

WIRRAL COUNCIL

DELEGATED DECISION OF CABINET MEMBER 1ST OCTOBER 2010

SCHOOLS FORUM 29TH SEPTEMBER 2010

REPORT OF DIRECTOR OF CHILDREN'S SERVICES

DFE CONSULTATION ON SCHOOL FUNDING 2011-2012

EXECUTIVE SUMMARY

The Government has begun a short period of consultation on school funding in advance of the Comprehensive Spending Review and Indicative Dedicated School Grant (DSG) Allocations for 2011-12. Proposals in the consultation include details for a Pupil Premium and the consolidation of grants within DSG. These changes will be introduced during the next funding period 2011-12.

The consultation paper asks authorities a number of questions; these are set out below together with suggested responses. Whilst this paper is predominantly about national changes, the outcome will have some implications for the local scheme. Schools will be consulted on any proposed local formula changes. The outcome of the consultation will be the subject of a further report later in the year. Cabinet/School Forum approval is sought for the proposed response to the consultation.

1.0 Background

Schools are funded through the Dedicated Schools Grant (DSG), a grant, introduced in 2006, that is ring-fenced to the schools budget. In 2010-11 Wirral will receive DSG totalling £194m. The current national distribution of grant is based on spend patterns in local authorities in 2005/06. Each year the DFE have added amounts to grant allocations to reflect government priorities. These have included:

Making Good Progress, Early Intervention and support for groups of children at risk of poor outcomes.

The DFE have indicated that they do not wish to amend the national DSG formula at this time and will concentrate instead on the introduction of the Pupil Premium. In the longer term it is the Government's intention to introduce a simpler transparent funding system reducing differences between similar schools. At this stage no details for individual authorities of any of the proposals have been produced by the DFE.

The consultation document was issued on 26th July and will close on 18th October.

2.0 Pupil Premium

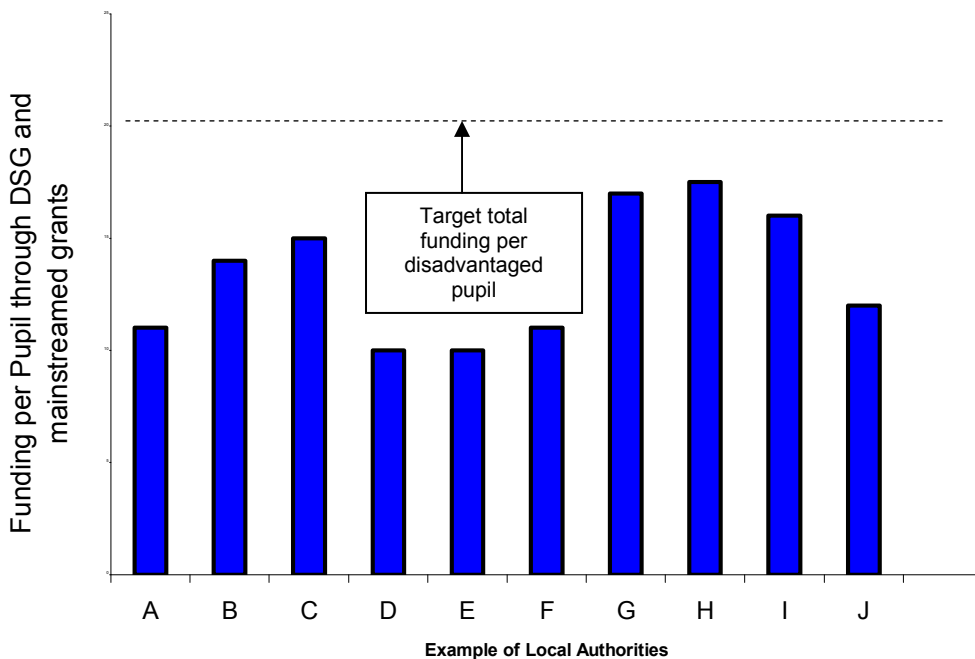
The Government intends to introduce a Pupil Premium for disadvantaged children from Reception up to the age of 16. This will be in addition to the Deprivation Funding currently within DSG (for Wirral this is £24.9m, 13% of total DSG). Despite recent changes introduced by authorities to target this funding to disadvantaged children, these pupils significantly underachieve compared to their peers. A Pupil Premium is intended to provide further funding to boost attainment and would be funded from outside the schools budget. Schools themselves would determine how best to use the Premium to support disadvantaged pupils. Performance data will be monitored and published by DFE.

