

Schools Forum Agenda

Date: **Thursday 17 May 2012**

Time: **14.30 –16:30pm**

Venue: **Committee Room 2, Civic Suite, Town Hall, Catford**

Order of Business

1. **Minutes of Meetings: - Minutes of the meeting held on 1st March 2012.**
2. **Matters Arising**
3. **Schools Funding reforms – next steps to a fairer system** **For discussion and decision**

To discuss and consider a draft response to the above consultation document.
4. **School Budgets** **For discussion**

An update on the latest capital allocations, postal service consultation and the allocation of funding discussed at the last meeting
5. **Balance Control Mechanism** **For discussion**

To review the schools carry forward balance at the end of the financial year (as at 31 March 2012)
6. **Any Other Business**

We have received a further consultation document on financial management in schools after the last meeting. The closing date is the 11 May and before this meeting. The response is attached for information

Dates of Future Meetings

12-July 2012

20-September 2012

15-November 2012

LEWISHAM SCHOOLS FORUM



Minutes of the meeting held on Thursday 1st March 2012

In Civic Suite

Membership (Quorum = 40% i.e. 8)

✓ = present ✗ = absent

		Attendance
Primary School Headteachers		
Irene Cleaver	Athelney	✓
Steve Davies	Coopers Lane	✓
Liz Booth	Dalmain	✓
Paul Moriarty	Good Shepherd	✗
Helen Johnston	Launcelot	✓
Nursery School Headteacher		
Nikki Oldhams	Chelwood	✓
Secondary School Headteachers		
Anne Potter	Addey & Stanhope	✓
Bob Ellis	Conisborough College	✓
Erica Pienaar (Chair)	Prendergast	✓
Carolyn Unsted	Sydenham	✓
Special School Headteacher		
Tim Stokes	Pendragon	✓
Primary & Primary Special School Governors		
Keith D'Wan	Athelney	✓
Brian Lymbery (Vice-Chair)	Lucas Vale	✓
Mark Simons	Coopers Lane	✗
Secondary & Secondary Special School Governors		
Simon Nundy	Trinity	Apologies
Nick Day	Sydenham	✗
Academies		
Declan Jones	Haberdashers' Aske's	✓
14-19 Consortium Rep		
Dympna Lennon	Addey & Stanhope	Apologies
Early Years Rep		
Val Pope	Pre School Alliance	Apologies
Diocesan Authorities		
Rev Richard Peers	Southwark of Diocesan Board of Education	✗
Michael Cullinane	Archdiocese of Southwark Schools Commission	✗

Observers	
Frankie Sulke	Executive Director For Children & Young People
Alan Docksey	Head of Resources
Kim Knappett	ALT (standing in for Martin Powell-Davies NUT)
Also Present	
Dave Richards	CYP Group Finance Manager
John Russell	Service Manager
Hayden Judd	Principal Accountant School's Team
Chris Threlfall	Head of Education Development
Sue Tipler	Head of Standards and Achievement
Denise Castle	Clerk
Janita Aubun	School Accountant

Apologies for Absence

Apologies were received from Dympna Lennon, Val Pope and Simon Nundy.

1. Minutes of Meeting held on 12th January 2012.

The minutes were agreed and signed by the Chair.

2. Matters Arising

There were no matters arising from the minutes that were not covered by the agenda.

3. Reorganisation of special educational needs and children with disabilities

Frankie Sulkie presented the report on the Complex Needs Review Savings proposals which was presented to Mayor and Cabinet on 15th February 2012. The review was personally led by Frankie Sulkie to identify how best to bring services together in order to improve outcomes for these children and young people and also to improve the experience of children, young people and their families or carers. The review was designed to identify savings in management and process costs as well as in streamlining provision without compromising support for children and families.

The Mayor approved that consultation should begin on the proposals identified from the Management Review of services:-

- Reorganise services within the Directorate for Children and Young People to bring together all assessment, planning, intervention and support functions
- Deletion of a service manager post
- Reconfigure the Inclusion Service
- Realign other services relating to children with special and complex needs

The Review proposes that a single assessment process for children should be conducted through a single service, managed by Ian Smith, Director of Children's Social Care. All staff presently working for Special Educational Needs will transfer to Children's Social Care and a further review of the service will follow approximately six months after the consultation period.

The Review identified that there is a need to increase the number of Educational Psychologists (EPs) and that the management of this service should be moved to Sue Tipler, Head of Standards and Achievement. The EPs need to fulfil a role in assessing individual children for statutory assessment of SEN and need more capacity to do this. EPs also need to work to improve schools' capacity generally to teach children with SEN effectively. This would have significant benefits in linking their work more closely to other school improvement work. The EPs also provide support in school settings to under 5s providing statutory services. In many cases the children receiving support have ASD Needs and these services use expertise similar to that at Drumbeat. Therefore an enlarged EP team and additional resources to Drumbeat for 0-5s would be appropriate. Some of the savings identified can be used to increase the number of EPs with specific early years expertise and to increase the expertise of Drumbeat to include early years.

It is proposed that the implementation takes place in two stages.

- First is that services are brought together under newly proposed management lines of responsibility

- Secondly following the merger a further review of the processes to identify further efficiencies and savings

The report shows the financial impact of the review: £1.148m of resources is available for realignment. £905k will be reinvested in other ways see table 14.2, leaving £243k. Within the reinvestment of £905k, two items are one-off (£60k for transitional support for under 5s, and £100k for the project management support for implementation) these savings will release a further saving of £160k in 2013/14.

The review indicates that savings in expenditure totalling £561k can be achieved in a full year. In a subsequent full financial year this increases to £721k including the release of the once-off savings as mentioned above.

4. School Therapies

In July 2011 a report was presented to Schools Forum on the outcomes of the Commissioning Review of Therapies Services and the implications for school services. The conclusion of the review was that available resources need to be targeted more effectively to meet assessed needs and clinical priorities.

Commissioners have been working with Lewisham Healthcare NHS Trust to reshape services to deliver the recommendations of the Therapies review. Models for therapies need to be worked through and primary and secondary head representatives need to volunteer to attend meetings to discuss the proposals and feedback to Warwick Tomsett. This will enable the Lewisham Healthcare NHS trust to present costed models of intervention to schools for the delivery of therapy services at low and medium levels of clinical need.

Decision : Alan Docksey agreed to report on progress and request for volunteers to Warwick Tomsett.

5. Schools Budgets

Dave Richards presented the report to consider the level of the Dedicated Schools Grant (DSG) for 2012/13 and to ask Schools Forum to agree how this will be allocated in 2012/13 to schools and central services.

Recommendations

i) Forum agrees with the continuation of each of the following projects that are funded through a top-slice from the DSG.

1. Management support to PFI/New Schools
2. New Woodlands Outreach
3. Persistent Absence
4. Teenage Mothers
5. Tutors for Looked after Children - Year 6
6. Social Workers at New Woodlands / Abbey Manor College
7. Partnership Development
8. Additional tutors for Looked after Children – Key stage 3
9. Social Workers in special schools
10. Mental Health Support Services in schools.

Decision : Agreed

ii) Forum agreed to set the Dedicated Schools Grant budget at £234,713k and the Individual Schools Budget at £204,285k for 2012/13

Decision : Agreed

- iii) Forum agreed that the following funding factors should be outside the minimum funding guarantee.
1. Transitional protection for cash falls in school budgets
 2. Resource Bases

Decision : Agreed

- iv) Forum agreed that bulge class funding and permanent expansion pump priming be accommodated in the reorganisation factor within the funding formula.

It has been agreed with the schools to fund start up costs some of which fall into 2012/13 and this has been built into the schools' budgets for the coming years subject to the outcome of the current consultation.

Decision : Agreed

- v) Forum agreed to increase all the pupil led funding rates in the formula
Forum agreed that the proposal to devolve via the AWPU is a fair way to ensure all pupils receive an allocation.

Decision : Agreed

- vi) Forum were asked to consider proposals in order to devolve £1m of extra funding.

