed by the Central Expenditure Limit (CEL) i.e. money retained centrally cannot rise

faster than that for the schools' budget without approval from the Schools Forum.

- 2.3. The proposal moves us away from having a single Guaranteed Unit of Funding covering all services provided through the DSG to a formulaic approach for each of the blocks. Chapter 4 sets out the detailed proposals for how the blocks are to be determined and the services that they are designed to cover.
- 2.4. The paper proposes moving to a formulaic allocation over time but gives no timeframe for this to happen. It also identifies 2012-13 budgets as the starting point meaning that the S251 statement for that year is of critical importance.
- 2.5. The paper offers two options for calculating the Schools Block and seeks views on preferences. The options are to calculate a budget for each school based on its pupils nationally and then aggregate these for each Local Authority "School-level" or to calculate a budget for each authority based on all pupils in the LA area "Local Authority-level". Each Authority in consultation with its School Forum would then devise its own formulae, as now and in accordance with regulations.
- 2.6. The proposals for the Early Years and high Needs Pupil Blocks are covered in later chapters.

The blocks proposed are simple and seem logical, although the relative value of each of them will be very important. Although it is clearly stated that resources can be moved between each block (subject to constraints such as the Central Expenditure Limit) there will be significant pressure – as there was under the previous SSA regime – to reflect the relative allocation of the blocks within the relevant services i.e. the resources set out in the Early Years block might be considered analogous with the Early years Single Funding Formula (EYSFF) by some.

3. Chapter 2 – The Schools Block - System

- 3.1. This chapter considers how the schools block will be derived both for local Authorities and then, subsequently, for schools in each LA area.
- 3.2. It notes that 72% of respondents to the earlier consultation thought that there should be some or a lot of local discretion in distributing funding to schools and that the DfE have therefore given 'considerable thought to how we can implement a system which enables local circumstances to be considered, yet secures national consistency so that all schools – are funded on a fair and comparable basis.'
- 3.3. One proposal in making the funding system clear and comparable is to limit the scope and amount of what can be included in a local formula. Allowed factors may be:

- Basic entitlement per pupil,
 - Funding for additional educational needs (e.g. deprivation, SEN, EAL),
 - Rates,
 - Exceptional site factors,
 - Lump sums.
- 3.4. A limit may also be placed on the weightings applied to age differences and deprivation. In allocating funding to local authorities the DfE will use fixed amounts for primary and secondary pupils. The consultation document acknowledges that actual weightings vary considerably between LAs and whilst the DfE does not want to introduce turbulence neither does it want significant differences between LAs. It therefore proposes to allow variations within certain tolerances.
- 3.5. The DfE proposes two options for simplifying the formula element of the General Annual Grant payable to Academies: either the LA will calculate budgets for all schools in the area and tell the Education Funding Agency (EFA) how much to allocate to an academy; or the EFA will calculate an academy's budget share based on a pro-forma describing the local formula that all LAs will be required to complete.
- 3.6. The DfE are also proposing strengthening the role of Schools Forums and/or the constituencies they represent in relation to proposed formula changes, either by requiring individual agreements from each constituent group or the power to agree the formula.
- 3.7. The DfE are also proposing to give the EFA a role in checking that LA formulas comply with national guidelines and a review role on behalf of any schools and academies that feel the decisions made by their local authority have been taken without due consultation are unfair or biased.
- 3.8. The consultation document questions whether to continue funding free schools based on their local authority's average funding per pupil and the average funding per deprived pupil or to move to the academy system which attempts to replicate almost the complete local formula. The new categories of New University Technical Colleges and Studio Schools will be funded as free schools and will be entitled to LACSEG. An exception to this will be if the Studio School is part of a larger institution.

The proposal to attempt to introduce standardised weightings between sectors may well cause issues in Haringey where the Secondary weighting in particular recognises class sizes of 27 and 20% contact ratios that will have had a significant effect on the overall weightings and therefore has potential for turbulence in funding levels.

