

CONSULTATION ON SCHOOL FUNDING REFORM: PROPOSALS FOR A FAIRER SYSTEM

1. THE NATIONAL FUNDING SYSTEM

- 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?

A notional budget would give the impression of being the 'correct' budget which would be illusory, therefore we would favour option B. It is difficult to see how either approach significantly improves transparency. Funding through "blocks" will inevitably result in the "notional budget" for any one school differing from its actual budget.

2. THE SCHOOLS BLOCK-SYSTEM

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

The formula is fairly straightforward. These factors seem reasonable.

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

It may be desirable to provide for a further incentive for Looked After Children beyond the Pupil Premium.

- 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?**

This seems reasonable. The balance between funding for pupils of different ages is among the most contentious of issues. Some national guidelines based upon valid research data would seem sensible.

- 5: Do you think we should implement option (i) [LA calculates] or (ii) [EFA calculates] when calculating budgets for academies?**

Option 1 seems the most sensible, and least bureaucratic.

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

Giving decision making powers would make little difference in practice where authorities already effectively delegate decision making to forums. A requirement for any decision to be approved separately by each group on the forum would weaken its authority. We would therefore suggest that Schools Forums should have decision making powers but that there should be no separate requirement for each group to agree proposals.

- 7: Do you think we should implement option (i) [EFA check formula compliance], (ii) [EFA are review body to investigate issues raised by schools], both or neither?**

There would seem to be no problem with the EFA checking formula compliance. However, the EFA have yet to establish credibility and trust that it would be impartial between all types of school. It is inappropriate that decisions made by democratically elected bodies should be overruled by officials of an agency. At the least there should be an appeal process to the Secretary of State. There is potential risk of conflict and judicial review unless such processes are transparent.

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

Wirral has no experience of Free Schools, therefore no comment is made.

3. THE SCHOOLS BLOCK-FORMULA

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

The factors seem reasonable.

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?

There have been anomalies in the use of straight FSM data, but using Ever 6 would have the effect of broadening the definition of disadvantage and being less focussed on disadvantaged groups. Ever 3 might therefore be a sensible compromise.

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

£95,000 seems reasonable.

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

Wirral does not have middle schools, therefore no comment is made.

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

A fairly densely populated authority may still have some parts where it is desirable to maintain a “small” school. Therefore we would favour a primary school lump sum over a sparsity measure within a local authority-level formula.

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

No comment.

15: Which option should we use to calculate the ACA: the current GLM approach or the combined approach?

Wirral is not affected by the ACA, therefore no comment is made.

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

We recognise that children entering school with limited English has resource implications for a school, but these would seem to be short term and simply using EAL is too blunt a factor. It is difficult to conclude from the evidence presented that an EAL factor is necessary.

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

If such a factor is included then it should be very limited. Funding allocated through this factor is inevitably diverted from deprived pupils where the evidence appears to show a much stronger link with under performance.

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?

Minimising turbulence should be the priority therefore we would support Option A

4. CENTRAL SERVICES AND RESPONSIBILITIES

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

Yes. Experience in Wirral, supported by several consultation exercises with schools, has shown that smaller schools in particular find it very beneficial for unpredictable costs to be pooled and managed centrally on their behalf.

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

We agree that the split is correct and are not suggesting any changes.

5. FUTURE ARRANGEMENTS FOR LACSEG

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?

It is difficult to see how a national formula basis would maintain the principle of equity of funding between schools of different types within a local authority. However, the section 251 return was not designed for this purpose and is cumbersome. The Department should undertake work to simplify it and make it more fit for purpose.

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

This may seem more logical but it would produce undesirable turbulence in funding. A more detailed explanation was set out in our response to the Consultation on the Basis for the Decision on the Appropriate Amount of Academies Funding Transfer for 2011/2012 and 2012/2013.

6. CHILDREN REQUIRING HIGH LEVELS OF SUPPORT

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

Principle 5 would have the effect of replicating the current status quo, so far as, for example, speech therapy provision is concerned. This is unsatisfactory as it varies substantially between areas.

Principle 9 would require a definition of an “unsuccessful” institution. It will happen sometimes that numbers in a school designed for very specialised needs will dip, but this does not necessarily mean that the school is not needed or is in any way unsuccessful.

A further principle that “the commissioning body should be provided with a sufficient share of overall resource to enable it to meet its responsibilities” could be a useful addition.

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?

This seems reasonable.

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

This is similar to the base level within Wirral.

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

Yes.

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

The important issue is that funding between the blocks is commensurate with responsibilities.

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

The biggest risk is a disjunction between responsibility and resourcing. We have a strong concern, based on current and historic experience, of being left with responsibilities for which the appropriate funding has not been transferred.

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

The funding of schools on the basis of pupil numbers has always had a “market” function: that schools should be encouraged to be sensitive to parental perceptions. This has never been considered appropriate for special schools. Wirral’s position of predominantly place-related funding, with some marginal additional funding where pupil numbers rise, has been broadly successful. Wirral has a large and highly regarded range of provision for children with high needs. The most appropriate way of sharing resources has been the subject of much consideration over a number of years and we believe that the current arrangements enjoy the confidence of schools and parents, who would be loathe to see any disruption.

30: Are any of options a-d desirable?

Of the options B seems the most attractive, but with the longer period of at least 3 years. Stability is of particular importance in special schools.

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?

We would favour the least bureaucratic and complex approach. We have concerns in Wirral regarding the additional cost of the EFA.

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?

No comment.

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?

It is difficult to see a better alternative.

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

Probably.

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?

Again probably but the experience is of irresistible growth in the “high needs sector”.

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?

Probably yes.

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

If pre-16 funding allocations will be based on historic spend and DLA data, then post-16 funding should be allocated on the same basis to provide some consistency, recognising the limitations there might be as a result of deprivation.

39: Should AP continue to be treated alongside high needs SEN for funding purposes? What differences between them need to be taken into account?

Yes for the time being. Much will depend on the outcome of the trial described in 6.54. Ideally it would discourage perverse incentives if the school remained responsible for funding AP in respect of its pupils.

7. EARLY YEARS

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

Wirral’s formula has been in place for one term. Any suggestions for change should follow the review.

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

Find some way of applying the pupil premium.

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

Yes. The paper acknowledges elsewhere the limitations of spend plus.

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

In theory yes - but an alternative to Free School Meals is needed.

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

This should be a feature of the review. Each setting should be asked if they understand how their funding has been allocated.

8. PUPIL PREMIUM

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?

We would suggest that at least to begin with the “Ever 3” measure be adopted.

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

The Pupil Premium should be a single, flat rate with no adjustments. This is the simplest and most transparent way of calculating the Premium which gives schools a clear understanding of the funding that they will receive for eligible pupils. The funding formula should be the mechanism for addressing differences in the system, not the Pupil Premium.

The Looked After Children pupil premium is difficult and costly to administer. The DfE should revert to collecting relevant data through the census which should then be the basis of the allocation.

9. TIMINGS FOR IMPLEMENTATION

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

These are significant changes. It is important that those implementing the changes and schools who will be affected by them have time to manage the process effectively. We think it would be wiser to plan to implement the changes from the beginning of the new spending period.