Forum agreed that firmer details relating to the proposals should be presented to members before decisions could be reached. Forum agreed that Alan Docksey should email detailed proposals to members for approval. Members that do not respond will be taken as agreeing to recommendations. To enable allocations to be devolved to schools at the earliest opportunity Forum agreed that Erica Pienaar will agree Chair's Action.

Action : Alan Dockey to co-ordinate for Chair's Action

- vii) Forum agreed to a breach in the central expenditure limit to fund any proposals agreed in vi) above.

- viii) Forum agreed that the Upper Pay Spine factor for post 16 provision is abated by the percentage of pupils in the sixth form. It was agreed that all schools should be treated in the same way.

Decision : Agreed

6. **Postal Traded Services**

Alan Dockey presented a report on the Schools 'Blue Bag' service. It was proposed that Children and Young People reduce the costs of the Customer Services SLA which provides a daily mail service for schools by at least £20k. It was identified that an increase of over 30% would be needed to produce a self-financing service.

Two options were proposed:-

- Reduction of service to an alternate day service (SLA would however increase by inflation of 5% in line with other SLAs)
- Increase charges to schools in line with costs of service

Decision : Forum asked Alan Docksey to carry out a survey to see which is the preferred option

7. Budget Monitoring

Dave Richards presented the budget monitoring report 2011/12 as at the end of January 2012. Forum noted the current forecast position. In summary the pressures of £1,017k in 2011/12 will be met by savings in year. Under current legislation any balance at the year end will be rolled forward to the next financial year. While the DSG will balance in 2011/12 it masks the underlying problem of the overspends on SEN budgets. It is imperative that strong financial control is maintained on these budgets and while these budgets are needs led, sufficient and appropriate provision at an affordable costs needs to be readily available to avoid having the same financial problems next year.

8. Benchmarking Data

Dave Richards presented a report to consider the level of school balances over the last decade and compares the position of Lewisham schools with schools in the rest of the country and London.

It was noted that the reduction in the carry forward during 2009/10 was mainly due to the focus Forum placed on the Balance Control Mechanism (BCM). 2010/11 saw an increase in balances but it was accepted that this was not surprising in the current economic times as there is a natural desire for schools to hold resources to counter the current financial uncertainty

Central Government enabled Schools Forum to decide whether they wished to operate a BCM and Forum decided to continue with this. Schools have been asked to make a return of the excess balances by 7th March. These will be considered by Sue Tipler Head of School Improvement and Dave Richards before recommendations on whether any school should be capped are brought to the Forum.

9. Any other business

Date of next meeting 17th May 2012

SCHOOL FORUM ACTION SUMMARY – from School Forum held on 1st March 2012

ITEM	ACTION TO BE TAKEN	OFFICER(S) RESPONSIBLE FOR ACTION	OUTCOME / CURRENT POSITION
4	Primary and Secondary Head volunteers required for School Therapies consultation	Warwick Tomsett	
5 vi)	Email members detailed proposals for devolving £1m extra funding to school for a Chairs' Action decision	Alan Docksey	See Item 4 on Agenda for 17 th May
6	Consult with schools on proposals for Postal Services SLA	Alan Docksey	See Item 4 on Agenda for 17 th May

Consultation on School funding reform: Next steps towards a fairer system

1. Purpose of the Report

To agree the draft response to the Department for Education (DFE) consultation on the proposed schools funding system.

2. Recommendation

- The Forum considers the attached draft response to the consultation.
- A small working party is set up to consider the new formula prior to the next Forum Meeting on the 12 July

2 Background

- 2.1 The Department for Education in the spring 2011 consulted stakeholders on reforming the schools funding system. Their aim is to create a funding system that is fair, logical and distributes funding towards pupils who need it most. They felt the current funding system makes the objective to raise the aspirations and attainment of all pupils difficult to achieve. They wished to see good schools expand more easily so that more pupils can benefit, funding to follow pupils, for pupils with additional needs to attract additional funding and for schools to understand how their budgets have been calculated.
- 2.2 This was then followed by a second consultation in July 2011 considering a national funding formula for the distribution of funds to local authorities from which each local authority and Schools Forum would agree a formula to distribute funding locally to individual. The view was whatever the funding model it needed to be clear and transparent, support the needs of pupils and enable schools to make informed decisions about their provision. The Department for Education published a statistical analysis of the responses but have not provided details any conclusions they subsequently made.
- 2.3 The latest consultation document was issued on the 26 March and runs until 21 May 2011. The changes proposed are complex and technical, the consultation period does not last for the usual 12 weeks limiting the scope that Schools Forum can consider the proposals. The DFE feel making the timeframe shorter than normal will enable an earlier announcement in the summer about the outcome.

The consultation considers

- The future of the Dedicated Schools Grant.

- The ways that schools within each local authority are funded
- The arrangements for funding pupils and students with high needs
- Simplification of the arrangements for the funding of early years provision
- The role of the Schools Forum
- The role of the Education Funding Agency

The full document can be found on

<http://www.education.gov.uk/consultations/downloadableDocs/School%20funding%20reform%20-%20Next%20steps%20towards%20a%20fairer%20system%20Mar%202012%20FINAL.pdf>

2.4 The DFE believe the reforms will mean they are well placed to introduce a national funding formula during the next Spending Review period(2015/16).

3. Details

The consultation document is complex and in places technical, the purpose of this paper is not to discuss every reform proposed in detail but highlights the important aspects and identify areas of concern which are then built into the response to the consultation document.

3.1 The future of the Dedicated Schools Grant .

The DFE have not revisited how each Local Authorities Dedicated School Grant is calculated apart from considering transferring part of the Formula Grant into the schools funding system.

The proposal is to switch the formula grant that is currently paid to councils for some education services currently funded outside of the Dedicated Schools Grant. It is expected the following budgets are the most likely to be included

	Full Budget £
Central Support Services (pupil support, music and outdoor education)	396
Education welfare service	1108
School improvement	1521
Asset management education	568
Statutory/Regulatory duties(7.0.1)	1180
Redundancy	124
Monitoring national curriculum assessment	34

This funding then will be held by the DFE, some given to academies and the rest handed back to Local Authorities on a national basis through an additional grant on top of the Dedicated Schools Grant. It is important any adjustment reflects the pupils actual in academies in the local authorities and not on a standard rate across the country. We have seen in the past significant reductions in funding despite only having one school forming an academy under the current coalition government policies.

One of the concerns in handing back this funding to Local Authorities is that no account will be made for Area Costs which will mean funding is transferred out of London and the South East.

The consultation does propose splitting the Dedicated Schools Grant into three spending blocks called Schools, Early Years and SEN.

The budgets in each of these spending blocks can be seen in Appendix A. The whole of the schools block will be delegated and schools (Head teachers rather than the Forum) will be invited to hand the funding back to the Local Authority if they so wish.

Impact

It is impossible to gauge this as there are no details of a possible national funding formula.

There is a concern that with greater delegation of budgets to schools and with schools able to elect to hand back funding the LA to manage, schools will be exposed to greater risk. This is true of the funding that acts in an insurance like way such as the schools contingency funds. If a number of schools do not agree to hand the funds back then this could limit the ability of LA's to support schools

Areas of concern

Area cost adjustment

There is no discussion about area costs, although worrying that the document talks of funding SEN pupils at a standard rate of £10k across country and likewise a standard lump sum rate. Inner London Authorities receive significant levels of funding through the Area Cost Adjustment. This is essential as the principle of fair funding is that the schools funding system should allow equal opportunity for all pupils to fulfill their full potential. The cost of not only salaries, but recruitment, retention and high turnover of staff in London need to be recognized. As we have seen with the pupil premium having standard rates across the country this impacts on what can be delivered with the funding in London and the South East due to the higher wage costs.

PFI costs

Local authorities with significant number of PFI schemes incur additional costs and it is important that this is recognized in the national formula

3.2 The ways that schools within each local authority are funded

The consultation proposes the new schools funding formula are based on ten factors. The current legislation allows funding formula to have 37 factors in their formula although some of these factors can be broken down further into sub elements. In Lewisham we have 29 factors in our formula.