4. The Schools Block - formula content.

- 4.1. The two options considered are a school based formula, calculated at school level and then aggregated at LA level, or a pupil based formula calculated at LA level. The distribution to individual schools would then be through the locally agreed funding formula, as constrained by national guidelines
- 4.2. The proposed new formula would have the following factors:
 - 4.2.1. A basic per pupil entitlement. The DfE plan a balanced assessment review in which they make a judgement about funding levels and age weightings rather than a more comprehensive Activity Led Funding approach.
 - 4.2.2. Additional funding for deprived pupils. The DfE's states the ' . . . need to ensure the new funding system reflects the existing funding in the system for deprivation, and distributes this in a fair and transparent way.' They emphasise the need to strike the right balance between allocating enough to target the most deprived pupils whilst leaving enough for other pupils. The consultation also covers what deprivation indicator to use. Several are considered including IDACI, Benefits data and various Free School Meals (FSM) with the recommended option being 'Ever FSM' (pupils who are or who have ever been eligible for FSM over a given period, both three and six years are seen as options).
 - 4.2.3. Protection for small schools. Two options are being considered: a lump sum of £95,000 for each primary school (there would not be a small school factor for secondary schools); or a sparsity factor. The former could be applied to either a school based or pupil based formula, the latter would only be suitable in a pupil based one.
 - 4.2.4. An Area Cost Adjustment (ACA). The document begins with a background to the General Labour Market approach used in calculating the ACA and the regional differences this gives rise to; noting that inner London authorities receive 26% more funding than those in some other areas. It also notes that teachers have national pay bands and that their pay is therefore not simply market driven. The document considers a specific cost approach but then rejects it as a general approach due to insufficient data. A third combined approach is also considered. This uses specific costing for the teacher element and a GLM approach for the remainder and this is therefore analogous with the hybrid option exemplified in earlier consultations and which benefits Haringey.
 - 4.2.5. English as an Additional Language (EAL). The DfE asks whether pupils with EAL should attract extra support. The conclusion they reach is that deprivation is the key driver of underachievement and that pupils whose first language is not English and who are not otherwise deprived do not underachieve. The DfE acknowledge that such pupils may require additional support in their first school years

and therefore propose a factor covering a pupil's first three to five years only.

- 4.2.6. Transitional arrangements. The DfE acknowledges that transitional arrangements will be necessary and proposes to use the existing Minimum Funding Guarantee (MFG) arrangements to do this. They pose two questions; whether to retain the current -1.5% MFG and make very slow progress towards redistributing funds or to lower the MFG after 2013-14 and increase the rate of change.

The stance taken in respect of the ACA seems to reinforce our belief that the DfE have accepted that the anomalous situation in Haringey (and a few other London Authorities) should be addressed. However, the extent to which schools will actually reap benefit from such a change relies heavily on the transitional arrangements and this is a crucial part of the consultation.

Similarly in respect of deprivation measure it is important that we argue for measure which recognise our particular circumstances including for example pupil mobility which may influence particular datasets to a greater or lesser extent.

5. Central Services and Defining Responsibilities.

- 5.1. The DfE wants to make the funding system more transparent and academy budgets easier to calculate. To help in this endeavour they are seeking to clearly define the responsibilities of maintained schools, academies and LAs and propose five funding blocks to reflect these responsibilities. Four of these blocks equate to what is currently covered by the Dedicated Schools Grant (DSG), these are:

1. A schools block to cover
 - a. Functions common to all maintained schools, it is expected this funding would always be delegated.
 - b. Functions where there may be local discretion to retain funding centrally, eg contingencies and behavioural support services, for maintained schools but not academies, which would receive this funding through the Schools Budget element of LACSEG. The DfE's expectation is that these services would be delegated unless there was local agreement with the Schools Forum to retain them centrally.
2. High Needs Pupil block. The LA remains the commissioner of services for high needs pupils, although in practice this may be managed by schools and academies as part of delegated funding. It is intended the Pupil Referral Units would have delegated budgets.
3. Early years block. This would cover the Early Years Single Funding Formula (EYSFF) for both maintained schools and settings in the

Private, Voluntary and Independent (PVI) sectors. It would also cover centrally retained early years budgets.

4. Central services block. This covers services that cannot be delegated to schools such as a LA's duty for admissions and contributions to combined services.
- 5.2. A fifth block would cover educational services that are not generally focused at individual pupils and which are funded from Formula Grant and are therefore outside the DSG. This falls into two groups:
 5. General services such as home to school transport that must be provided for pupils in all maintained schools and academies.
 - Services that will be provided for maintained schools but provided through the Local Authority Central Spend Equivalent Grant (LACSEG) for academies. Services will include school improvement and LA responsibilities such as accounting.
 - 5.3. The resources allocated to each of these blocks will be based on the latest LA information on spending on services.

