

WIRRAL COUNCIL

SCHOOLS FORUM – 28th MARCH 2012

REPORT OF THE ACTING DIRECTOR OF CHILDRENS SERVICES

ANALYSIS FROM NATIONAL CONSULTATION ON SCHOOL FUNDING REFORM

EXECUTIVE SUMMARY

In 2011 the DfE consulted schools, academies and local authorities on proposals to change the system of funding for schools. This report, which is for noting, gives a summary of some of the published responses from last years consultation.

BACKGROUND

Proposals for School Funding reform have been made covering the following areas:

- A new national funding formula distributing funding to local authorities
- A simpler local funding formula
- A notional budget for schools
- Reducing the lag in the calculation of academy budgets
- Funding for High Needs pupils
- A simplified Early Years Funding Formula
- Distribution of the Pupil Premium
- Transition arrangements

An on-line consultation was issued by the DfE last summer.

RESPONSES TO DfE AND ANALYSIS

The Schools Forum responded to consultation in October. Overall there were 1,619 responses, 211 from academies, 168 from maintained schools, and 56 from School Forums. Attached to this report is an overview published by the DfE in December.

At this time there does not seem to be a significant consensus view supporting the proposals, a number of which are shown below.

Q. Should there be a notional budget for every school?

A. Yes 56%, no or unsure 44%

Q. Should local formula funding factors for school budgets be limited?

A. Yes 45% (including Wirral). A number asked for greater local flexibility.

Q. What other factors should be included to fund schools?

A. Pupil mobility, staffing, EAL, premises

Q. Should Local Authorities calculate academy budgets?

A. Yes 47% no or not sure 53%

Q. Should there be a defined range for the primary / secondary ratio within the Schools Budget?

A. Yes 44%

Most responses (including Wirral's) were cautious, asking for further information.

Q. Should Schools Forum have greater powers? Should proposals by the Forum have to be agreed by all groups?

A. Yes 27%

Responses supported extra powers but recognised that a veto could result in important decisions being blocked.

Q. Should the Education Funding Agency have a compliance and review role?

A. There was no consensus on this question

Q. Should deprivation funding in the national formula be based on Ever FSM?

A. Ever 3 22%, Ever 6 36%

This also reflects the changes to Pupil Premium and will broaden the definition of deprivation.

Q. Should English as an Additional Language be a factor in the formula?

A. Wirral's response was that EAL is a blunt factor in the formula, however it was supported by 74% of respondents.

Q. In moving to a new funding formula should the MFG maximum decrease of -1.5% be maintained? This would slow down any transition to a new formula.

A. Yes 35%, No 34%

Q. Should school support services be retained centrally if there is agreement?

A. Yes 75%

Q. Should LACSEG be moved to a national formula?

A. Yes 63%

Q. Should LA LACSEG reflect academy numbers?

A. Yes 61%

Q. Should Special Schools be funded on places or pupil numbers?

A. Places 41%, pupil numbers 33%

Wirral's response supported continuing place funding

Q. Who should fund Alternative Provision Academies?

A. Commissioners 28%, Education Funding Agency 8%, not sure 32%

Q. Should Disability Living Allowance be used as a proxy for High Cost Pupils?

A. Yes 39% No 24% unsure 37%

Q. Should short term allocations for High Cost Pupils be based on historic spend?

A. Yes 66%

Q. Should there be a simpler Early Years Formula?

A. Yes 48%, No / not sure 52%

Q. Which option is preferred to distribute the Pupil Premium?

A. Ever 3 - 28%, Ever 6 - 44%

Q. Should the proposed reforms be implemented in 2013-14 or in the next spending period?

A. 2013-14 57%, next spending round 30%

CONCLUSION

The results shown above indicate there are a variety of different views over some key aspects of the planned changes. The Department are working on developing further proposals in the light of responses and are likely to consult again later in the year.

David Armstrong
Acting Director of Children's Services

**Extract from DfE analysis of responses to the consultation document
“A consultation on School Funding Reform: Proposals for a Fairer
System”**

Overview

Just over half of those responding to the first question felt that using a notional budget for every school was the best option as this would be fair and transparent and would be a move towards what was described as a long-awaited national baseline for school funding. There was some concern that an option based on the pupils in each local authority (LA) area simply provided a funding formula for LAs and that it would leave the current system unchanged. Respondents generally supported the formula factors identified in Question 2 as long as they are responsive to local need. Just under half of all respondents to Question 4 agreed that setting a range of allowable primary / secondary ratios around the national average was the right approach but it was noted that using historical data would simply replicate existing poor practice.

Just under half of respondents to Question 5 suggested that LAs should calculate budgets and then tell the Education Funding Agency (EFA) how much Academies should be paid, although most Academies preferred the alternative approach of the EFA calculating Academy budgets. There was strong support from Academies for autonomy and independent control of how their budgets were calculated.

Respondents to Question 6 on the whole did not agree that the changes to Schools Forums would achieve greater representation and stronger accountability. They felt that it was important that all groups needed to be represented fairly but considered that ensuring the agreement of all groups to a decision would lead to deadlock.