The proposed formula factors are as follows

- 1) A basic per-pupil entitlement – which allows a single unit for primary aged pupils and either a single unit for secondary pupils or a single unit for each of Key Stage 3 and Key Stage 4
- 2) Deprivation measured by FSM and/or the Income Deprivation Affecting Children Index (IDACI)
- 3) Looked after children;
- 4) Low cost, high incidence SEN;
- 5) English as an additional language (EAL) for 3 years only after the pupil enters the compulsory school system;
- 6) A lump sum of limited size;
- 7) Split sites *1
- 8) Rates *2
- 9) Private finance initiative (PFI) contracts; and,
- 10) For the local authorities who have some but not all of their schools within the London fringe area, flexibility to reflect the higher teacher cost in these schools. This does not apply to Lewisham.

*1 This factor can replicate our own current split site factor

*2 This does not quite equate to our current funding as it is proposed to disallow the Post 16 abatement on rates, hence an element of double funding will occur.

The funding formula will be based on October pupils numbers rather than the current January count; there is one exception to this which is early years which will be based on the January count initially.

The impact

It is difficult at this stage to see the exact impact of these proposals and only broad themes can be currently considered. The detailed revisions to our funding formula will be brought to the Schools Forum meeting in July before consultation

takes place with schools. The section below entitled “Next Steps” describes a possible timetable.

The current proposals appear on the surface to transfer resources to the primary sector, reduce funding for small secondary schools and increase funding for junior schools proportionately more than other primary schools. Detailed modeling will need to take place in order to confirm this or otherwise.

Concerns – Proposed factors

Standard basic entitlement rate across all pupils in a sector

We feel there are differences in needs between the key stages. Reception classes have greater needs in terms of staffing such as extra teaching assistants and nursery support staff. The Key Stage 4 curriculum often has smaller classes and greater resource needs for some subjects especially for the sciences, arts and vocational subjects.

Our current formula has a marginal difference (£100 per pupil) at Key Stage 3 and 4. It more significant between reception and Key Stage 1 at roughly £800 per pupil.

Standard lump sum across all schools

We feel that the structures of Primary and Secondary schools are different. Secondary schools are generally much larger organization, have greater management costs, greater premises costs and larger administration requirements. Some these costs are fixed and this needs should be reflected. Smaller secondary schools often have higher average costs due to the need to offer a full curriculum to a smaller number of pupils resulting in smaller classes and the need to employ specialist teachers in the more specialist curriculum subjects. This can create surplus capacity in the timetable. The effect is likely to be more significant in Secondary Schools due to wider variation in the size of schools and the proposals do not allow any other form of protection to small schools

Free meals or IDACI (Income Deprivation Affecting Children Index)

The proposals define that either straight free meals (or “ever 6”) can be used or a banding system (set nationally) link to the IDACI.

We currently use the IDACI in the early years funding formula and is a proxy indicator of the number of children in households in receipt of means tested low income benefits within an area.

It is difficult to see how this approach will fit with local need for statutory age pupils currently and will need to be considered further at the next Forum meeting when discussing the formula in more detail.

Concerns – Omitted factors

Pupil mobility

One of the determinants on the outcomes for children is the number of school moves they make, under the proposals we cannot reflect this need.

3.3 The arrangements for funding pupils and students with high needs

This is perhaps the most radical of the proposals within the consultation document and where the most significant change will occur. The proposals cover mainstream, special and independent schools and have different proposals for each. The consultation implies that there will be further consultation in this area

The DFE proposals link to the development of the local offer as proposed in the SEN and disability Green Paper Those green paper proposals seek to improve choice and transparency for families and give them more control of the resources to meet the needs of their children. The DFE intend that their proposals should support parents in this aim.

In terms of the financial support for pupils with additional needs the DFE want to establish a common position across all authorities and schools. To ensure that there is clear, locally-agreed information with regard to the contribution that mainstream schools will make to provision for high needs pupils from within their notional SEN funding.

They also wish to avoid what they consider a perverse incentive for Local Authorities to place SEN children in their own maintained special school settings rather than those of other providers due to the use of place led funding. It is also claimed that the changes will improve the relationship between LA's as commissioners of provision for children with SEN and the providers.

The proposed funding system is described as a place-plus approach which is based on part funding a pre-determined number of places now and then topping it up with actual costs provided by the commissioning local authority from within its High Needs Block. This would be paid on a per-pupil basis, or on a real-time movement of the pupil, and would flow directly between the commissioner and the provider. This funding would be based on the assessed needs of the pupil. Pending any changes to assessment practices following the introduction of Education, Health and Care Plans, any statutory assessment of a pupil's needs would be carried out as it is at present under the current statutory assessment framework.

In summary the way the system is planned to operate in the different sectors are as follows

Maintained Schools

Children with SEN – Schools will be expected to meet out the their budget the initial costs of the sen support, this will be the pupil's basic entitlement of £4,000

plus a sum of £6,000. The sum of £6,000 comes from a statistical analysis undertaken by PriceWaterhouseCoopers of schools' budgets and expenditure and represents the average level of support identified in their study. It is not an activity based costing of the support that might be expected to be put in place for a pupil with SEN. It is proposed to be a standard amount across the country and does not reflect area costs. A local authority would then top up this sum if the assessed cost of the sen support is greater. The assessment of costs of support may or may not be based upon a statement depending on local arrangements. Currently in Lewisham the full cost is met by the LA rather than a top up if the statement is Matrix level 6 and above.

Special Schools

It is proposed that each planned place in a special school will be funded at £10k. The LA would then top this up for each place occupied. The top up is calculated by the LA and school agreeing the budget for the forthcoming year and dividing the total costs agreed by the expected number of places that will be filled to come up with a unit cost. The top up is the unit cost less £10k. As a result there will be no formula based funding of special schools. It also means that two special schools supporting ASD for instance would receive different levels of top up for providing the same support to a similar pupil.

The planned places will be the number that the school is built to accommodate. The expected number of places will be the result of host LA decisions about the number of children to place in the school plus those from any other LA.

As a consequence the business arrangements for maintained special schools will look more like those for an independent/ non maintained special school. The DFE intend that the subsequent budgets for a special school using this approach should not be more than 1.5% below its current funding level.

Resource bases

The approach here is as for maintained special schools. An agreed number of places will be funded by the LA at a sum of £10k then if a pupil has greater needs a top-up will be made to the schools budget. The top-up calculated in a similar way to that for special schools

Independent Special Schools Budget

The proposals in this area appear to be that the EFA would provide the base level funding of £10k and the commissioners (LA) would provide the top-up sums. It is however possible that the EFA will fund these schools direct based upon the commissioning decisions of LA's!

SEN Support Services

Where special schools provide outreach services for example these are to be explicitly commissioned as SLA s rather than the funding being provided as part of the school's funding formula.

Post 16

The intention is to replace the three different approaches for post 16 SEN funding with a common arrangement. Mainstream funding or element 1 will be provided by the equivalent of the current Education Funding Agency (EFA) funding per student/ course.

Element 2 broadly equivalent to Additional Learning Support(ALS) in the current EFA system will provide funding of £6000. The aim is that elements 1 and 2 are the equivalent of £10k in the pre 16 system. The students attracting this would be based upon past year's data and be the equivalent of planned places in special schools and resource bases.

Element 3 is the top up funding which results from the conversations between commissioner and provider. In the current system this funding would have come direct from EFA to some providers, in this new scenario the LA is commissioner.

Observations

It is difficult to gauge the effect of these proposals but there are a number of possible concerns

Concerns

While the needs of pupils across the country can be represented on a standard matrix the costs in meeting those needs are not standard across the country or between providers. There are good reasons for variations e.g. wage structures and the cost of living in the south east. The amounts paid to the independent sector cover all costs such as capital maintenance costs and a return on capital invested. In a LA context maintained schools have their capital needs dealt with separately as a result there will continue to be a lack of comparability in charges to the commissioner.

These proposals try to bring together the need and the cost of meeting those needs as a standard. This could disadvantage one sector.