6. Future Arrangements for the Local Authorities Central Spend Equivalent Grant (LACSEG).

- 6.1. LACSEG currently has elements of both the Schools Budget and LA's budget. The DfE want to simplify the arrangements by assuming that all elements of the former will be delegated. Depending on the final model adopted there may be local discretion to de-delegate items for maintained schools or scope for LAs to offer a buyback service.
- 6.2. For the LA budget element of LACSEG the DfE is considering the option of introducing a national formula basis rather than one based on LA Section 251 returns and a distribution mechanism that reflects the actual number of academies and where they are located.

Currently the LA element is top-sliced from formula grant. The fairness of this has been challenged by LAs as it does not reflect the actual distribution of academies. However, under this arrangement the amount top-sliced is known, unless the DfE seek to change it mid-term, and gives a degree of certainty to LA budgets that would be lost if a more flexible approach is taken.

The outcome of the separate LACSEG consultation is awaited.

7. Children and young people requiring high levels of support.

- 7.1. This block will not cover all children and young people with Special Educational Needs (SEN), only those whose need gives rise to 'high cost', defined by the DfE as over £10,000 per year. The block will cover

children with SEN, post-school learners with learning difficulties and disabilities and those who require alternative provision. The block will fund pre-16 pupils with funding for post-16 pupils coming from the Young Peoples Learning Agency (YPLA).

- 7.2. The proposals in this chapter are designed to complement the proposals in the Green Paper on Special Educational Needs, in particular the possibility that control of budgets may be exercised by parents or young people and the possibility of introducing a national banded funding framework.
- 7.3. The chapter sets out the principles underlying the proposals, these can be summarised as:
 - Funding should meet the impartially assessed needs of the pupil.
 - The preferences of the parents or young person should be followed as far as practicable but resources should be used efficiently and to best effect with appropriate contributions being made by social care and health budgets. The LA as commissioning body will meet the cost of education.
 - The funding should be subject to review as needs change and the effectiveness of the provision should be monitored to ensure that appropriate outcomes are achieved.
 - The funding system should be open transparent and consistent and make use of expert advice.
 - The system should take account of the specialist nature of the provision and provide protection where not all places are filled without rewarding inefficiencies.
- 7.4. The proposals for change are designed to create a level playing field for providers of SEN places. The DfE propose to provide a basic sum per place or pupil with top up funding from the LA for individual pupils.
- 7.5. An element for SEN is included within the funding of mainstream schools and LAs expect schools to provide some support without any additional funds. The DfE will need to make an assumption of what level the threshold for mainstream funding is in order to assess what funding should be included in the High Needs block. Based on research it is proposing a threshold of £6,000 of additional needs plus notional universal funding of £4,000 per pupil. Therefore any costs in excess of £10,000 would be funded from the High Needs block.
- 7.6. To preserve a level playing field, special schools and units would be funded on a similar basis of £10,000 per place or pupil with a top up for the specific needs of a pupil coming from the LA.
- 7.7. The DfE wish to apply consistent principles to pre and post-16 funding. Currently the YPLA provides SEN funding through three different routes, the block SEN grant paid to LAs, Additional Learning Support (ALS) paid

to providers and funding for certain high cost placements. The YPLA is working to simplify this, possibly through:

- A revised national funding formula for learners with low additional needs.
- Baseline funding of £10,000 for high needs students.
- A budget provided to an LA to fund costs over £10,000 in places it commissions.

7.8. An important issue also addressed in the consultation is whether funding should be pupil or place led. Currently, most high cost places are funded on a place basis in the belief that ‘- provision of this cost and complexity cannot readily be switched on and off, so it is necessary to pay for the place and staffing and then look to fill the places as far as possible.’ The drawback to this approach is that spare capacity is built in and LAs have a financial incentive to place pupils in local provision. The latter conflicts with the perception of the LA as commissioner and the desire to have special academies operating on a level playing field with maintained special schools.

7.9. The great majority of institutions are funded on a per pupil basis but given the nature of the provision this carries with it the risk of institutions being financially unviable.

7.10. The options considered in the paper are:

- Serve notice on an intention to move wholly to pupil led funding mechanism at a future defined date;
- Continue to fund on places but make adjustments on a 1,2, or 3 year basis where large numbers of places are unfilled (i.e. lagged penalties);
- Fund places in small institutions and use the pupil basis for larger institutions on the basis that size will allow for fluctuations to be managed; or
- Adopt a similar approach described earlier to provide base funding (of £10,000) with a top up for actual pupils.

8. Funding Special and Alternative Provision (AP) Academies and Free Special Schools.

8.1. The consultation paper includes a section considering a range of difficult and complex funding issues surrounding potential Special School Academies, Alternative Provision Academies and Free Special Schools.