Funding for the Premium is subject to the Comprehensive Spending Review therefore amounts are not known at this time.

The Pupil Premium will be a separate grant and will be introduced from the September 2011 academic year (using data from the previous January census). The DFE are indicating that they intend this to become the main mechanism for allocating deprivation funding to schools.

Calculation of the Pupil Premium

The Pupil Premium will not be a standard amount for each deprived pupil. It is intended to adjust the Premium to take account of the different levels of funding for pupils across the country. The methodology proposed involves allocating more funding per pupil to authorities that receive a lower Guaranteed Unit of Funding (GUF). This is illustrated below.



Over time the DFE intend that the amount allocated to deprived pupils will be the same around the country (subject to an Area Cost Adjustment for regional variations in teachers pay). This adjustment will result in higher funding for schools with deprived pupils in authorities that receive lower levels of funding.

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

Answer

No

Although the current formula for DSG is based on spend plus i.e. spend patterns in local authorities in 2005-06, these different levels of spend and funding take into account differences between authorities which include deprivation, free school meals and levels of income support. Therefore part of the reason for differences in current funding is due to differences in deprivation levels. The proposed change may give more benefit to those authorities with lower levels of deprivation. If this is introduced the DFE should adjust the GUF for the existing per pupil deprivation funding received by each authority.

Pupil Premium Deprivation Indicators

Several methods could be used for distributing the Pupil Premium – options being considered are:

- Free School Meal (FSM) Eligibility
- Pupils who have ever in the past been eligible for FSM
- Out of Work Tax Credit
- Commercial packages – Mosaic or Acorn

Free School Meals

This data has significant benefits, it reflects individual pupils, it is easy to collect and is updated annually. FSM pupils have lower outcomes than non-FSM pupils.

Wirral's local funding formula for deprivation is a combination of FSM and the Index of Multiple Deprivation (IMD).

Difficulties identified with these measures by DFE are that those just above the FSM threshold attract no funding and not all families claim (with the proportion reducing as pupils get older).

Ever FSM.

This measure covers a wider cohort – pupils who have been registered for FSM in the previous three or six years. This measure is intended to recognise that pupils continue to need support to raise attainment when they cease to be eligible for FSM. This identifies a higher proportion of Wirral pupils (and a higher proportion nationally).

Out of Work Tax Credit

This is an area measure (Lower Super Output Area averaging 1500 people).

It assumes each pupil in that area shares the same general characteristics.

The data is currently based on 2005 information.

The DFE are concerned that although this measure may be adequate for funding local authorities it may not be suitable for an individual pupil premium.

Acorn and Mosaic

These are also area-based indicators based on postcodes that some authorities use within their local funding formula. Wirral does not use these commercial systems.

Q2	<i>What is your preferred deprivation indicator for allocating the Pupil Premium?</i>
Answer	The preference for Wirral is to use the current FSM. This measure is widely accepted by schools, local authorities and nationally for performance indicators. The data is regularly updated and is responsive to changes in pupil numbers and circumstances.

Looked After Children (LAC)

Looked After Children often do not qualify for FSM because of their care arrangements. However, levels of attainment continue to be of concern.

The Government are proposing to include LAC numbers (where children have been in care for more than 6 months) within the Pupil Premium. It will be paid to authorities who will forward to schools (since many are educated in other authorities).

Q3	<i>Do you agree the coverage of the Pupil Premium should include Looked After Children?</i>
Answer	Yes, many looked after children have lived in deprived circumstances and are in need of additional support, even if they are no longer eligible for Free School Meals.
	<i>How might funding arrangements work for pupils outside the local authority?</i>
Answer	Wirral has one of the highest proportions of LAC who live within the borough. Authorities will need to access information held regarding pupils and placements. Where placements have changed it may be necessary to apportion the premium.

Q4	<i>Do you think coverage should be extended to include children whose parents are in the armed forces?</i>
Answer	No Evidence suggests that most service children achieve at least as well as non-service children.

3.0 Mainstreaming Grants into DSG 2011-12

The Government intend to mainstream school specific grants into DSG. This is likely to include School Standards Grant, School Standards Grant (Personalisation) and School Development Grant. For Wirral these amounts represent about 14% of DSG

	£m
School Standards Grant and	
School Standards Grant (Personalisation)	10.7
School Development Grant	<u>16.0</u>
	<u>26.7</u>

Local authorities will be allowed to use previous levels of grant as a factor in the local formula.