SEN home to school transport costs are not considered in the proposals as it is met out of the general fund. As a commissioner of places these costs need to be considered alongside the placement costs to make a value for money decision in the round. SEN Home to School transports are potentially part of the future "local offer" under the green paper proposals but these reforms appear not to allow for that.

The proposals for the EFA to meet some costs in the independent special schools sector seems odd as it could drive decisions by the commissioner to place children in this sector as they are not meeting the full cost of the placement.

The proposals are built around money following the pupil which ties in more with personalised budget. The proposals around special schools though look

confusing where the minimum funding guarantee still applies. It gives the impression that funding will have to follow the pupil but the MFG implies a special school cannot have funding taken away. This would amount to double funding and cannot be value for money.

The success of these proposals though will be whether schools and parent understand them and feel they are fair. Parents will like the simplicity although schools particularly mainstream school may find it hard to come to terms with the size and assumed contribution to an SEN placement. It will also set up an expectation on the part of parents and the LA that schools can validate how they have spent the £10,000 before seeking top up financial support.

The administrative burden falling on schools and local authorities must not be overlooked especially in times of reducing back office costs. Transferring resources around the system to follow pupils is costly especially when the sources of funding come from different agencies whether this is the school, EFA or the Local Authority. With proposals that short term placements are not included in this transfer seem to just highlight some of the generalisations and ad-hoc nature of the proposals which will not help, but likely to concern the providers.

3.4 Simplification of the arrangements for the funding of early years provision

Generally our current scheme is in line with this but there is a concern that the deprivation will be based on free meals or the IDACI banding. Our current formula recognises the incidence of deprivation and funds some institutions particularly the nursery schools at proportionally much higher rates.

3.5 The role of the Schools Forum

The consultation document states that the DFE wish to strengthen the role of the Schools Forum, some of the plans are sensible and indeed we already undertake most of them especially around openness, membership and publication of the Forum business.

Concern

Some of these proposals may weaken the forum

Funding formula

The proposed funding formula limits the distribution of resources to 10 factors which will constrain the scope to which Schools Forum can direct funding. There is still some discretion though, such as in the area of split sites but otherwise decision making is limited to setting the funding rates There are also a complex array of ratios between sectors and factors that will mean further limits on decisions.

The ratios include

- Primary to secondary 1:1.27

- Proportion allocated via basic entitlement 60% or pupil led factors at 80%
- Limits on the size of the lump sums
- Fixed banding ratios for deprivation
- Minimum Funding Guarantee

Further the Education Funding Agency has observer status proposed on the Forum and has to agree each year the funding formula

Centrally retained expenditure

Some centrally held budgets under the proposal will now have to be delegated to schools although it is possible for the Local Authority to manage these funds if schools wish. This decision appears to rest with individual schools rather than Forum but elsewhere it appears to be a Forum decision.

Membership of the Schools Forum

The DFE wish to ensure that maintained primary schools, maintained secondary schools and Academies should be represented on Forums in proportion to the number of pupils in those types of schools. They also will confine the voting arrangements to allow only schools members and providers from the private, voluntary and independent sector to vote on the funding formula. They will also have observer status at School Forum meetings. The DFE feel this will enable them to support the local process and to provide a national perspective!

Concern

The above proposals do not feel that they will be strengthen the role of the School Forum and may have the opposite impact. The funding formula and agreeing the central expenditure limit are two key elements of the role of the Forum and it seems the remit of the Forum in the future will be on considering the balance control mechanism, if they wish although there no requirement currently, considering schools in deficit and monitoring the SEN block expenditure.

3.6 The role of the Education Funding Agency(EFA)

It is proposed they have observer status on the Schools Forum and have to agree all local formulae. There is an increasing desire to have a national overview and influence on the work of the Schools Forum. The danger in this is whether an external agency can have a true understanding of the local needs of the children in Lewisham and act as a barrier to the wishes of schools.

3.7 A draft response is shown in Appendix B for members to consider

4. Next steps

The DFE wishes that the proposed simple formula is introduced in 2013/14. The proposal is a major change, the funding allocated to schools is significant at over

£200m and any changes need to be given proper consideration. The timetable to this is short.

The proposed timetable is as follows

date		
12 July	Schools Forum meeting	Consider draft proposals
Summer		Re-work proposals
September	Consult school	
20 September	Schools Forum meeting	Consider school responses
15 November	Schools Forum meeting	Agree new formula

The forum may wish to set up a working party to consider proposals before the July meeting as there maybe a risk that proposals taken to that meeting are not agreed. If that is case the whole timetable will be in jeopardy.

5. The following have not be considered in detail in this document

- Alternative provision
- Hospital Tuition
- MFG Operation
- Practical implementation of delegation / de-delegation of services such as how contingency funds operate
- Academies and Free School arrangements

6 Conclusion

This consultation could fundamentally change the ways all schools are funded across the country. The principle adopted is one of simplicity and transparency and this overrides everything else and there is a concern that the needs of pupils will not be met.

It is disappointing that the consultation response is light on asking questions on the proposed formula and almost signals that this is the route the DFE have decided upon whereas the detailed questions on the special school funding could imply they are more uncertain in this area.

The current funding formula that Local Authorities operate have grown over many years often to address the concerns of schools in ensuring they meet the needs of pupils. This has contributed to their complexity and it is right to sit back and consider whether they are fit for the future. There are roughly 160 local authorities and there are probably none that operate a formula proposed in this document. That is not to say it is wrong but it is radically different and its acceptance will only happen if schools and parents feel that it is meeting the needs of their children. Understanding the formula is one thing but it needs to be fair and provide equal opportunity to all.

It is disappointing the DFE have not provided notional school budgets as they promised in the last consultation, likewise there is no mention of capital and the proposals of devolved formula capital and the James review which it would see sensible to link these into the proposals.

Dave Richards

Group Finance Manager – Children and Young People

Contact on 0208 3149 442 or by e-mail at Dave.Richards@Lewisham.gov.uk

S251 Heading		New spending blocks				
		Schools	School	Early	SEN	
		2012/13	*1	Exceptions	Years	
		£'000	£'000	*2	£'000	£'000
1.0.1	Individual Schools Budget	205,959	191,075		*3	14,884
1.0.5	Central expenditure on education of children under 5	1,227			1,227	
1.1.1	Schools in financial difficulties	500	500			
1.1.2	School specific contingencies	2,751	2,751			
1.1.3	Early Years contingency	534			534	
1.2.1	Provision for pupils with SEN (including assigned resources)	4,355				4,355
1.2.2	SEN support services	905				905
1.2.3	Support for inclusion	96				96
1.2.4	Fees for pupils with SEN at independent special schools	5,456				5,456
1.2.7	Inter authority recoupment	2,419				2,419
1.3.1	Pupil Referral Units	3,819				3,819
1.3.2	Behaviour Support Services	714	714			
1.3.3	Education out of school	1,365				1,365

1.3.4	14-16 More practical learning options	312	312		
1.4.1	Support to underperforming ethnic minority groups and bilingual learners	190	190		
1.5.2	Free school meals eligibility	66	66		
1.6.3	School admissions	604		604	
1.6.4	Licences/subscriptions	138	138		
1.6.5	Miscellaneous (not more than 0.1% total of net SB)	189	189		
1.6.6	Servicing of schools forums	78		78	
1.6.7	Staff costs supply cover (not sickness)	831	831		
1.6.9	Termination of employment costs	164		164	
1.6.10	Purchase of carbon reduction commitment allowances	150		150	
1.8.1	Capital Expenditure from Revenue (CERA) (Schools)	4,086		4,086	
		236,908	196,766	5,082	1,761 33,299

*1 All these services will now be delegated to schools

*2 budgets that cannot be increased in the future but over time will be expected to be released to schools

*3 Part of ISB will relates to early years (Nursery Schools and PVI's)

School funding reform: Next steps towards a fairer system

Consultation Response Form

The closing date for this consultation is:

21 May 2012

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 to keep your response confidential.