8.2. Much of the complexity arises from the fact that there is little consistency present across Local Authorities on which to base funding for such establishments; the long term proposal attempts to replicate arrangements discussed earlier in the paper – funding of a basic amount of £10,000 per place with top-ups for individual pupils.

This part of the consultation is extremely complex and needs particular and careful consideration.

9. Early Years.

- 9.1. The Early Years Single Funding Formula (EYSFF) is new development. Nevertheless, the DfE were considering introducing a national formula. The current consultation moves away from this idea with a proposal to retain a model of local discretion.
- 9.2. The DfE identifies problems associated with the current EYSFFs such as variability between areas, complexity and lack of transparency and sets out proposals to tackle them.
- 9.3. To reduce complexity the DfE proposes options including:
 - Removing the ability to have supplements, other than for disadvantage and to remove or limit banding.
 - Consolidating all funding through a single base rate and deprivation supplement but they are considering allowing LAs to allocate other funding through clearly identifiable lump sums.
 - Revising guidance to make it clear that supplements should be clear and simple with a clearly communicated purpose.
- 9.4. The DfE also want to reduce the variability in applying the deprivation supplement possibly by identifying the value of the supplement, either in cash or percentage terms, or to seek greater consistency in the eligibility criteria. Another option would be to focus resources at the setting level, targeting resources at those in the most deprived areas.
- 9.5. To improve consistency the DfE is considering two options for funding LAs for the free entitlement. The first is to lock in the current spend plus methodology. This will give stability at the expense of fairness and consistency.
- 9.6. The second option is to introduce an early years funding formula with transitional arrangements to manage initial turbulence.
- 9.7. A formula would have to be developed for this and it is likely that it will mirror the school one and be based on child numbers with deprivation and area cost factors and possibly a sparsity factor. Any formula would be at LA level and not at individual setting level.
- 9.8. The DfE are also proposing to promote greater comparison and benchmarking between LA funding rates.

10. Pupil Premium.

- 10.1. Consultation on the premium covers two main areas: eligibility for and calculation of the premium. The consultation revisits the criteria to be used in determining eligibility. It only considers options involving free school meals, but proposes expanding coverage to those who have been eligible at any time over a given period. Three (Ever 3) and six years (Ever 6) are both considered.
- 10.2. The Pupil Premium is currently paid on a flat rate and does not take account of area cost adjustments or funding already in the system, for example for deprivation. The DfE will continue to review this area and state that in any case no area cost adjustment would be applied before 2014-15.

It is disappointing that the unfairness of not having an Area Cost Adjustment is not being addressed sooner.

11. Timing for Implementation.

- 11.1. The DfE are proposing to introduce changes in either in 2013-14 or in 2014-15, the latter being in the next spending review period. To help LAs and schools to plan the department will issue a 'shadow' settlement in spring 2012 for 2012-13. This will also allow for further consultation on the details of the formula.
- 11.2. If the later implementation is chosen the DfE will look to make some shorter term changes including:
- Restricting local factors.
 - Improve reporting of formulae by LAs through the use of a pro-forma.
 - Fund academies through the Education Funding Agency (EFA) using the LA pro-forma and reducing time-lags.
 - Require automatic delegation of budgets in block 1 in paragraph 5.1.
 - Make changes to the calculation of the LA LACSEG as set out in paragraph 6.2.
 - The possible move to a base unit of funding for high needs setting and developing the method for funding special and AP academies and free schools.

Annex 2

Draft Response to Consultation

Chapter 1 - The National Funding System

In paragraphs 1.8 to 1.14 we discuss two ways we are considering using to calculate the schools block:

- a) A formula based on the schools within the area and the pupils within those schools (“School-level”);
- b) A formula based solely on the pupils within the area (“local authority-level”).

Question 1: Would you prefer the formula to be based on

a) a notional budget for every school; or

b) the pupils in each local authority area?

<input type="checkbox"/> School level	<input type="checkbox"/> LA level	<input type="checkbox"/> Neither	<input type="checkbox"/> Not Sure
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Comments: The allocation of funds at LA level will allow the locally accountable Schools Forum and Council to decide how best to allocate resources to reflect local needs and priorities.

Chapter 2 - The Schools Block - system

Local flexibility

In paragraphs 2.6 to 2.9 we discuss local funding formulae and propose reducing the number of formula factors which local authorities can apply. We suggest that the local formula factors could cover:

- a. Basic entitlement per pupil (currently Age-Weighted Pupil Units)
- b. Funding for additional educational needs (e.g. deprivation, SEN)
- c. Rates
- d. Exceptional site factors (e.g. split site, PFI and rent)
- e. Lump sums for schools

Question 2: Do you agree that these are the right formula factors to retain at a local level?

