A consultation on school funding reform: Proposals for a fairer system

Consultation Response Form

The closing date for this consultation is:

11 October 2011

Your comments must reach us by that date.

THIS FORM IS NOT INTERACTIVE. If you wish to respond electronically please use the online response facility available on the Department for Education e-consultation website (http://www.education.gov.uk/consultations).

The information you provide in your response will be subject to the Freedom of Information Act 2000 and Environmental Information Regulations, which allow public access to information held by the Department. This does not necessarily mean that your response can be made available to the public as there are exemptions relating to information provided in confidence and information to which the Data Protection Act 1998 applies. You may request confidentiality by ticking the box provided, but you should note that neither this, nor an automatically-generated e-mail confidentiality statement, will necessarily exclude the public right of access.

Please tick if you want us	s to keep your response confidential.
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If you have an enquiry related to the policy content of the consultation you can contact either

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Juliet Yates on: Telephone: 020 7340 8313 e-mail: juliet.yates@education.gsi.gov.uk,

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the Consultation Unit by e-mail: consultation.unit@education.gsi.gov.uk, by Fax: 01928 794 311, or by telephone: 0870 000 2288.

Please tick the box that best describes you as a respondent. Maintained School Academy Teacher Individual Local ✓ Schools Forum Local Authority Group Authority Other Trade Union / Teacher Early Years Setting Association Professional Body Governor Parent / Carer Other Association If 'Other' Please Specify:

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?

Cabaal			
√ School level	LA level	Neither	Not Sure

Comments: A notional budget for each school will make very clear to all the cost of local formula variations on a school by school basis. Changes can then be made locally to aid convergence to the national formula. Schools will have confidence in the fairness of the allocations and can determine the pace of change locally. A notional budget on a school by school basis will ensure fairness between local authority and academy schools.

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?

./ ΔΙΙ	Como	None	Not Sure
▼ All	Some	None	Not Suite

Comments: The only significant sums paid to schools outside these factors are the former Teachers Pay Grant (3.5% of funding) which is paid on teacher numbers above the threshold and the former standards fund grants which are paid on a varying historic amount per pupil (16% of funding). Other factors such as small schools protection, key stage 1 class size funding, grounds maintenance, free school meals all account for less than 1% of overall funding. The AWPU is over 60% of available funding.

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

Comments:		
Paragraphs. 2.12 to 2.14 discus	ss primary/secondary ratio	S :
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: The consultation paper suggests a single ratio of 1:27 for primary/secondary funding, however, the national averages for KS1 is 1:03, KS2 is 1:0, KS3 is 1:28 and KS4 is 1:55. The proposed average ratio of 1:27 will significantly cut KS4 school budgets and reduce KS1. Are you sure this is right? This seems not to recognise the additional costs of KS4 and the additional costs of reception.

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
teams in the EFA at	ning other than option (i t extra cost, delay and ir calculated by the local a	ncreased risk of erro	ors, as all school
Ensuring accountabil	ity and fairness		
whether the main gro	2.26 discuss options to in oups on the Forum shou d whether the Forum sh	ld all separately have	ve to approve a
	think these options w stronger accountabilit	-	ve greater
√ Yes	No		Not Sure
Schools Forum will nationally where the change if it were ag need to be a mechanical school of the change if it were ag need to be a mechanical school of the change if it were again.	hing that helps to ensure be helpful. However, it main groups on School ainst the interests of the inism for achieving a fin to the Secretary of State	is possible to see ir ils Forum might not at voting block. In s al budget decision.	nstances arising approve a formula uch cases there would
and challenge at a na a review body.	2.31 discuss functions thational level. They are (in think we should imple) checking compliar	nce and/or (ii) acting as
Question 7. Bo you	— —	ment option (i), (ii	•
(i)	(ii)	Both √ N	either Not Sure
	aps as a first step an ap r for the EFA or Secreta	• •	

Comments: Perhaps as a first step an appeal process to School Forum would be useful and only after for the EFA or Secretary of State to step in. DFE could judge whether compliance is helpful. We can't imagine why Schools Forum would not comply with eth funding regulations. Surely a School Forum provides this function and if the powers and responsibilities of School Forums are enhanced as per Q6 then there is even less need for a compliance and review body. In exceptional cases the Secretary of State can presumably override Schools Forum?

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? (i) Not Sure Comments: Free schools should be funded exactly as all other schools as soon as practicable. 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:

English as an Additional Language (EAL)

A basic per-pupil entitlement √

An Area Cost Adjustment (ACA)

Protection for small schools

Additional funding for deprived pupils

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

✓ All	Some	None	Not Sure

Comments: The treatment of business rates needs to be specified nationally as it can be a sizable cost for some schools and is currently funded at cost by local authorities not to disadvantage pupil spend.

