

Consultation on new school funding arrangements from 2006-07

Consultation Response Form

The closing date for this consultation is: 13 May 2005
Your comments must reach us by that date.

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The information you send to us may need to be passed to colleagues within the Department for Education and Skills and/or published in a summary of responses received in response to this consultation. We will assume that you are content for us to do this, and that if you are replying by e-mail, your consent overrides any confidentiality disclaimer that is generated by your organisation's IT system, unless you specifically include a request to the contrary in the main text of your submission to us.

The Department may, in accordance with the Code of Practice on Access to Government Information, make available on public request, individual consultation responses. This will extend to your comments unless you inform us that you wish them to remain confidential.

Please tick if you want us to keep your response confidential.

Name MALCOLM GREEN
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HR4 9ZR

If your enquiry is related to the policy content of the consultation you can contact:

e-mail: SchoolFunding.Questions@dfes.gsi.gov.uk

If you have a query relating to the consultation process you can contact the Consultation Unit on: Telephone: 01928 794888; or Fax: 01928 794 311

e-mail: consultation.unit@dfes.gsi.gov.uk

Please tick one of the boxes that best describes you as a respondent

<input checked="" type="checkbox"/> Local Authority	<input type="checkbox"/> Schools Forum	<input type="checkbox"/> Teacher Union
<input type="checkbox"/> Governor Association	<input type="checkbox"/> Headteacher Association	<input type="checkbox"/> School
<input type="checkbox"/> Headteacher	<input type="checkbox"/> Bursar	<input type="checkbox"/> Governor
<input type="checkbox"/> Teacher	<input type="checkbox"/> Parent	<input type="checkbox"/> Other

Please specify:

This response has been endorsed by the Chair of the Schools Forum

Three year budgets for schools - financial framework

1 Do you agree that it would be helpful to schools to receive forward budget information for at least two academic years as well as at least two financial years to aid forward planning? (*Paragraphs 18-21 in the full consultation document; 15-17 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

We agree it would be helpful for schools to receive forward budget information. However, the information is only as good as the three year projection of pupil numbers. For large secondary schools this should be possible within a reasonable tolerance given the known pupil numbers in in take primary schools. However, it is likely that for small primary schools in a rural authority such as Herefordshire pupil forecasts will be significantly inaccurate such that three year forward budgets will have relatively little value and at worst could be positively misleading.

2 Are there other ways in which either DfES or local authorities could help to extend schools' ability to plan ahead effectively?

Comments:

Grant funding such as Standards Fund or Childcare Grants distort the true base budget for schools and their associated spending plans by introducing significant uncertainties as to what happens at the end of the grant if funding is not renewed. The transfer of short term grant funding to core base budget for LEA's to distribute would be a welcome improvement.

3 Which funding year would be the most helpful for giving schools funding information for the academic year: August to July or September to August? (*Paragraph 22 in the full consultation document; 19-20 in the summary*)

<input type="checkbox"/> August to July	<input checked="" type="checkbox"/> September to August
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Comments:

Herefordshire has 102 schools and only four of which have sixth forms. Given that teacher contracts currently run from September to the end of August we feel it would have a disproportionate impact on 98% of our schools to change the funding year so that it would run from August to July. Any such change would require teachers contracts to run also from August to July so that a termination of the contract fits in with the termination of the budget year. We can see a innumerable disputes as to whether the terminating school or the new school should pay for August's salary costs in the event of teachers transferring between schools. A change to August to July cannot have any significant benefit compared to the disproportionate impact and disruption to the vast majority of schools.

4 Do you agree that the approach of having funding increases in September, with funding allocations aligned to the academic year, is sensible? (*Paragraphs 25-28 in the full consultation document; 22-24 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

This is sensible. However, is there an implied requirement for support staff to have September pay increases and fixed for a three-year period?