Opinion was divided on the options for providing scrutiny and challenge at a national level as set out in Question 7. Some respondents felt that having the EFA check compliance duplicated processes that already existed and that the LA could fulfil this role.

Most respondents to Question 8 thought that Free Schools should move to a new funding system straight away as they should be funded the same as all other schools. Half of all respondents to Question 9 agreed the factors included in the fair funding consultation were correct and the majority of other respondents suggested that some of them were. There was some discussion about the inclusion of a factor to reflect English as an Additional Language (EAL) when a factor for Special Educational Needs (SEN) was not included. Some respondents suggested that pupil mobility and protection for small schools should be included.

On the question of which measure should be used to allocate deprivation funding, more respondents supported the wider coverage provided through the Ever 6 FSM measure, which would include pupils eligible for FSM in the previous six years. There was however some concern about using Free School Meals (FSM) as a deprivation indicator when it was known that some parents whose children were entitled to it did not claim it. Other deprivation indicators were put forward for consideration.

Opinion was divided on whether £95,000 was sufficient as an amount for a primary school lump sum, as raised in Question 11. Some respondents said that a flat rate was too simplistic and that this could be too high or too low depending on a school's individual circumstance.

Slightly more of those responding to Question 13 favoured a sparsity measure over a primary school lump sum as they felt this would target resources to need more closely. Respondents also suggested that a flat rate lump sum could help to protect schools that were not viable.

Over two thirds of respondents to Question 15 supported a combined approach to calculating the Area Cost Adjustment (ACA), which included a high level of support from residents of Haringey. There was still a majority in favour of this approach with the Haringey responses removed. Most respondents to Question 16 welcomed the inclusion of an EAL factor in the national formula and over half thought it should be time limited, with three years as the preferred option.

Opinion was divided on the options in Question 18 for transitional arrangements with support evenly matched between providing stronger budget protection for schools, which means slower progress towards funding reform, or moving more quickly to a new formula.

Three quarters of those responding to Question 19 agreed that there were some school services that could be retained centrally if there is local agreement by maintained schools. There was concern that it would be difficult for LAs to reinstate, if needed in the future, services which may be lost if not provided centrally.

A majority of respondents to Question 20 gave qualified support to the proposed split of functions between the blocks. It was thought that the support given to schools in financial difficulty, for example, should not be included in the schools block and that current arrangements should remain which provide funding on a targeted basis. The majority of respondents to Question 21 supported the suggestion that Local Authority Central Spend Equivalent Grant (LACSEG) funding should be calculated on a national formula basis as a way of removing funding discrepancies between LAs.

Over two thirds of those responding to Question 23 supported the principles for funding high needs children and young people. Nearly half of those responding to Question 24 supported a base level of funding per pupil but there was uncertainty about whether £10,000 was the correct level to apply.

Just over half of respondents to Question 26 supported the idea of a base rate of funding in the post-16 context and even more agreed that LAs should be responsible for funding high level costs over £10,000 in line with their commissioning responsibilities.

Of those responding to Question 29, just over 40% agreed that funding for high needs children should be based on a place-led system as this allowed for the retention of skilled staff. It was suggested that funding on pupil numbers would create funding uncertainties, possibly resulting in staff redundancies, if numbers of pupils fell. There was some support for the use of a combination of places and numbers.

Opinion was divided for on the method of funding Special and Alternative Provision (AP) Academies and Free Schools, with some supporting funding through the commissioner only and others supporting a combination approach of EFA and commissioner. Just under half of those responding to Question 34 agreed that deprivation was linked more to AP than to SEN but over a third was unsure as to the best link.

The majority of respondents to Question 35 agreed that, in the short term, the allocation of funding to the high needs block should be based on historic spend, as it would allow for continuity of provision. Most respondents to Question 36 agreed that post-16 funding should also become part of the local authority high needs block over time but said that there was a need for transition.

The majority of respondents to Question 38 agreed that AP should be treated alongside SEN for funding purposes but a small proportion thought that AP and SEN were distinct issues and should not be treated the same.

Just under half of all respondents to Question 40 supported a simpler and more flexible Early Years Single Funding Formula (EYSFF) that was responsive to local demands. Just over a quarter of those responding preferred the current system or commented that as the current system was new, further evaluation was needed before reaching a decision. Most of those responding to Question 42 supported the funding to LAs of free early education on the basis of a formula and that it should be based largely on the same factors as the schools formula.

Of those responding to Question 45 more supported the Ever 6 option for determining eligibility for the Pupil Premium on the grounds that this option included more pupils. It was seen as a more inclusive method which would address the issue of the declining numbers taking FSM in secondary schools.

Finally over half of those responding to Question 47 supported the implementation of these reforms in 2013-14 or as soon as possible on the grounds that delay would perpetuate the inequalities in the current funding arrangements. However, nearly a third of respondents proposed waiting until the next spending period as it would allow more time to plan for the changes.