<input type="checkbox"/> All	<input type="checkbox"/> Some	<input type="checkbox"/> None	<input type="checkbox"/> Not Sure
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Comments: These factors allow scope to fund the material factors affecting schools.

Question 3: What other factors, if any, should be able to be used at local level or could any of these factors be removed?

Comments: There should be sufficient leeway in the lump-sum element to allow for in-year changes in circumstances, for example when a school is asked to admit a further form of entry.

Paragraphs 2.12 to 2.14 discuss primary/secondary ratios:

Question 4: Do you think that setting a range of allowable primary / secondary ratios around the national average is the right approach to ensure that there is consistency across the country?

Yes

No

Not Sure

Comments: There may be local factors that have been agreed that give larger differentials.

Arrangements for Academies

Paragraphs 2.17 to 2.22 discuss options for the future of calculating Academies' budgets. Option (i) suggests that local authorities could calculate budgets for all schools in the area and then tell the EFA how much Academies should be paid; and Option (ii) that the EFA could calculate Academies' budgets using a pro-forma provided by local authorities setting out their formula factors.

Question 5: Do you think we should implement option (i) or (ii) when calculating budgets for Academies?

(i)

(ii)

Other

Not Sure

Comments: (i) This seems by far the most sensible and efficient solution.

Ensuring accountability and fairness

Paragraphs 2.23 to 2.26 discuss options to improve the working of Schools Forums - whether the main groups on the Forum should all separately have to approve a proposed formula and whether the Forum should have more decision making powers.

Question 6: Do you think these options would help to achieve greater representation and stronger accountability at a local level?

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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Comments: Having to get all the main groups to agree could lead to a great deal of dispute, delay and horse trading. We believe that Forum members should be trusted to act in the best interests of all children in the area and that the Council should respect the Forum's recommendation.

Paragraphs 2.27 to 2.31 discuss functions the EFA could provide to ensure scrutiny and challenge at a national level. They are (i) checking compliance and/or (ii) acting as a review body.

Question 7: Do you think we should implement option (i), (ii), both or neither?

<input type="checkbox"/> (i)	<input type="checkbox"/> (ii)	<input type="checkbox"/> Both	<input type="checkbox"/> Neither	<input type="checkbox"/> Not Sure
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Comments: We believe that the local Forum should ensure compliance but that it would be useful to have a national body keeping the appropriateness of the formula under review.

Arrangements for Free Schools

Paragraphs 2.33 to 2.35 discuss arrangements for the funding of Free Schools:

Question 8: If we introduce the new system in this spending review, do you think that Free Schools should (i) remain on the Free School methodology for 2013-14 and 2014-15 or (ii) move straight away to the overall funding system?

<input type="checkbox"/> (i)	<input type="checkbox"/> (ii)	<input type="checkbox"/> Not Sure
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Comments:

Chapter 3 - The Schools Block – formula content

In paragraphs 3.3 to 3.6 we discuss formula content and propose that the new formula could consist of:

- A basic per-pupil entitlement
- Additional funding for deprived pupils
- Protection for small schools
- An Area Cost Adjustment (ACA)
- English as an Additional Language (EAL)

Question 9: Are these the right factors to include in a fair funding formula at a national level?

All

Some

None

Not Sure

Comments: These seem to be the minimum number of factors necessary to keep the formula as simple and transparent as possible and whilst covering the essential variables.

Deprivation

Paragraphs 3.14 to 3.17 discuss possible indicators we could use in a national formula for reflecting deprivation.

Question 10: Do you agree that we should use Ever FSM to allocate deprivation funding in the national formula? Should this be Ever 3 or Ever 6?

Ever 3

Ever 6

Neither

Not Sure

Comments: The use of current entitlement is the simplest method and one every head teacher can check. Extending the measure to Ever 3 or Ever 6 complicates the calculation and reduces transparency, as there is a fixed sum for distribution a larger population will mean a lower per pupil sum. As the funding goes to schools rather than pupils, we question whether the greater complexity

will actually confer any advantage at school level.

Small school protection

Paragraphs 3.19 to 3.28 discusses funding protection for small schools, suggesting that a £95,000 lump sum would be sufficient to provide protection, that it should be applicable to primary schools only and should adopt Middle Super Output Areas to derive the sparsity factor. If a local authority formula is used a choice between a lump sum payment and a sparsity measure is offered and there is also discussion on whether the threshold for eligibility should be narrowed so that sparsity funding is focused on the most sparsely populated areas.

