

MEETING:	SCHOOLS FORUM
DATE:	1 OCTOBER 2010
TITLE OF REPORT:	CONSULTATION ON SCHOOL FUNDING 2011-12 INTRODUCING A PUPIL PREMIUM
OFFICER	SCHOOLS FINANCE MANAGER

CLASSIFICATION: Open

Wards Affected

County-wide – All Schools

Purpose

To approve the response to the Department for Education (DfE) school funding consultation paper on the “Introduction of a Pupil Premium and Arrangements for Distributing Dedicated Schools Grant (DSG) for 2011-12”.

Recommendation

THAT School Forum is asked to:

- a. Contribute to the response document as appropriate, and then
- b. Approve the response document for submission to the Secretary of State.

Key Points Summary

- Appendix 1 sets out the Government’s proposals for the introduction of a pupil premium from September 2011 and arrangements for continuing the current distribution methodology for DSG in 2011/12. Details of the consultation paper are set out in paragraphs 3 to 19.
- The pupil premium will be paid via a specific grant, outside DSG, based on figures from the January school census and must be passed onto schools in full.
- The consultation document proposes three different options for a deprivation indicator, which will be used to distribute the premium:
 - Free school meals eligibility – one of three different measures
 - Tax credit indicator
 - Commercial classification software.
- The consultation document also proposes minor changes to the DSG distribution methodology

Further information on the subject of this report is available from
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to reflect early years funding, dual registrations in pupil referral units, armed forces movements, home educated pupils and cash floors.

- Suggested responses to the DfE's consultation paper are set out in Appendix 2.

Alternative Options

- 1 There are no alternative options for consideration.

Reasons for Recommendations

- 2 Herefordshire Schools Forum needs to reply to the consultation paper so their views are collated and add strength to achieving a satisfactory outcome.

Introduction and Background

- 3 The DfE has launched a consultation on the distribution of funding for schools in 2011/12 and proposals to introduce a pupil premium. The consultation period lasts 12 weeks and **closes on 18 October 2010**. Responses can be sent to dsg.consultation@education.gsi.gov.uk or completed via the DfE website. The results of the consultation will be published by the Department in autumn 2010.
- 4 The consultation focuses on two particular issues, the introduction of a pupil premium from September 2011 and arrangements for continuing the current distribution methodology for the DSG in 2011/12. This briefing paper summarises the consultation questions in the order they appear in the consultation paper. The consultation paper (Appendix 1) itself contains more technical detail. Suggested replies are set out in Appendix 2.
- 5 The DfE intend to publish indicative 2011/12 DSG allocations for local authorities in late November or early December 2010, following the outcome of the Spending Review, which will be announced on 20 October 2010.

Background

- 6 The previous Government launched a consultation on the future of the DSG in March 2010. The Coalition Government has considered the responses to this consultation and DfE has produced an analysis. Although the new Government accepts the principle put forward that specific grants should be mainstreamed into the DSG, this consultation paper outlines their own proposals for schools funding.

Introducing a pupil premium for disadvantaged pupils [Section 1]

- 7 The Government's commitment to a pupil premium for disadvantaged pupils from Reception to Year 11 was outlined in the coalition agreement. In order to manage the implementation of the pupil premium, the Government propose retaining the current spend-plus methodology for allocating funding via the DSG for 2011/12. However, in the longer term, the Government wishes to introduce a simpler and more transparent distribution mechanism. It is their intention to introduce a fairer, formulaic distribution mechanism and to reduce differences between similar schools in different areas. The previous work of the Formula Review Group will be considered in the development of proposals.

Operating the Pupil Premium

- 8 The pupil premium will be distributed via a specific grant, outside DSG. The Government

intends to allocate higher funding for deprived pupils at schools in areas which currently receive lower levels of funding. Over time this will ensure the same amount of funding for deprived children, wherever they attend school.