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: Ever 3 or Ever 6 years FSM is fairer than solely FSM entitlement due to the under reporting and pupils moving between entitlement and not on a regular basis Herefordshire has preferred a basket of deprivation indicators includes FSM, low prior attainment and IDACI to smooth out such variation and provide a more consistent method.			
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: The analysis in Appendix B is simplistic and the regression analysis coefficient (R square) is not published. Analysis of Herefordshire primary schools suggests a fixed sum of £65k and has R square value of 0.958 i.e. a very good fit but clearly less than the national formula. Such a simplistic analysis will include business rates and these would be included within the £95k base allocation. However business rates vary considerably which is why local authorities pay at actual cost, e.g. academies and VA schools receive 80% charitable rates relief. To determine whether the £95k is a fair sum for primary schools it is necessary to analyse fixed costs at a school by school level rather than a statistical analysis of local authority funding formula allocation. If fixed costs is the rationale for allocating a lump sum then why are secondary schools not included as they too have (higher) fixed costs?			

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	
special schools have is meant to be a small also receive small schools function. Clarity is ne	fixed costs in exactly the san Il protection payment then He nools protection to help meet eded about whether the lump costs? If it is fixed costs the	xed costs then secondary and me way that primary schools do. If it erefordshire small secondary school the fixed costs of the admin/bursar p sum is payment to meet fixed on secondary schools need to receive	
	ve a local authority-level fo the sparsity measure?	ormula, should we use a primary	
Primary School lump sum	✓ Sparsity Measure	Neither Not Sure	
	parsity measure better reflects ning smaller primary schools.	s the additional costs of rural	
Question 14: If we ha sparsity threshold as		you think we should narrow the	
√ Yes	No No	Not Sure	
need for rurality. The		n the authorities with the greatest ame based on the greatest funding needs.	

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?			
GLM Combined Other Not Sure			
Comments: Seems fairest as it reflects the national pay bands for teachers for all authorities.			
English as an Additional Language and Underperforming Ethnic Groups			
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: The consultation paper suggests additional funding for EAL is not necessary as their results are comparable with national average for those children without additional needs but then suggests economic deprivation is the key priority – so should fund on deprivation factors not EAL but with initial support costs.			
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: 2 years would seem appropriate.			

Transitional Arra	angements
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Paragraphs 3.39 to 3.41 discuss transitional arrangements to minimise turbulence.

- (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: in a reasonab		a national forn	nula without progres	ssing schools onto it

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: Academies should be bound by the same vote of Schools Forums if they are represented at Forums. Don't see how academies can vote at Schools Forums on matters that only affect maintained schools. This is the schools equivalent of the "East Lothian" question and should be avoided – School Forums votes affect all schools otherwise why have academy representation?

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.

correct? If not, what changes should be n	
Completely Correct Broadly, but some changes required	No Not Sure
Comments: re - School Budget – conting school numbers particularly in September. entitled to a share of this. Funding for school as it is not funding for all schools but is set should be no more entitled to a share than	ools in financial difficulties is more difficult aside for specific schools – academies
Chapter 5 - Future arrangements for the L Equivalent Grant (LACSEG)	ocal Authority Central Spend
Paragraphs 5.1 to 5.9 discuss the future arra	angements for the calculation of LACSEG.
Question 21: Do you think the funding for moved to a national formula basis rather returns?	
☐ Yes ✓ No	Not Sure
Comments: The LACSEG funding received be consistent with the value of those serviced non-academy maintained schools in Hereford funding for all schools.	•

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
the decision on the and to 12/13" whi	ne appropriate amount of a acade	eparate consultation on "the basis for emies funding transfer for 2011-12 11. Not sure how we can have two 5.8)
Chapter 6 - Child	ren and Young People requirin	g high levels of support
children and young	ts out the high level principles be g people with high levels of need his the right set of principles fo needs?	
√ Yes	No No	Not Sure
Г		
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	No.	ot Sure
			i
and a number of spec special schools and £ formula to a flat rate w up, for example all pu	rdshire, like most other au ial units where the fundin 6k for units. Substantial ovithout creating significant pils in a special school wiecial unit complexity rathe	g is above the £10k care will be necessa t additional paperwo Il have to claim the t	suggestion for ry to change the ork to claim the top-
Question 25: Is £10,00	00 an appropriate level t	for this funding?	
Yes	No – too high	✓ No – too low	Not Sure
why not allow local dis	rdshire's base level for sp scretion and a gradual mo nts set nationally? This w nula elements.	ove to a common na	tional amount with
Applying this approach	to post-16		
Paragraphs 6.19 to 6.2 pupils.	1 discuss proposals for fu	unding high needs p	upils to post -16
Question 26: Is the ide	ea of a base rate of fund	ding helpful in the	post-16 context?
√ Yes	No	No.	ot Sure
	me base level of £10,000 nsistent levels of support		uding post-16 is