Name Lewisham Schools Forum

Organisation (if applicable)

Address: 1ST Floor
Town Hall
Catford
Lewisham

If you have an enquiry related to the policy content of the consultation you can contact either

Ian McVicar : Telephone: 020 7340 7980 e-mail: ian.mcvicar@education.gsi.gov.uk or

Natalie Patel: Telephone: 020 7340 7475 e-mail: Natalie.patel@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.

<input type="checkbox"/> Maintained School	<input type="checkbox"/> Academy	<input type="checkbox"/> Teacher
<input type="checkbox"/> Individual Local Authority	<input checked="" type="checkbox"/> Schools Forum	<input type="checkbox"/> Local Authority Group
<input type="checkbox"/> Teacher Association	<input type="checkbox"/> Other Trade Union / Professional Body	<input type="checkbox"/> Early Years Setting
<input type="checkbox"/> Governor Association	<input type="checkbox"/> Parent / Carer	<input type="checkbox"/> Other

If 'Other' Please Specify:

Simplification of the local funding arrangements

Basic per-pupil entitlement

In paragraphs 1.3.10 and 1.3.11 we discuss the basic per-pupil entitlement. The difference between providing education for Key Stage 3 compared to Key Stage 4 is sometimes significant due to the additional costs of practical work and examinations incurred in the latter Key Stage.

Question 1: Should local authorities and Schools Forums be able to agree separate rates for Key Stage 3 and Key Stage 4?

Yes

No

Not Sure

Comments:

We feel there should be different funding levels for pupils of different ages and we would suggest it should be on a Key Stage basis. The Key Stage 4 curriculum may have greater resource needs for some subjects especially for the sciences, arts and vocational subjects. We believe the case is stronger for differentials for reception class pupils and Key Stage one and two pupils. Our current differential between reception and Key stage 1 is £800 per pupil and recognises the extra staffing requirement in reception classes for extra teaching assistants and nursery assistants.

We feel that the funding system needs to reflect these differentials if the funding system is going to be fit for the future. If the calculation of the differentials between the key stages are based on some form on concrete analysis, even if this is in simple terms, such as teaching time and class sizes this would aid understanding. It would allow an understanding of the funding differential of basic entitlement between key stages and between sectors. We feel this is a better approach than having standard rates for individual sectors.

In para. 1.3.13 we consider setting a minimum threshold for the basic entitlement. There is an interaction between the amount of funding that goes through the basic entitlement and the amount remaining for other factors, such as deprivation and low-cost SEN. There are three options available:

- a) *To require a minimum percentage to go through **the basic entitlement only** (and we think that 60% represents a reasonable starting point);*
- b) *To require a minimum percentage to go through **all of the pupil led factors** (so would include the basic entitlement, deprivation, looked after children, low cost SEN and EAL). We think that 80% represents a reasonable amount for this threshold.*
- c) *To not set a threshold at all and accept that there will be inconsistency in some*

areas

Question 2 : Do you think we should implement option a, b or c?

<input type="checkbox"/> (a)	<input type="checkbox"/> (b)	<input type="checkbox"/> (c)	<input type="checkbox"/> ✓	<input type="checkbox"/> None	<input type="checkbox"/> Not Sure
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Comments:

At a time when budgets are constrained and new formula arrangements will have a redistributive effect, the introduction of such thresholds will add to uncertainty. A local formula needs to be able to respond to local needs. The proposed reduction in formula factors will reduce the capacity of a local formula to do this and then to impose thresholds such as these will further reduce flexibility. At a time of significant change, the capacity for local flexibility is seen as very important in managing the transition to new arrangements. As little reasoning is given in proposing such thresholds, they risk being seen as arbitrary and thus not transparent.

Deprivation

In paragraphs 1.3.15 to 1.3.23 we discuss deprivation funding and the issue of banding. Our preference is to allow banding only for IDACI under a new system, and to keep it as simple as possible, for example by only allowing a certain number of bands with a fixed unit rate applied to each and a minimum IDACI threshold. We do not propose to allow banding for FSM.

Question 3: Do you agree with our proposals on banding? How do you think they might be applied locally?

Yes

No

Not Sure

Comments:

Deprivation is complex with multiple layers and influences. Schools are part of communities and the pupils reflect those communities. The funding must reflect the degree of incidence of deprivation in these communities. The cost of deprivation and AEN does not have a linear relationship to free schools meals and a banding system provides scope to reflect this. The cost of addressing deprivation rises with the incidence and degree of deprivation. Given that incidence and complexity of deprivation vary across the country it would be advisable to allow the bandings used to reflect those local circumstances. We feel the bandings quoted do not provide sufficient differences at the highest level of deprivation to target funding appropriately in a local authority that has high levels of deprivation, as a high proportion of children fall into the top band. We believe that local authorities are different and it should be the schools forum that decide the bandings and how they fund schools as they are best placed to judge local circumstances and need. A national banding system cannot cover all circumstances and thus there is a risk that pupils needs will not be met

We support the proposal to have different funding rates in Primary and Secondary schools as pupils in secondary schools cost more to educate than pupils in primary schools on current methods of delivery.

While we are pleased to see English as an Additional Language is recognised in the proposals but we are concerned that pupil mobility is not. Pupils who frequently move between schools need more intensive support and we feel this should be reflected.

Lump Sums

In paragraphs 1.3.38 to 1.3.42 we discuss the issue of lump sums. Many local formulae currently allocate a lump sum to schools. We want to set the upper limit on the lump sum at a level no higher than is needed in order to ensure that efficient, small schools are able to exist where they are genuinely needed. We think that the upper limit should probably fall somewhere between £100k and £150k, and is certainly no higher than £150k.

Question 4: Where within the £100k-150k range do you think the upper limit should be set?

<input type="checkbox"/>	£100k	<input type="checkbox"/>	£110k	<input type="checkbox"/>	£120k	<input type="checkbox"/>	£125k	<input type="checkbox"/>	£130k
<input type="checkbox"/>	£140k	<input type="checkbox"/>	£150k	<input checked="" type="checkbox"/>	None	<input type="checkbox"/>	Not Sure		

Comments:

The purpose of flat rate allocations is to mitigate the diseconomies of scale that are experienced by smaller organisations. All schools have to incur similar costs irrespective of size. The mitigation necessary for this is not the same in Primary and Secondary schools. A specific issue in secondary schools is the capacity for smaller secondary schools to sustain the ability to deliver the breadth of the curriculum required. In Lewisham a curriculum protection factor for such schools is typically worth £265k.

Free Schools, University Technical Colleges (UTCs) and Studio Schools

In paragraphs 1.8.12 to 1.8.14 we discuss the funding of Free Schools, UTCs and Studio Schools. We have decided that Free Schools, UTCs and Studio Schools, like other Academies, should move across to be funded from 2013/14 through the relevant local simplified formula. One consequence of this is that confirmed funding levels for new schools will not be available until the spring prior to a September opening.

Question 5: What sort of information do Free School, UTC and Studio School proposers need, and at what stages, to enable them to check viability and plan effectively?

Comments:

In setting up schools, LA's assist with planning and forecasting of income and expenditure levels. We feel this is no different for free schools and either they do this in-house or from the DFE

Improving arrangements for funding pupils with high needs

In Section 3 and Annex 5a, b and c we discuss the new arrangements for funding pupils with high needs. In Section 3.8 we discuss the roles and responsibilities under the new place plus approach, specifically those of providers, commissioners and the EFA, We want to ensure that unnecessary bureaucratic burdens are not placed on providers and that there is clarity as to the respective roles and responsibilities of the EFA and local authorities.

Question 6: What are the ways in which commissioners can ensure responsibilities and arrangements for reviewing pupil and student progress and provider quality can be managed in a way that does not create undue administrative burdens for providers?

Comments:

The proposed system of effectively holding places will require providers to adopt more commercial behaviours in terms of business planning, marketing and accounting systems that can raise invoices for services provided. Current schools' accounting and MIS systems are less focused in these areas than on recording expenditure. When several budgets are progressed in this area these issues will become acute.

LA's already undertake such reviews of students progress in the annual review and therefore it is not clear what anticipated burdens would be required. In terms of provider quality / agreed cost of provision there will be additional work on agreement of provider costs and the calculation of top up rates.