5 Do you think that the benefits of accounting on an academic year as well as a financial year basis outweigh the extra costs involved? (Paragraphs 29-33 in the full consultation document; 26 in the summary)

<input type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input checked="" type="checkbox"/> Strongly disagree	

Comments:

We do not consider the benefits of accounting on an academic year is worthwhile and further do not see how it would be possible to account on a financial and an academic year on a practical basis. For example it will not be practical to put creditors, debtors and accruals through the Council's accounts at the end of August in addition to the end of March. . There has been no assessment on how this might impact upon schools if at all. If the close down is on a simplistic basis such as the current declaration for standards fund that all grant has been spent by the end of August then there would be little cost. However, significant confusion is likely to arise by having a financial close and an academic close for example which set of school balances would be the official figures, those at the end of March or those at the end of August? The potential for confusion abounds.

6 Do you have any further comments on the proposals to give schools three year budgets aligned to the academic year?

Comments:

No comment.

The new Dedicated Schools Grant

7 Do you agree that allocations of Dedicated Schools Grant should be adjusted in response to changes in pupil numbers, rather than being based on the initial pupil numbers used, without updates? (*Paragraph 57 in the full consultation document; 34 in the summary*)

<input type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input checked="" type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

The use of forecast pupil numbers for determining the allocation of the Dedicated Schools Grant will introduce further uncertainty into the system. At the request of schools, - Herefordshire has moved to fixed funding for the financial year based on January PLASC pupil numbers without adjustment in year. This has been at the specific request of schools that welcome the greater certainty for planning that such fixed budgets provide. Retrospective year-end budget adjustments due to changes in pupil numbers would seem to be a retrograde step and will detract significantly from the stated aim of introducing greater certainty into school budgets through three year planning. We agreed with the proposal that pupil numbers should move to up to date pupil numbers based on January pupil accounts. However, we have real concern regarding retrospective budget adjustments should the actual pupil numbers differ significantly from those forecast. Schools, and in particular small rural schools, could be put in difficult situations regarding the claw back of forecasted budget when such funds have already been spent on teachers. For small rural primary schools with an average of 60 pupils, a pupil forecast error of up to six pupils, whilst not many in absolute terms could have a wholly disproportionate impact on the schools budget and certainly introduce greater uncertainty rather than stability.

8 Should allocations of Dedicated Schools Grant continue to use lagged pupil numbers or move to up-to-date actual pupil numbers? (*Paragraphs 58-62 in the full consultation document; 35 in the summary*)

Lagged pupil numbers

Actual pupil numbers

Comments:

See below.

9 If allocations of Dedicated Schools Grant use up-to-date actual pupil numbers, should we continue to use lagged pupil numbers for authorities with falling rolls? (*Paragraph 67 in the full consultation document; 36 in the summary*)

Use lagged pupil numbers for schools with falling rolls

Use actual pupil numbers for schools with falling rolls

Comments:

Falling Rolls is indeed a significant problem and leads to schools building up significant revenue balances in order to cope with a perceived problem. It would seem sensible to give authorities with significant falling rolls some breathing and planning space by using lagged pupil numbers. However, if most LEAs' are in the position of falling rolls does this not imply that DSG would automatically be based on lagged pupil numbers for the vast majority of authorities and makes the answer to question 8 above somewhat irrelevant?

10 Given that pupil numbers will be updated, will it be helpful to fix the unit of resource for the funding distributed to local authorities for the three year period? (*Paragraphs 63-64 in the full consultation document; 37 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

If the level of DSG is set and pupil numbers fixed then fixing absolutely the unit of resource will not automatically balance back to the DSG total. Mathematically some small degree of flexibility for the unit of resource maybe essential in order to set a balanced budget.

11 Do you agree that the non-pupil data indicators should be frozen for the three year period based on an average of the latest actuals? (*Paragraphs 65-66 in the full consultation document; 38 in the summary*)

<input type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input checked="" type="checkbox"/> Strongly disagree	

Comments:

It will be essential that non-pupil data indicators be changed within the three-year period. For example, the building of a new school or a significant extension or changes to the school playing field may require changes to the school budget. The essential connection is that changes to the budget should be in line with changes in cost. A significant example is rates, which most authorities fund at actual and the effect of rates revaluations should not be frozen.