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
level costs for post-16 pro It would reduce administra	vision if the budget truly ative bureaucracy for LA I grant is well known for	rectly responsible for funding high y reflects the level of cost and need. A's to directly fund providers. The rits inadequate level of funding. nents of need and cost.
Question 28: Do the prop the post-16 sector?	osed funding arrange	ments create risks to any parts of
Yes	No	✓ Not Sure
Comments: Not as far a answered by post-16 insti	, ,	er the question would be better
Funding by Places or Pup	oil Numbers	
	nded on the basis of pla	viding for high needs children and inned places or pupil numbers. It also
Question 29: Should inst people be funded on the		high needs children and young bil numbers?
Places	✓ Pupil Numbe	ers Not Sure
extra-funding for any incre has worked well since its	ease in September's purintroduction in 2005. The	schools on actual pupil numbers (with pil numbers above forecast). This ne previous formula was based on or support hours. Vacant places in

special schools have not been an issue and the schools have been funded to meet rising pupil numbers.			
Question 30: Are any of options (a)-(d) desirable?			
✓ (a)			
Comments: Funding on actual pupil numbers has worked well, to change to (b)-(d) would be a retrograde step – but is this another case for local discretion?			
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: The simplest method is that the school charges the (home) local authority. It is not clear within the DfE's preferred option (c) how the DSG paid and recouped from local authorities would be adjusted, for example where is the £10k per place paid by the EFA is funded from? – if it is recouped from DSG and the authority pays the top-up then it might as well receive a bill from the school direct for thw hole amount.			

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:	Provided DSG p	upil count and recou	ipment questions are explained.	
Constructing	the High Needs E	Block for local auth	norities	
• .			determining the High Needs Block ent by PricewaterhouseCoopers in	
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?				
approach to c	letermining proxy	y variables accepta	able?	
approach to c ✓ Yes	letermining proxy	variables accepta	Not Sure	
	letermining proxy			
	letermining proxy			
✓ Yes Comments:	Do you agree tha	No		

Comments: at our primary				dence that attendance rived part of Hereford.
moving to a neon high need p Question 35:	ew formula as the pupils.	formula will fail to	reflect the sper	onal arrangements in and of local authorities base allocations to spend?
√ Yes		No No		Not Sure
Comments:		t term mean in ye		
Post-16				
	0 proposes alignir	ng pre- and post-1	6 funding for hi	gh needs pupils over
Question 36: local authority		lock over time, b	_	become part of the night be a particular
√ Yes		No No		Not Sure
Comments:				

		d ideally underp h needs block a	_	allocations both	
Comments: 6.50.	Not sure – it wo	uld have been he	Ipful to set out	more detail in para	ì
Issues Specific	to Alternative Pro	<u>ovision</u>			
• .		nt issues specific ongside SEN for	•	n but suggest that a	AP
NB: Questions	38 is displayed to	ogether with ques	tion 39 in the c	locument.	
Question 38: S funding purpo		nue to be treate	d alongside hi	gh needs SEN fo	r
✓ Yes		No No		Not Sure	
	oils. Recently sch		charged for the	not linked closely to e costs (on a pupil ching provision.	o the

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

	sure how PRUs can be formula g schools for referrals.	a funded – would seem to more
Early Years		
• .	8 set out current arrangements ears Single Funding Formula c	s for early years funding and discuss could be made simpler:
Question 40: Do yo	u agree we should aim for a	simpler EYSFF? If so, how?
Yes	√ No	Not Sure
ensures the same r	efordshire already has a simple rates paid to all providers (although villing to share our approach w	,
1		

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 included a deprivation factor and this should be maintained. A comparative study of deprivation payments to schools and PVI providers would be helpful. The percentage of deprivation payments in our EYSFF is below those made to schools in the same area. However the location of the PVI setting is not always reflected in the pupil attending e.g. commuters may use a convenient PVI in a deprived area but near a large workplace.

Bringing more consistency to free early education funding

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? √ Yes Not Sure No Locking in spend plus is wrong given the whole basis of the national Comments: funding formula is to unlock the current spend plus methodology. A formula approach plus short term damping is fairest and will allow consistency between neighbouring authorities. 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 Not Sure No Comments: Seems sensible given that children in PVI settings quickly grow into children in schools.

Paragraphs 7.12 to 7.15 consider two options for continuing to fund local authorities for

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: We would we Herefordshire has traditional funded authorities – which so	lly been a high [,]	value funder of PVI but	
Pupil Premium			
Paragraphs 8.1 to 8.8 set out premium to include pupils pre measure or an 'ever 6' measure point in the last three or six year. Question 45: What is your paragraphs 8.1 to 8.8 set out premium to 1.8 set ou	viously eligible ure which extenders.	for Free School Meals: d cover to those eligible n for determining elig	an 'ever 3' e for FSM at some ibility for the Pupil
Premium from 2012-13? She	ould it be base	ed on the Ever 3 or Ev	er 6 measure?
Ever 3	✓ Ever 6	Neither	Not Sure
Comments: Ever 6 seems addressing the issue of decl		-	y schools by

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 same rate of pupil premium for all authorities nationally seems right in principle – the impact of deprivation is the same nationally so funding should be so also.			
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 Neither Not Sure Period			
Comments: It is better to make a start in 2013/14 rather than delay. Perhaps there is an approach that will allow authorities to move towards the national funding formula in 2013/14 which will reduce the turbulance later. We intend, if possible, to take steps in 2012/13 which will prepare the way for later implementation. It is surely worth seeking further views from authorities when the shadow settlement is available?			
Question 48: Have you any further comments?			
Comments:			

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?

✓ Y	es	No 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:

Consultation Unit Area 1C Castle View House Runcorn Cheshire WA7 2GJ