- 9 The grant will be paid to local authorities based on figures from the January school census. The conditions of the grant will require the total amount for each relevant pupil to be passed on to schools using defined per pupil amounts. An Area Cost Adjustment will be applied to the pupil premium. The Government intend to use an approach which takes into account teachers pay bands, such as the 'hybrid' approach outlined in the consultation on the DSG review.

Consultation Question 1

Do you agree it is right to give a higher premium to areas that currently receive less per pupil funding? [Paras 24 - 27]

Yes – Every pupil should receive the same level of funding throughout England (accepting differences due to valid Area Cost Adjustments and SEN supplements). Fairness was the key principle of the previous DSG consultation which has been widely accepted by the vast majority of respondents agreeing with all or some of the principles underpinning the DSG Formula review.

The implementation of equal funding for deprived pupils is a start that should be applied to all pupils. Closing the gap for deprived pupils requires all deprived pupils to be equally funded irrespective of where they live. It follows that low funded authorities will need a top-up to bring funding for deprived pupils up to the standard funding rate.

Deprivation Indicators for the Pupil Premium

- 10 The document proposes three different options for a deprivation indicator, which could be used to distribute the premium:
- Free School Meals (FSM) eligibility – the consultation proposes three different measures: current FSM eligibility, pupils eligible for FSM in 1 of the last 3 years or pupils eligible for FSM in at least 1 of the last 6 years.
 - Tax Credit Indicator – the consultation proposes an indicator for children from families where both parents are out of work and claiming the out of work tax credit.
 - Commercial classification software – the consultation proposes using a software package such as ACORN or Mosaic which are designed to identify groups of households based on consumer behaviour.

Consultation Question 2

What is your preferred deprivation indicator for allocating the pupil premium? [Paras 29 - 50]

Our preferred indicator is Free School Meals ever - 6 years

The free school meals indicator has major benefits in that it is easy to count and as part of the annual school census it is always the latest up to date information. The concept of the “ever – FSM” is a welcome development since it includes those pupils who fluctuate between eligibility and not and also provides a greater coverage which is more reflective of other deprivation measures. The 6 year FSM is a definite improvement on the single year FSM pupil count.

A primary school has 7 years of pupils and an 11-16 secondary school has 5 years of pupils. Measuring deprivation over an average of 6 year must come very much closer to measuring the deprivation across the whole school than the single or 3 year FSM. The FSM – 3 year seems to be included only as a half way house compromise.

It is not clear from the table on page 13 of the consultation document that the 6 year FSM accurately measures deprivation in Years R-2 which may need further consideration particularly for its application for Infant schools.

We assume that the DfE will provide the school by school information on the percentage entitlement in order to maintain consistency with the national authority calculation. If this is not the case then we doubt that we have the capacity to determine an accurate calculation of the 6 year- FSM for every school and to ensure reconciliation with the grant.

The Out of Work Tax Credit indicator should be discounted because in very rural counties the Lower Super Output Area (LSOA) is too large to give a homogenous indicator for all pupils living in the area. We have instances of some pupils living in a highly deprived LSOA attending private school which undermines the credibility of the indicator. Annual updating of data is a must.

The Commercially based ACORN/MOSAIC indicators should be discounted because of the lack of transparency of data and methodology. The ACORN/MOSAIC indicators also suffer from the deficiencies of post codes and LSOAs. Without a clear transparency of data and calculation the information will be open to challenge or errors will go undetected.

On the balance of the above arguments above we prefer the “Ever Free School Meals - 6 year” indicator.

Pupil Premium for Looked After Children

- 11 The consultation proposes a separate pupil premium to address the level of attainment of Looked After Children (LAC). The nature of care arrangements means many LAC would not be included in the proposed deprivation indicators. DfE propose to fund the authority which is responsible for the care of the child, rather than the authority in which the child is educated;

around 30% of LAC attend school in a different authority.