12 How do you think the floor increase should be funded: solely through a ceiling, or through a damping block as well? (*Paragraph 77 in the full consultation document; 40 in the summary*)

Ceiling only

Ceiling plus damping block

Comments:

A floor arrangement is essential and should be funded through a combination of a ceiling and damping block so that all authorities contribute to the cost of the floor.

13 Should there be a cash floor, as well as one on a per pupil basis, built into the system to protect authorities with rapidly falling rolls? (*Paragraph 79 in the full consultation document; 41 in the summary*)

Per pupil floor only

Per pupil floor and cash floor

Comments:

It is essential that authorities with falling rolls are given sufficient time to reduce costs. I have no particular views on the cash floor. However, a degree of fairness is essential across all LEA's.

14 Do you have views on what transitional arrangements are needed to ensure that there is no adverse impact on the rest of the local government finance system when DSG is introduced in 2006-07? (*Paragraphs 86-94 in the full consultation document; 43 in the summary*)

Comments:

Stability for schools must not be to the detriment of the rest of local government funding.

15 Do you have any further comments on the proposals for the Dedicated Schools Grant?

Comments:

No comment.

Three year school budgets: the distribution of funding from local authorities to schools

16 Do you agree that the split in the Schools Budget between the Individual Schools Budget and the central items set at the beginning of a three year funding period could subsequently be varied with the agreement of the Schools Forum if circumstances changed? (*Paragraph 101 in the full consultation document; 50 in the summary*)

<input checked="" type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

It is essential that some variation of the split between the individual schools budget and centrally retained items is available over the three-year period. For example budgets such as statementing and placements to independent special schools are notoriously difficult to forecast and must be reviewed. These variations should be agreed with the Schools Forum as part of the budget setting process.

17 Would you prefer a Minimum Funding Guarantee that continues to be set at or above cost pressures, or a lower value that would allow changes in a local authority's formula to flow through more rapidly? (*Paragraph 102 in the full consultation document; 53 in the summary*)

<input checked="" type="checkbox"/> At or above cost pressures	<input type="checkbox"/> Lower than cost pressures
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Comments:

The operation of the Minimum Funding Guarantee at a level set above cost pressures constrains the ability to make the amendments in the LMS formula, which have been agreed in consultation with schools and the schools forum. A compromise that could be quite effective would be to set a national minimum funding guarantee at a minimum level of cost pressures and allow a further range of 1% or 2%, which, with the agreement of the Schools Forum, could either be imposed or set aside if there are local variations to the formula that schools wish to implement.

18 Do you agree that local authorities should be allowed to change their formulae once three year budgets have been set, under exceptional circumstances and with the agreement of their Schools Forum? (*Paragraph 116 in the full consultation document; 63 in the summary*)

<input checked="" type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

The consultation paper proposes a two-year delay from the preparation of formula changes in say 2006 to the implementation of these changes in the academic year 2008/9. It is virtually inevitable that circumstances will change and demand reconsideration of some of these budget issues in the two-year period before implementation. We agree that budget and formula may need to be re-considered during this period. The difficulty will arise if exceptional circumstances are claimed every year so that instead of fixed three year budgets we move as now to annual budgets responsive to circumstances. Is there any intention to categorise the list of exceptional circumstances under which local authorities would be allowed to change their formula?

19 Which do you think is more important: a system which allows schools to predict their future budget with more certainty, but is less responsive to changes in circumstances; or a system which allows all relevant data to be updated in the final budget? (*Paragraph 117 in the full consultation document; 64 in the summary*)

More certain but less responsive to change

Less certain but more responsive to change

Comments:

We consider it far more important to have a responsive budgeting system which allows all relevant data to be included in the final budget determination. The alternative suggestion about fixing future budgets with certainty is fine in principle, however, over the three year budgeting cycle it will be impossible to fix the level of many external costs and we consider it preferable that budgets should change in relation to cost pressures. In this way no schools will be under funded or over funded and the level spent on pupils should be more certain.

20 Do you agree that it would be sensible to have more predictable arrangements for updating the budget for the forthcoming year, and less predictable but more responsive arrangements for the years further away? (*Paragraphs 118-119 in the full consultation document; 65 in the summary*)

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

It is far more preferable to have predictable budgets for the forthcoming budget year and broad indications with less certainty and more response for future years.