Question 11: If we have a school-level formula, do you agree that £95,000 is an appropriate amount for a primary school lump sum?

Yes

No

Not Sure

Comments:

Question 12: Do you agree that the lump sum should be limited to schools with Year 6 as the highest year-group?

Yes

No

Not Sure

Comments:

Question 13: If we have a local authority-level formula, should we use a primary school lump sum or the sparsity measure?

<input type="checkbox"/> Primary School lump sum	<input type="checkbox"/> Sparsity Measure	<input type="checkbox"/> Neither	<input type="checkbox"/> Not Sure
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Comments: A scarcity measure will not allow for any support for small schools in urban areas.

Question 14: If we have a sparsity measure, do you think we should narrow the sparsity threshold as described above?

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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Comments:

Area Cost Adjustments

Paragraphs 3.29 to 3.33 (and annex D) discuss approaches to calculating the area cost adjustment.

Question 15: Which option should we use to calculate the Area Cost Adjustment: the current GLM approach or the combined approach?

<input type="checkbox"/> GLM Approach	<input type="checkbox"/> Combined Approach	<input type="checkbox"/> Other	<input type="checkbox"/> Not Sure
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Comments: The unfairness of the current Area Cost Adjustment for the six London Authorities treated as outer London but paying inner London weighting is not being tackled urgently enough. Action should be taken in April 2012 to tackle this injustice.

Paragraphs 3.34 to 3.38 considers what further factors of underachievement there might be for school age pupils and proposes the inclusion of an EAL factor in a national formula.

Question 16: Do you agree that we should use an EAL factor in the national formula?

Yes

No

Not Sure

Comments: This should not be the main deprivation measure, but the additional support required in ALL schools in the initial years should be recognised.

Question 17: Do you agree that this should cover the first few years only? How many years would be appropriate?

Yes

No

Not Sure

Comments: First three full financial years.

Transitional Arrangements

Paragraphs 3.39 to 3.41 discuss transitional arrangements to minimise turbulence.

Question 18: Do you think we should:

(a) Continue with a maximum decrease of -1.5% per pupil each year and accept that this will mean very slow progress towards full system reform; or

(b) Continue with a -1.5% per pupil floor in 2013-14 but lower it thereafter so that we can make faster progress?

(a)

(b)

Neither

Not Sure

Comments: Whereas a degree of protection is required we should address the inequities in the current system and move as quickly as possible to a needs led methodology.

Chapter 4 - Central services and defining responsibilities

Paragraphs 4.1 to 4.7 discuss the development of a funding model, having first defined the respective responsibilities of maintained schools, Academies and local authorities. The model would clarify what elements of funding would be delegated to schools or centrally retained for maintained schools, if there is local discretion.

Question 19: Do you agree that some of these services could be retained centrally if there is local agreement by maintained schools?

Yes

No

Not Sure

Comments: The rationale for Schools Fora is to provide the local knowledge that is not available at national level. Schools Fora should be trusted to act in the best interests of pupils.

Paragraphs 4.8 to 4.13 set out details of the funding blocks which make up the funding model and their functions. Funding blocks for schools, High Needs Pupils, early years, central services and formula grant are proposed.

Question 20: Do you agree that the split of functions between the blocks is correct? If not, what changes should be made?

Completely Correct

**Broadly,
but some
changes
required**

No

Not Sure

Comments: The exclusion of Home to School transport from the DSG remains a mystery.

Chapter 5 - Future arrangements for the Local Authority Central Spend Equivalent Grant (LACSEG)

Paragraphs 5.1 to 5.9 discuss the future arrangements for the calculation of LACSEG.

Question 21: Do you think the funding for local authority LACSEG should be moved to a national formula basis rather than using individual LA section 251 returns?

Yes

No

Not Sure

Comments: Yes, but it should reflect a realistic apportionment of the Formula Grant allocation.

Question 22: Do you think the distribution mechanism should be changed to one that more accurately reflects the actual pattern of where Academies are located?

Yes

No

Not Sure

Comments: This is the fairest option.

Chapter 6 - Children and Young People requiring high levels of support

Principles

Paragraph 6.7 sets out the high level principles behind the proposals for funding children and young people with high levels of need.

Question 23: Is this the right set of principles for funding children and young people with high needs?

Yes

No

Not Sure

Comments:

A Base Level of Funding for High Needs SEN

Paragraphs 6.11 to 6.18 discuss proposals to set a base level of funding to reflect high needs SEN.