In section 3.9 we discuss transitional protection for providers. We want to ensure that the transition from the current funding system to the new arrangements is as smooth as possible. In the document we set out a number of ways we intend to provide support through the transitional period and enable commissioners and providers to become accustomed to the new approach

Question 7: Are there other ways that we can help to ensure a smooth transition for commissioners and providers to the reformed funding approach for high needs pupils and students?

Comments:

In Annex 5a, paras 38 to 41 we discuss the level of base funding for AP settings and suggest that £8,000 would be an appropriate level of base funding.

Question 8: Do you agree that £8,000 per-planned place would be an appropriate level of base funding for AP settings within a place-plus funding approach?

Yes

No

Not Sure

Comments:

It is important that both schools and parents feel the way it is calculated is clear and transparent and understand the reasoning and thinking. It seems doubtful that a standard proxy rate across the country would do this especially without the recognition of the area cost adjustment in the rate. While the needs of pupils across the country can be represented on a standard matrix, the costs in meeting those needs are not standard across the country or between providers. There are good reasons for variations e.g. wage structures and the cost of living in the south east.

SEN home to school transport costs are not considered in the proposals as it is met out of the general fund. As a commissioner of places these costs need to be considered alongside the placement costs to make a value for money decision in the

round. SEN Home to School transport is potentially part of the future “local offer” under the green paper proposals but these reforms appear not to allow for that.

We are not sure that your proposals will overcome your view there is a perverse incentive for Local Authorities to place SEN children in their own provision. We weigh up what we believe is the best placement and the value for money; as previously stated a balance needs to be struck between pupil/parental preference and value for money.

In Annex 5a paras 42 to 46 we discuss the top-up funding for AP settings. For short-term and part-time placements, we propose that appropriate pro rata arrangements would be put in place for calculating top-up funding and that it would be sensible to calculate top-up funding for short-term placements on a termly or half-termly basis, while part-time placements could be calculated on a daily rate. For very short-term placements, for example those that lasted less than ten days in an academic year, we would envisage that AWPU would not be repaid by a commissioning mainstream school and that the commissioner would pay an appropriate level of top-up funding to reflect this.

Question 9: Do you agree that it would be sensible to calculate pro rata top-up payments for short-term placements in AP on a termly or half-termly basis?

Termly

Half-termly

Not Sure

Comments:

Transferring funds between institutions is expensive; reductions in local government spending means that extra burdens should not be forced on Local Authorities and adjustments should therefore be calculated and agreed between the AP provider and the schools

Question 10: Do you agree that it would be sensible to calculate pro rata top-up payments for part-time placements in AP on the basis of a daily rate?

Yes

No

Not Sure

Comments:

See answer to 9

In Annex 5a paras 47 to 52 we discuss hospital education. Hospital schools occupy an important place in the education system and we need to think carefully about how hospital education is funded within the parameters of a new approach to high needs funding. Hospital education is not an area where commissioners plan education provision and where pupils and their families exercise choice about the institution in which they will be taught. In funding terms, our aim must be to ensure that high-quality education provision is available whenever a pupil has to spend time in hospital.

Question 11: What are the ways in which hospital education could be funded that would enable hospital schools to continue to offer high-quality education provision to pupils who are admitted to hospital?

Comments:

Hospital provision is unpredictable and the type of provision in each local authority is different, it is best funded from the high needs block by a devolved budget agreed by the Schools Forum based on local circumstances

In Annex 5a paras 53 to 56 we discuss the base level of funding for specialist providers. Under the place-plus approach there will be a simple process, with clear responsibilities and transparent information, for reviewing and, if appropriate, adjusting the allocation of base funding for specialist placements. The key components of this process are set out in the document.

Question 12a: Do you agree with the proposed process for reviewing and adjusting the number of places for which specialist settings receive base funding?

Yes

No

Not Sure

Comments:

We are concerned with your approach to funding special schools as we believe it is more complex than the current system. The currently system is based in most authorities on a banding matrix. This is then topped up with other formula factors based on local circumstances.

The current formula based funding approach to specialist providers enables the same resourcing level for a similar level of need. The proposals will result in a unique rate for each provider. It also opens the possibility that two children with similar needs but wanting a different provider may need different revenue budgets or be unable to attend the desired provision. There is already LA/school discussions on places available and places purchased / filled.

Question 12b: Are there any other ways in which this process could be managed in a way that is non-bureaucratic and takes account of local need and choice?

Comments:

If the intention is to move special schools funding on to pupil based approach then we should do so right away and not take into account the MFG. This will make it easier to allow funding to follow the pupil. It is not envisaged that this would cause significant issues for special schools as their budgets are generally stable.

Simplifying arrangements for the funding of early years provision

In paragraphs 4.5.1 to 4.5.5 we discuss the 90% funding floor for three year olds. Current funding for three year olds is based on the actual number of three year olds who take up their entitlement to free early education or an amount equivalent to 90% of the estimated three year old population doing so, whichever is higher. We now think the time is right to phase out the floor so it is removed entirely from 2014-15. We also think it is right that we use 2013-14 as a transition year. Removing the floor from 2014-15 will require a level of transition support for local authorities, enabling them to increase participation levels. There are various options for how this transitional protection could operate but we think the most obvious way is to lower the floor in 2013-14 from 90% to 85%.

Question 13: Do you have any views on the move to participation funding for three year olds, particularly on how transitional protection for 2013-14 might operate?

Comments:

We accept that in time that the participation funding will be withdrawn but we would like to see the withdrawal take place over a three year period to allow Local Authorities and their settings to adapt to the lower levels of funding without damaging the provision too greatly.

In paragraphs 4.6.1. to 4.6.3 we discuss free early education provision in academies. A small number of Academies with early years provision which existed prior to September 2010 continue to be funded by the Young People's Learning Agency (YPLA) through replication. We believe there is a strong case to be made for bringing together free early education funding for three and four year olds for all providers. This would mean that wherever a child accesses their free early education they would be funded and paid by local authorities through the EYSFF. This would further support simplicity and transparency in funding for free early education.

Question 14: Do you have any views on whether free early education in all Academies should be funded directly by local authorities?

Comments:

On condition that the academy 3 & 4 year olds are added to the relevant data for funding the DSG then it would be reasonable to have common and transparent systems across all 3 & 4 year old providers across an area.

Question 15: Have you any further comments?

Comments:

There are a number of issues that we have concerns about that are not raised in the consultation questions but we believe are major changes.

Role of the School Forum

The consultation document talks about strengthening the role of Forum and we believe some of your proposals are logical and we already carry them out. We are concerned that some of the proposals rather than strengthen the Schools Forum role, do the opposite. Particularly the suggestion that those budgets to be delegated and handed back to local authorities should be decided by individual schools and the prescriptive nature of your proposed formula with the defined ratios. These proposals limit the ability for the Forum to address the needs of the local children. The limited discretion means Forum will receive a lower role. Also electoral colleges within the Forum will be a barrier to collective decision making.

Simplification of funding formula

While we believe there is a case for funding formulae to be simplified we feel it is more important that funding is directed towards the needs of children. We feel that the simplification and the prescriptive nature of the formula proposed in these documents

risks pupils needs not being addressed particularly in the case of schools who face the challenge of multiple incidences of deprivation

Schools block

We are concerned about your proposals about funding to be devolved to schools and then handed back to local authorities. There is a real danger that some schools will not hand back funding and will take unnecessary risks which in the long term will be detrimental, we are also concerned that other schools will be exposed to a greater level of risk as a consequence.

The arrangements for funding pupils and students with high needs

In principle we are in agreement with a set level of need to be met from the schools budget with a top up coming from the high cost pupils block.

However we do think it is important that both schools and parents feel the way it is calculated is clear and transparent and understand the reasoning and thinking behind it. It seems doubtful that a standard rate across the country would do this and it seems uncomfortable that there is no recognition of the area cost adjustment.

We are not sure that your proposals will overcome your view there is a perverse incentive for Local Authorities to place SEN children in their own provision. We weigh up what we believe is the best placement and the value for money; as previously stated a balance needs to be struck between pupil/parental preference and value for money. We feel Home to School transport of SEN children also needs to be taken into account to compare costs in the independent specialist sector.