21 Which of the following three options do you think local authorities should use to update the indicative budget? (*Paragraphs 120-129 in the full consultation document; 67-73 in the summary*)

<input type="checkbox"/> a) pupil number changes applied to AWPUs only	<input checked="" type="checkbox"/> b) pupil number and non-pupil data	<input type="checkbox"/> c) an approach to be decided locally
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Comments:

We strongly prefer option 2 updating non pupil data as well as pupil numbers with the proviso as set out that there is the option to marginally adjust formula values to ensure a balanced budget within the DSG available.

22 Do you agree that funding for named SEN pupils should not be included in school budget forecasts for future years? (*Paragraph 121 in the full consultation document; 74 in the summary*)

<input checked="" type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

Strongly agree that funding for named SEN pupils should not be included in school budget forecasts for future years – this would be impossible to achieve since funding can vary significantly from year to year and as and when pupils leave.

23 Which is the best approach to avoiding turbulence when Teachers' Pay Grants are included in mainstream funding? (Paragraphs 134-139 in the full consultation document; 76 in the summary)

<input type="checkbox"/>	a) Allowing the funding to flow through an authority's formula and letting the Minimum Funding Guarantee moderate any turbulence	<input type="checkbox"/>	b) Allowing an authority to include a factor in their formula to continue the current distribution	<input checked="" type="checkbox"/>	c) Allowing an authority the flexibility to take an approach between options a) and b)
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Comments:

We prefer the option of agreeing some flexibility with Schools Forum so that we can move over a period of years from the current mechanism which is allocating the pay grant on the number of full time eligible teachers to a medium term position of allowing the funding to flow through pupil numbers in the LEA's formula. Requiring Schools Forum to agree the best approach allows local decision-making on what is a sensitive funding issue for schools.

24 Do you have any general comments on the approach local authorities might take to giving schools three year budgets?

Comments:

In general the approach that Herefordshire will take is that whatever funding smoothing and lagging arrangements are used by DfES to pass the budget to local authorities, Herefordshire will use similar mechanisms in order to pass the funding through to schools. For example, if end of year clawback of DSG used by DfES then we shall pass the clawback directly on to schools.

Additionally there is likely to arise a significant additional level of complexity regarding the management of under and overspends on the dedicated schools budget. This is likely to add more complexity and make explanations to schools less straightforward than the current end of year delegation of unspent contingencies.

The new Single Standards Grant

25 Do you agree that we should retain a small number of grants to offer targeted support and for activities that require support on a continuing basis? *(Paragraph 154 in the full consultation document; 83 in the summary)*

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

Yes, this would seem a sensible approach on the proviso that it remains a small number of grants and DfES does not permit the gradual expansion of the number of grants targeted over the medium term that simply eventually restores the current plethora of standards fund grants.

26 Could any more of the existing targeted grants be made part of the amalgamated grant? *(Annex E in the full consultation document; Annex B in the summary)*

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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If yes, please list which other grants could be part of the amalgamated grant

The balance in the consultation paper would seem broadly correct although we note with some concern that the national grid for learning ICT grants are excluded and would welcome clarification as to how these grants continued to be offered to schools.

:

27 Do you agree that we should opt for stability in the first two years of the amalgamated grant, by aggregating current Standards Fund grants without formula changes for that period? (*Paragraphs 152-153 in the full consultation document; 86-87 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

This would seem sensible.

28 Do you agree that we should move the existing School Standards Grant to a lump sum and per pupil basis during the transitional phase, with suitable damping arrangements to ensure stability? (*Paragraphs 156-157 in the full consultation document; 88 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

Agreed this would seem a sensible approach.

29 Do you agree that the Standards Fund and the School Standards Grant should be brought together into a Single Standards Grant from 2008, using a formula that is pupil led and has a per school element to protect small schools, and a deprivation measure? (*Paragraph 160a in the full consultation document; 89-90 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

Agreed but DfES must ensure that small rural schools are protected.