Question 24: Would it be appropriate to provide a base level of funding per pupil or place to all specialist SEN and LD/D settings, with individualised top up above that?

Yes

No

Not Sure

Comments: This appears to be a practical approach.

Question 25: Is £10,000 an appropriate level for this funding?

Yes

No ~~too~~
high

No ~~too~~
low

Not Sure

Comments: This closely accords with Haringey Council's current approach.

Applying this approach to post-16

Paragraphs 6.19 to 6.21 discuss proposals for funding high needs pupils to post -16 pupils.

Question 26: Is the idea of a base rate of funding helpful in the post-16 context?

Yes

No

Not Sure

Comments: Yes, but given the higher cost of 16+ provision consideration should be given to raising the threshold above £10k to reflect this.

Question 27: Should local authorities be directly responsible for funding high level costs over £10,000 for young people in post-16 provision in line with their commissioning responsibilities?

Yes

No

Not Sure

Comments: This seems to be a rational approach.

Question 28: Do the proposed funding arrangements create risks to any parts of the post-16 sector?

Yes

No

Not Sure

Comments: See response to question 26.

Funding by Places or Pupil Numbers

Paras 6.22 to 6.26 discuss whether institutions providing for high needs children and young people should be funded on the basis of planned places or pupil numbers. It also sets out four options for doing so.

Question 29: Should institutions providing for high needs children and young people be funded on the basis of places or pupil numbers?

Places Pupil Numbers Not Sure

Comments: A pragmatic approach should be taken to ensure efficient provision does not become financially unviable.

Question 30: Are any of options (a)-(d) desirable?

 (a) (b) (c) (d) None Not Sure

Comments: This seems to be consistent with other proposals on high needs pupils.

Funding Special and AP Academies and Free Schools

Paragraphs 6.27 to 6.39 discuss how funding for special and AP Academies and Free Schools should be managed in the short term and, in the longer term, whether funding should be routed through the Education Funding Agency (EFA) or the commissioner.

Question 31: For the longer term, should we fund Special and AP Academies and Free Schools:

- a) with all funding coming direct from the commissioner?
- b) with all funding coming through the EFA and recouped from the commissioner?
- c) through a combination of basic funding from the EFA and top-up funding for individual pupils direct from the commissioner?

 (a) (b) (c) Neither Not Sure

Comments: This seems consistent with the approach taken on high needs pupils.

Question 32: If we go for the combination funding approach, should we pass all funding through the EFA for a limited period while the school is establishing itself before moving to this approach?

Yes

No

Not Sure

Comments:

Constructing the High Needs Block for local authorities

Paragraphs 6.40 to 6.47 propose a new formula for determining the High Needs Block building on the research carried out for the Department by PricewaterhouseCoopers in 2009.

Question 33: Given there is no absolute method of determining which pupils have high needs, and given local variation in policy and recording, is this approach to determining proxy variables acceptable?

Yes

No

Not Sure

Comments: No formula is perfect and these seem reasonable proxy measures for high needs SEN; however, it is important that sufficient resources are allocated for alternative provision for which deprivation will be the best proxy.

Question 34: Do you agree that deprivation is linked more to AP rather than the wider SEN needs?

Yes

No

Not Sure

Comments: Yes, see preceding answer.

Paragraphs 6.48 to 6.49 suggest the need for substantial transitional arrangements in moving to a new formula as the formula will fail to reflect the spend of local authorities on high need pupils.

Question 35: Do you agree that in the short term we should base allocations to local authorities for the high needs block largely on historic spend?

Yes

No

Not Sure

Comments: Transitional arrangements will be needed to prevent excessive turbulence.

Post-16

Paragraph 6.50 proposes aligning pre- and post-16 funding for high needs pupils over time.

Question 36: Do you agree that post-16 funding should also become part of the local authority's high needs block over time, but that there might be a particular need for transitional arrangements?

Yes

No

Not Sure

Comments: In principle. This will create a more seamless provision for young people with special needs but it will require adequate resources to be provided. Local authorities have long argued that the funding provided for 16+ SEN falls far short of what is needed and this needs to be addressed within the new formula.

Question 37: What data should ideally underpin the funding allocations both initially and for a potential high needs block arrangement?

Comments:

Issues Specific to Alternative Provision

Paragraphs 6.51 to 6.56 highlight issues specific to AP provision but suggest that AP should continue to be treated alongside SEN for funding purposes.

NB: Questions 38 is displayed together with question 39 in the document.