We feel that the funding of Independent Special Schools needs further clarification as to the funding streams, there seems a mix of funding sources from either LA and the EFA. We believe this will be confusing for the provider, cause unnecessary administration and only the commissioner of the place should provide the funding.

Academy recoupment and reductions to the formula grant

We want to highlight that the only fair way to undertake recoupment is for the calculations to be based on the number of pupils in academies within each local authority.

We would like to see a full consultation on your proposals on reducing formula grant, it should not be handed back as separate grant as this adds administration to the system. It should also recognise the costs incurred by Local Authorities, including area costs. The proposal to pool funding and redistribute it by pupil numbers will not reflect local priorities for these services.

Future National funding formula

We would have liked to have seen further details provided on your proposals

regarding a national funding formula but wish to highlight the financial pressures faced by local authorities who have a large number of PFI schools and any national formula should take these costs into account.

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?

Yes

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:

Ian McVicar
Funding Policy and Efficiency Team
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School Carry Forwards as at 31 March 2012

1. Purpose of the Report

To consider the Schools Carry Forwards position

2. Recommendation

- i) The Forum note the school surplus and deficit budgets.**
- ii) The Forum agree to consider whether any school should be capped at the July meeting**

3. Schools Carry Forwards.

- 3.1 Appendix A contains a list of school carry forwards at the end of the 2011/12 financial year (31 March 2012). The total year end school balances were £13.4m. The balance at the end of the previous year stood at £8.7m (31 March 2011). This continues the trend from last year when the carry forward balance in schools increased after a period of reducing levels. This is probably not surprising, schools have been given significant warnings of the funding difficulties that lie ahead and it is probably only natural that schools will look at protecting themselves from this by increasing balances in the short term. However it does mean that the funding is not being spent on the pupils it was provided for. The average percentage for Primary schools is 8% and 3% for Secondary Schools.
- 3.2 As members are aware it was agreed that surplus balances should not be seen as just a year-end issue. Instead, it should be integrated within the multi-year school budget planning and monitoring cycles. In order to ensure this and to avoid the process of challenge and clawback going beyond the summer term, we have a pre-authorisation process, whereby schools wishing to retain balances above the threshold have to apply before the end of the financial year to do so.
- 3.2 29 schools applied to exceed the capping limit before the end of the year. These were initially considered by the Head of School Improvement and the Group Finance Manager.
- 3.3 From the applications there are a number of schools who are part of federations. The size of their carry forward has been compounded as extra funding has been given to those schools in order to support the initial costs of forming the federation. The funding covers more than one financial year. It is proposed that in these cases the Head of School improvement will discuss with the Headteachers and Governing

Bodies the size of these balances and ensure that the funding is appropriately spent on the pupils in school

- 3.4 The rest of school were considered and a summary of the circumstances are presented in the appendix. These were eventually agreed in the light of the current financial circumstances, although some schools were asked for further details to clarify their plans.
- 3.5 There are 9 schools who exceeded the capping limit but did not apply to have their excess carry forward, some of these schools are holding funds on behalf of other schools as part of collaborative arrangements. The schools have been asked to explain the balance and the outcome will be reported to the July Forum meeting.

4. Deficit Budgets

- 4.1 As members will be aware, there were some quite significant deficits that have emerged over the last two years. However there are now only four schools who are in deficit, Crossways, Trinity, St Joseph's and Pendragon. The first three schools have deficit recovery plans in place, although Trinity are revising their recovery plan as the current deficit worsened during the 2011/12 financial year.
- 4.2 The three year budget plans for 2012/13 are not due back to the Local Authority until the end of May. Currently we are not expecting many schools having deficit positions that cannot be managed by schools in-year. Although we are holding discussions with one secondary school.

6 Conclusion

- 6.1 Schools face challenging financial circumstances in the future. Funding growth has already slowed and changes to the schools funding system suggests schools, particularly in Lewisham, could face even tighter settlements. It would seem wise until the outcome of the consultation on the national arrangements for schools funding formula is known to take a cautious approach on capping schools carry forwards. Having said that, it is important schools have strong financial management controls in place, if funding is not spent on the pupils in the schools it puts at risk their educational achievement. Further details need to be provided by the schools that have not applied to exceed the cap. These details will be brought to the next Forum meeting to consider whether any school should be capped and if so how any capped funding should be applied.

Dave Richards

Group Finance Manager – Children and Young People

Contact on 0208 3149 442 or by e-mail at Dave.Richards@Lewisham.gov.uk

Summary Of 2011/12 School Balances	Funding 2011/12	Budget Balances 2011/12	Excess Balances	Balance Percentage	Application to exceed cap	Comment
	£	£	£			
School						
Adamsrill Primary School	2,556,367	295,941	91,432	12%	Yes	Resources for staffing costs due to expansion of school
All Saints' CE Primary School	975,743	6,978	-	1%		
Ashmead Primary School	1,426,780	117,267	3,125	8%		
Athelney Primary School	2,640,376	603,581	392,351	23%	Yes	Federation funding plus capital works to be carried out in December
Baring Primary School	1,561,738	112,549	-	7%		
Beecroft Primary School	1,865,210	445,906	296,690	24%	Yes	Federation funding provided up to 2014
Brindishe Green Primary School	3,179,896	136,586	-	4%		
Brindishe Lee Primary School	1,338,265	212,516	105,455	16%	Yes	Federation funding
Childeric Primary School	2,687,406	288,557	73,565	11%	Yes	Banker School
Christ Church CE Primary School	1,480,484	56,194	-	4%		
Cooper's Lane Primary School	2,793,505	103,613	-	4%		
Dalmain Primary School	2,083,205	152,356	-	7%		
Deptford Park Primary School	3,708,564	440,776	144,090	12%		
Dowderry Primary School	2,479,240	168,341	-	7%		
Edmund Waller Primary School	2,384,744	41,496	-	2%		
Elfrida Primary School	2,559,589	284,792	80,025	11%	Yes	Federation funding
Eliot Bank Primary School	2,496,120	396,710	197,021	16%	Yes	Federation and children centres funding plus capital works for new roof
Fairlawn Primary School	2,410,930	430,801	237,927	18%	Yes	Federation funding
Forster Park Primary School	2,782,408	285,126	62,534	10%	Yes	building works and furniture and fittings
Good Shepherd RC Primary School	1,324,122	76,742	-	6%		
Gordonbrock Primary School	2,650,077	215,578	3,572	8%	Yes	Capital works
Grinling Gibbons Primary School	1,619,405	182,782	53,229	11%		
Haseltine Primary School	1,899,314	188,782	36,837	10%	Yes	single status
Holbeach Primary School	2,709,743	136,704	-	5%		
Holy Cross RC Primary School	1,285,436	128,480	25,645	10%		Banker school
Holy Trinity CE Primary School	1,132,493	119,111	28,512	11%		
Horniman Primary School	1,384,185	153,276	42,541	11%		Banker school
John Ball Primary School	2,219,840	33,652	-	2%		
John Stainer Primary School	1,607,134	165,975	37,405	10%	Yes	capital works - extension
Kelvin Grove Primary School	2,636,845	85,959	-	3%		
Kender Primary School	1,479,589	85,315	-	6%		
Kilmorie Primary School	2,171,218	166,248	-	8%	Yes	
Launcelot Primary School	2,321,184	124,350	-	5%		
Lee Manor Primary School	2,085,025	71,200	-	3%		
Lucas Vale Primary School	2,030,716	172,231	9,773	8%	Yes	Capital works
Marvels Lane Primary School	2,090,358	59,510	-	3%		
Myatt Garden Primary School	2,337,096	243,967	56,999	10%	Yes	Federation funding and back pay due.
Our Lady and St Philip Neri RC Primar	1,609,267	108,030	-	7%		
Perrymount Primary School	1,755,612	150,188	9,739	9%		
Rangefield Primary School	2,315,709	398,741	213,484	17%	Yes	Building works not completed in time and delay in delivery of resources ordered
Rathfern Primary School	2,101,232	160,691	-	8%	Yes	
Rushey Green Primary School	3,025,266	195,387	-	6%	Yes	
Sandhurst Infant School	1,768,899	113,293	-	6%		
Sandhurst Junior School	1,572,634	60,710	-	4%		
Sir Francis Drake Primary School	1,660,654	242,039	109,187	15%		Banker school
St Augustine's RC Primary School anc	1,214,881	11,704	-	1%		
St Bartholomew's CE Primary School	1,494,876	69,814	-	5%		
St James Hatcham CE Primary Schoo	1,163,985	33,121	-	3%		
St John Baptist CE Primary School	1,196,871	65,363	-	5%		
St Joseph's RC Primary School	1,317,549	-25,295	-	-2%		
St Margaret's Lee CE Primary School	1,335,795	90,769	-	7%	Yes	
St Mary Magdalen's RC Primary Scho	1,158,690	87,900	-	8%	Yes	
St Mary's CE Primary School	1,583,511	111,860	-	7%		
St Michael's CE Primary School	1,462,181	83,319	-	6%		
St Saviour's RC Primary School	1,207,790	29,372	-	2%		