- 12 The Government propose to use the annual SSDA903 return which provides child-level data on LAC. It believes this is a more reliable source than data obtained from the school census. Each local authority would receive funding based on the number of children looked after for six months or more in the previous financial year. Funding would then be passed on to the schools which are educating those pupils, whichever authority they are located in. The consultation seeks views on how this would work in practice and will confirm the precise methodology following the consultation.

Consultation Questions 3 & 4

Do you agree the coverage of the pupil premium should include Looked After Children? [Paras 51 - 54]

Yes – The attainment gap for Looked After Children is even greater than for children from a deprived background.

What are your views on the operation of the Looked After Children element of the pupil premium? In particular, how might the funding arrangements work at local authority level for pupils educated outside of the local authority with caring responsibility? [Paras 55 - 60]

It is sensible to allocate the extra funding to the "home" authority to forward to the school. For children attending schools in a different authority this will presumably be via a cheque or BACS payment direct to the school. There will be a difference in funding between the pupil premium of the "home" authority and the pupil premium of the authority where the school is situated.

Presumably the YPLA will pay the home authority via a separate grant for LAC in sixth forms?

Children with complex social, medical and educational needs are likely to be more problematic as the payment will in general not be to a school but to an agency where education is only a part of the provision. Payment to the agency already includes the full education cost so will we be able to use the premium to offset against the existing cost or how do we ensure that additional education is provided to the value of the premium?

Where children are in placements that could change what do we do about recovering the money if the premium has been paid in full? Or do we pay termly in arrears?

Given the additional 16,000 additional LAC who pass through the care system during each year (and in between pupil counts) there must be a case for using an ever-LAC indicator for either 3 or 6 years to ensure funding reaches those children who need it. It will depend on the individual circumstances of each child whether the home authority is able to track the whereabouts of each child.

Pupil Premium for Service Children

- 13 The consultation also proposes introducing a premium for children of parents in the armed forces. There are additional costs associated with service children such as initial assessments and additional administrative work, which result from the high turnover of such pupils. The

school census, which collects data on the number of service children, would be used to allocate funding as a specific grant to local authorities, which would then be passed on to schools. The attainment of service children is at least as good as non-service children, therefore, the premium, if implemented, will be at a lower level than for deprived children.

Consultation Question 5

Do you think the coverage of the pupil premium should be extended to include additional support for Service children? [Paras 61 - 66]

Yes we support the introduction of a service pupil premium provide the extra funding is spent on the pupil. Significant extra schools costs for assessment/administrative work and maintaining staff numbers are best dealt with by the special purpose grant and paid direct to the school by the local authority. (See also Question 8)

Methodology for allocating school funding for 2011/12 [Section 2]

- 14 The Government's main priority in the short-term is for the smooth introduction of the pupil premium. Consequently no major changes are proposed to the current allocation methodology for DSG. However, DfE intend to mainstream 'relevant grants' into DSG, this is likely to include at a minimum School Development Grant, Schools Standards Grant and School Standards Grant (Personalisation). The following paragraphs provide information on the other proposed changes to the current arrangements.

Early Years Funding

- 15 At present the actual number of 3 year olds who take up a part-time entitlement place or an amount equivalent to 90% of the 3 year old population, whichever figure is higher, attract funding via the DSG. The consultation proposes funding all authorities based on actual take-up in 2011. Although this would not alter the overall level of funding available, it would slightly increase the *per pupil* unit funding for all authorities. All local authorities will be required to implement a Single Funding Formula for early years funding from April 2011. A further consultation on new School Finance regulations will take place in the autumn.

Consultation Question 6

Should the pupil count for three year olds, used to allocate DSG for 2011-12, reflect actual take up or continue to reflect a minimum of 90% participation where lower? [Paras 75 - 76]

Yes - In 2010/11 an additional 4,718 fte pupils were added to bring 45 authorities up to the 90% participation level. This is much reduced from the 13,042 pupils added in 2009/10 for 90 authorities. It seems right that authorities should be funded on actual numbers i.e. the same as schools particularly in view of the significantly reducing numbers of extra pupils added to an ever smaller number of authorities.