30 Do you agree that we should allow schools to agree, through their Schools Forum, to local authorities increasing the level of holdback for coordination and collaboration purposes by top-slicing the new Single Standards Grant? (*Paragraph 162 in the full consultation document; 91 in the summary*)

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Agreed that Schools Forum should be able to agree an increase in the level of holdback. However, as a general principle we would be against top slicing any grants allocated to schools.

31 Do you have any further comments on the proposals for the new Single Standards Grant?

Comments:

No further comment.

Strategic Financial Management and Planning

32 Do you think that the Financial Management Standard should become compulsory? (*Paragraphs 176-177 in the full consultation document; 100 in the summary*)

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

The Financial Management Standard should become compulsory for secondary schools. Secondary schools are generally responsible for significant budgets which approximately account for half the Individual Schools Budget and have qualified bursars to manage the finance function. It is reasonable to expect that finance should be managed to a high standard. Primary schools are much more numerous and are significantly smaller in budget size and management capability. Much more of their budget is spent directly on staff and as such there is less to go seriously wrong. In any case it is much easier to correct a primary school deficit than a secondary school deficit. The experience of making the Financial Management Standard compulsory in high schools should be reviewed after a period of five to seven years and a separate decision taken on whether it is valuable to extend to primary schools and special schools.

33 How could the Financial Management Standard and Toolkit and Schools Financial Benchmarking website be improved for users? (*Paragraphs 176-177 in the full consultation document; 100 in the summary*)

Comments:

The financial benchmarking website could be improved by schools being able to benchmark against their Ofsted family neighbours. This would allow schools to compare themselves against comparator schools who may adopt very different practices. The difficulty at present is that for schools to get a true comparison on similar funding levels they compare within an LEA and usually schools within an LEA all adopt similar practices. If schools compare against a wide cross section of schools then varying funding levels distort the expenditure patterns. An easy to use "comparison against family neighbours" would be ideal.

34 What sort of procurement deals and arrangements would be most suitable for schools? (*Paragraphs 195-203 in the full consultation document; 102-103 in the summary*)

Comments:

Ideally schools require good value and efficiently organised procurement deals from responsive regionally based procurement organizations that offer schools value for money, choice and good customer service. However, care must be taken to ensure the overheads of such purchasing organizations do not exceed the cost of supply and services bought in an efficient open market. Care needs to be taken so that local circumstances regarding school meals, grounds maintenance, supply teachers and many other locally purchased decisions are retained and that centrally purchasing arrangements do not adopt a one size fits all mentality.

35 In what other ways can schools become more productive and efficient in the use of their resources?

Comments:

The efficient production of schools curriculum materials and especially on line planning tools would be desirable. Partnership working between schools and LEAs generally lead to the most efficient use of resources that are designed to meet individual schools needs.

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 and Skills 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?

Yes No

How to respond and further information

The consultation response form is available at www.dfes.gov.uk/consultations/. You can complete this on-line, or download it and post it to us. Copies of the form are also enclosed with printed copies of this consultation document and the separate summary document.

If you are responding on-line, select the “Respond on-line” option at the beginning of the consultation webpage: www.dfes.gov.uk/consultations/.

If you prefer you can send completed response form to Department for Education and Skills, Consultation Unit, Area 2A, Castle View House, East Lane, Runcorn, Cheshire, WA7 2GJ

Or fax it to 01928 794248

Or send it by e-mail to: SchoolFunding.Consultation@dfes.gsi.gov.uk

If you have any questions about the proposals or would like to know more

If you would like to ask us about any aspect of the proposed funding arrangements, please e-mail the School Funding Team at Schoolfunding.Questions@dfes.gsi.gov.uk or call us on 020 7925 6706. You can also visit the school funding area on TeacherNet where we will keep a list of Frequently Asked Questions up to date and post any additional information that becomes available during the consultation period. The address is www.teachernet.gov.uk/management/schoolfunding/.

Additional Copies

Copies of the document can be requested from: DfES Publications, PO Box 5050, Sherwood Park, Annesley, Nottingham, NG15 0DG

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