Attempts to model these grants within the existing formula result in significant turbulence. There are many significant gainers and losers. It is likely that previous grant levels will need to be included as a formula factor within the local scheme.

Although Authorities are not being asked for their views about mainstreaming grants, the Forum did express some concerns when this was raised earlier in the year. Their view was:

These changes will simplify the school grant funding structure, but it is also likely to redistribute funding nationally, as the range of grants currently has some differences across authorities. Grants will need to be carefully worked into the funding formula to minimize turbulence and must be weighted for deprivation.

It is useful to be able to have a separate element within the local formula for grants and to include these within the calculation of the Schools Minimum Funding Guarantee. However some guarantee is also needed at a local authority level, this could include a separate grant transition mechanism to protect funding at current levels over the next funding period.

4.0 Pupil Counts for 3 year Olds

Currently authorities receive funding for 3 year old pupils based on an amount equal to take up or 90% of the 3 year old population (whichever is higher). Wirral's take up is 94%

Q5 *Should the pupil count used for DSG reflect take up or continue with a minimum of 90% participation?*

Answer The formula should be based on take up; reflecting other pupil changes to be introduced within the Early Years Single Funding Formula.

5.0 Dual Registration for Pupils at Pupil Referral Units (PRU's)

Many pupils at a PRU are also registered at their previous school. Dual registered pupils are double funded through DSG. Changes to census data mean it is now possible to adjust numbers to take out dual funding.

Q6 *Should the Pupil count for DSG reflect dual registrations?*

Answer No. Although there is a case for additional resources, dual funding should be avoided; formula weightings should be used instead.

6.0 Home Educated Pupils

It is proposed to introduce funding for pupils educated at home where access is given to school facilities. Authorities would be able to claim 10% of a funding unit (for Wirral this would be £427). There are currently 58 pupils educated at home.

Q7 *Do you support proposals to home educated pupils?*

Answer Yes. The change described takes account of some costs that are currently incurred.

7.0 Cash Floor

In the current funding for DSG authorities with significantly falling rolls are protected by a cash floor – a level below which DSG can not reduce regardless of pupil numbers.

Q8 *Do you think there should be a cash floor in 2011-12?*

Answer The Schools Forum's response to the previous consultation was that no authority should significantly gain or lose over the next funding period from changes to DSG. The decision about a cash floor (from which Wirral does not benefit) should take this into account.

8.0 Other comments

1. This is the second consultation on School Funding this year. The first, planning detailed changes to the DSG Formula was undertaken by the previous government and will not now proceed. The view is that a less complex system and formula should be developed.

2. The DFE have confirmed that all local authorities are required to implement the Early Years Single Funding Formula from April 2011.
3. The funding methodology for academies will be reviewed from 2011-12. This will include the calculation of the Local Authority Central Services Equivalent Grant (LACSEG). This grant funds academies for services previously provided by the local authority. The review is needed to ensure the system funds academies fairly but also reflects the services (and funding) for the responsibilities retained by authorities
4. The Minimum Funding Guarantee will be retained for 2011-12. The level is to be set after the Spending Review and could be negative rather than positive. The MFG will apply to a schools baseline including any mainstreamed grants.

9. Risk Assessment

There are no direct risks arising from this consultation paper, although the outcome will determine Wirral's funding for 2011-12.

10. Financial Implications

The financial implications of these changes will be announced by the DFE later in the year.

11. Staffing Implications

There are none arising directly from this report.

12. Equal Opportunities Implications/Health Impact Assessment

There are none arising directly from this report.

13. Community Safety Implications

There are none arising directly from this report.

14. Local Agenda 21 Implications

There are none arising directly from this report.

15. Planning Implications

There are none arising directly from this report.

16. Anti-poverty Implications

The proposed Pupil Premium will be targeted to disadvantaged children to help narrow attainment gaps

17. Social Inclusion Implications

There are none arising directly from this report.

18. Local Member Support Implications

There are none arising directly from this report.

19. Background Papers

DFE paper "Consultation on School Funding 2011-12"

RECOMMENDATIONS

That the Schools Forum and Cabinet note the consultation and approve a response as set out in this report.

Howard Cooper
Director of Children's Services