Question 38: Should AP continue to be treated alongside high needs SEN for funding purposes?

Yes

No

Not Sure

Comments:

Question 39: What differences between them need to be taken into account?

Comments: The link between AP and deprivation proxies will make devising a formula easier. More work is required at looking at costs.

Early Years

Paragraphs 7.5 to 7.8 set out current arrangements for early years funding and discuss whether the Early Years Single Funding Formula could be made simpler:

Question 40: Do you agree we should aim for a simpler EYSFF? If so, how?

Yes

No

Not Sure

Comments: We have worked hard to agree a EYSFF that suits our local circumstances. In Haringey it has been in place for half a financial year and it is therefore too early to draw conclusions on national changes.

Paragraphs 7.9 to 7.11 sets out options for improving the focus on tackling disadvantage and improving consistency in the support offered to disadvantaged children.

Question 41: How could we refine the EYSFF so that it better supports disadvantaged children?

Comments: We have placed significant emphasis on deprivation factor within our EYSFF. In Haringey it has been in place for half a financial year and it is therefore too early to draw conclusions on national changes.

Bringing more consistency to free early education funding

Paragraphs 7.12 to 7.15 consider two options for continuing to fund local authorities for free early education: on the basis of their current spend or on the basis of a formula.

Question 42: Do you agree we should allocate funding to local authorities on the basis of a formula?

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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Comments: Using a formula is consistent with your proposals in other areas and seems to be the best way to progress.

Paragraphs 7.16 to 7.18 discuss how a formula to local authorities for funding early years would operate.

Question 43: Do you agree a formula should be introduced based largely on the same factors as the schools formula?

Yes No Not Sure

Comments:

Bringing greater transparency to free early education funding

Paragraphs 7.19 to 7.20 discuss what has been done so far to improve transparency and our plans for the future.

Question 44: We would be grateful for views on whether anything else can be done to improve transparency.

Comments:

Pupil Premium

Paragraphs 8.1 to 8.8 set out two options for extending the coverage of the pupil premium to include pupils previously eligible for Free School Meals: an 'ever 3' measure or an 'ever 6' measure which extend cover to those eligible for FSM at some point in the last three or six years.

Question 45: What is your preferred option for determining eligibility for the Pupil Premium from 2012-13? Should it be based on the Ever 3 or Ever 6 measure?

 Ever 3 Ever 6 Neither Not Sure

Comments: Current eligibility is a simple and transparent measure that can easily be checked by head teachers. The use of Ever 3 or Ever 6, whilst increasing the number of pupils eligible will presumably reduce the level of support per child as there is no reason to believe the quantum of national funding

will increase. If the pattern of Ever 3 or Ever 6 mirrors the general distribution of FSM eligibility then it is hard to see what advantage a more complicated and less transparent methodology would give.

Paragraphs 8.9 to 8.10 seek views on other issues for calculating the pupil premium, such as whether to reflect differences in funding already in the system.

Question 46: What is your preferred approach for calculating the Pupil Premium?

Comments: The Pupil Premium should be kept as simple as possible but should reflect the local costs of providing education and should therefore include an area cost adjustment.

Timing for implementation

Paragraphs 9.1 to 9.4 consider the issue of when to begin the process of moving to a new funding formula.

Question 47: Do you think we should implement the proposed reforms in 2013-14 or during the next spending period?

2013-14

Next
Spending
Period

Neither

Not Sure

Comments: The changes should take place as soon as possible, as 2012-13 is not now feasible changes should be made in 2013-14. However, the significant disadvantage faced by the six London authorities paying inner London weighting but funded as outer London authorities should be addressed more urgently with the unfairness rectified through a short term adjustment in the 2012-13 funding.

Question 48: Have you any further comments?

Comments: We wish to express our grave concern that the disadvantage faced by our pupils through the iniquity of the area cost adjustment will continue for at least a further year. The Department's response to the consultation undertaken by the previous government acknowledged this unfairness as did the comments made by the Secretary of State when visiting one of our schools. We appreciate that there will be overall changes to the method of funding schools and that these cannot be introduced in 2012-13 but ask that our children are not disadvantaged further by introducing interim measures in 2012-13.

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

Here at the Department for Education 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?

Yes

No

All DfE 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 DfE consultations are conducted, please contact Carole Edge, DfE Consultation Co-ordinator, tel: 01928 738060 / email: carole.edge@education.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 11 October 2011

Send by e-mail to: schoolfunding.consultation@education.gsi.gov.uk

Send by post to:

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