Pupil Referral Unit Dual Registrations

- 16 Before the new Pupil Referral Unit (PRU) census was introduced in 2010 it was not possible to differentiate between those pupils with a dual main registration and those with a dual subsidiary registration. Consequently, some PRU pupils were double funded. Data on the type of registration is now available and the consultation proposes funding authorities only for pupils with dual main registration. As with the proposals for 3 year olds, this would not affect the overall level of funding, but would slightly increase the per pupil unit of funding for actual pupils.

Consultation Question 7

Should the pupil count used to allocate DSG for 2011-12 continue to reflect dual subsidiary registrations for pupils at pupil referral units? [Paras 77 - 78]

No - Dual registered pupils at pupil referral units should not be funded – there should be no double funding of pupils. Each pupil should only be funded once.

Funding for Schools Affected by Armed Forces Movements

- 17 The previous DSG consultation proposed allowing local authorities with schools near military establishments to make a claim for additional pupils to be counted for DSG purposes, if numbers had fallen significantly from the previous year as a result of armed forces movements. The proposal was strongly supported in responses to the previous consultation and therefore the Government propose to introduce this arrangement from 2011.

Consultation Question 8

Do you support our proposals for additional support for schools catering for Service children? [Para 79]

Yes - provided the special circumstances grant is paid to the service schools and is reflective of their additional costs – and these may change from year to year depending on Armed Forces movements.

Home Educated Pupils

- 18 The consultation proposes introducing funding for local authorities for those pupils educated at home, if the authority provides services to such pupils, for example access to school facilities or payment for exam entry fees. It is proposed authorities would be able to claim for 10% of the per pupil funding unit.

Consultation Question 9

Do you support our proposals for home educated pupils? [Para 80]

Not sure – it seems reasonable as authorities incur costs re the home education service but is the introduction of additional pupils funded at a proportion of unit of funding an unnecessary complication that means that authorities will no longer be able to multiply the number of pupils by the funding unit to calculate the DSG.

Minimum Funding Guarantee and Cash Floors

- 19 The consultation proposes retaining arrangements for a Minimum Funding Guarantee for 2011/12. However, the level will not be announced until after the Spending Review and it could be negative rather than positive. The consultation also states the Government is not inclined to have a cash floor in 2010/11, as it believes money should closely follow pupils. However, it seeks authorities' views on this and will keep the issue under review pending the outcome of the Spending Review.

Consultation Questions 10 & 11

Do you think that there should be a cash floor at local authority level in 2011-12? [Para 85]

Not sure - the cash floor cost £8.465m out of a DSG total of £31bn and is equivalent to £1.25per pupil. The cash floor applies to 8 authorities who are mostly metropolitan or unitary authorities and 3 authorities account for £7m. Without knowing the impact of the withdrawal of the cash floor on the authorities affected it is difficult to determine whether it is value for money. In principle we believe that the funding should follow the pupil and that any protection from a cash floor should be temporary and phased out over a number of years – typically three.

Have you any further comments?

Will the pupil premium extended to the Early Years Single Funding Formula as the same principles apply to deprivation funding in nursery schools, nursery classes and Private, voluntary and Independent nurseries. Every authority will be introducing different payment methods in their early years formulae from April 2011.

Key Considerations

- 20 None identified.

Community Impact

- 21 None specifically identified from the consultation proposals

Financial Implications

- 22 No financial implications are identified within the consultation paper as the pupil premium funding allocations will be announced by DfE in the autumn after the closure of the consultation.

Legal Implications

- 23 It is confirmed that these proposals are consistent with the Council's legal duties

Risk Management

25 Herefordshire's views will only be considered by DfE if a response is returned by 18th October 2010.

Appendices

26 Consultation on introducing a pupil premium by DfE July 2010.

Background Papers

Briefing notes prepared by Society of County Treasurers