Summary Of 2011/12 School Balances	Funding 2011/12	Budget Balances 2011/12	Excess Balances	Balance Percentage	Application to exceed cap	Comment
	£	£	£			
St Stephen's CE Primary School	1,302,168	99,269	-	8%		
St William of York RC Primary School	1,186,175	99,326	4,432	8%		
St Winifred's RC Junior School	936,404	48,271	-	5%		
St Winifred's RC Nursery and Infant S	944,409	32,652	-	3%		
Stillness Infant School	1,643,411	190,488	59,015	12%	Yes	Capital works following fire plus single status
Stillness Junior School	1,504,916	29,142	-	2%		
Torridon Infant School	1,739,791	145,081	5,898	8%	Yes	Capital works
Torridon Junior School	1,757,441	115,964	-	7%	Yes	
Turnham Primary School	2,575,539	20,474	-	1%		
	120,930,007	9,757,621	2,380,481	8%		
Prendergast Vale College	1,927,497	444,955	290,756	23%	Yes	Resources and expansion costs of schools
Addey and Stanhope School	4,772,431	346,952	108,330	7%	Yes	Capital works for conversion of gym to sixth form block
Bonus Pastor Catholic College	4,819,499	93,646	-	2%		
Conisborough College	7,061,014	848,164	495,113	12%	Yes	Provision for redundancy costs and delayed building works
Deptford Green School	7,606,825	91,988	-	1%		
Forest Hill School	8,951,707	102,965	-	1%		
Prendergast Hilly Fields College	5,389,304	475,830	206,364	9%	Yes	Outstanding works and manage future budget shortfalls, banker school
Prendergast Ladywell Fields College	6,147,596	312,639	5,259	5%	Yes	Outstanding resources to be paid for
Sedgehill School	10,758,671	319,408	-	3%		
Sydenham School	9,161,766	139,387	-	2%		
Trinity Lewisham School	3,462,586	-398,225	-	-12%		
	68,131,399	2,332,753	815,066	3%		
Crossways Sixth Form	3,385,860	-284,662	-	-8%		
Brent Knoll School	2,840,250	144,917	-	5%		
Greenvale School	2,782,397	128,643	-	5%		
Meadowgate School	2,126,922	310,550	140,396	15%	Yes	cover for staff that have left, building works and resources.
New Woodlands School	2,123,138	156,862	-	7%		
Pendragon Secondary School	2,475,311	-5,322	-	0%		
Watergate School	2,746,274	146,363	-	5%		
	15,094,293	882,013	140,396	6%		
Chelwood Nursery School	878,813	36,782	-	4%		
Clyde Nursery School	996,664	239,027	159,294	24%		
	1,875,477	275,809	159,294	15%		
	211,344,533	13,408,489	3,785,992	6%		

A Consultation on Improving the Assurance System for Financial Management in Local Authority Maintained Schools

Consultation Response Form

The closing date is: 11 May 2012
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 Departments e-consultation website www.education.gov.uk/consultations).

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes, primarily the Freedom of Information Act 2000 and the Data Protection Act 1998.

If you want all, or any part, of your response to be treated as confidential, please explain why you consider it to be confidential.

If a request for disclosure of the information you have provided is received, your explanation about why you consider it to be confidential will be taken into account, but no assurance can be given that confidentiality can be maintained. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data (name and address and any other identifying material) in accordance with the Data Protection Act 1998, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

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

Reason for confidentiality:

Name London Borough of Lewisham

Organisation (if applicable)

Address: 1st Floor
Town Hall
Catford

If your enquiry is related to the policy content of the consultation you can contact Bharti Vakharia on 020 7340 7768

Email: bharti.vakharia@education.gsi.gov.uk

If you have a query relating to the consultation process you can contact the Public Communications Unit on:

Telephone: 0370 000 2288

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

Please tick one box that best describes you as a respondent:

<input type="checkbox"/> LA Maintained School	<input checked="" type="checkbox"/> Individual Local Authority	<input type="checkbox"/> Local Authority Group
<input type="checkbox"/> Schools Forum	<input type="checkbox"/> Teacher Association	<input type="checkbox"/> Academy
<input type="checkbox"/> Governor Association	<input type="checkbox"/> Other Trade Union / Professional Body	<input type="checkbox"/> Other

Please Specify:

Section 1 - Proposed Criteria for Approaching LAs

Section 1 of the consultation outlines our plans to use the information we already collect, or plan to collect, to identify in which LAs there may be problems with financial management in the LAs and/or their schools.

We will use:

- Section 251 Outturn Returns
- Outturn Dedicated Schools Grant (DSG) Chief Financial Officer (CFO) Assurance Statements

The specific criteria we intend to use to identify which LAs to approach are:

Proposed Criterion A: An LA has over-spent its DSG by 2% or more (i.e. it is 2% or more in deficit)

Proposed Criterion B: An LA has under-spent its DSG by 5% or more (i.e. it is 5% or more in surplus)

Proposed Criterion C: An LA has 2.5% of schools that have been in deficit of 2.5% or more since 2007-2008 (i.e. for 4 years)

Proposed Criterion D: An LA has 5% of schools that have had a surplus of 15% or more since 2006-2007 (i.e. for 5 years)

Proposed Criterion E: For 2011-2012, of an LA's schools that never attained FMSiS, and are still eligible, at least 1 did not complete the SFVS by 31 March 2012

Proposed Criterion F: For 2012-2013 onwards, 2% or more of an LA's schools did not complete the SFVS by the end of March deadline

Substantial over or under-spends of DSG (from CFO assurance statements)

In paragraphs 19 to 23 we discuss our proposed criteria for identifying LAs based on substantial over or under-spends of the Dedicated Schools Grant (DSG).

Q1 Do you agree it is appropriate to approach an LA that has over-spent its DSG by 2% or more? ✓

<input type="checkbox"/> Yes	<input type="checkbox"/> No, the % threshold should be higher	<input type="checkbox"/> No, the % threshold should be lower
✓ Not Sure		

Comments:

As the DSG includes the individual schools budget the threshold of 2% should not be overly onerous and the fact it captures relatively few LA's would suggest it can be supported.

However with the proposed changes to the school funding system and greater delegation to schools apart from the SEN block there is little funding that is retained by Local Authorities. It maybe better to consider an approach whereby Local Authorities report SEN spend against funding provided by the DFE so that it can be gauged nationally whether there are sufficient resources within the system.

Q2 Do you agree it is appropriate to approach an LA that has under-spent its DSG by 5% or more?

<input type="checkbox"/> Yes	<input type="checkbox"/> No, the % threshold should be higher	<input type="checkbox"/> No, the % threshold should be lower
✓ Not sure		

Comments:

See comment above, a sum of 5% would in our case equate to a sum of more than £10m and it would be hard to envisage circumstances where this is triggered when the centrally retained items are likely to amount to just double this under the new funding system.

% of schools in deficit or excessive surplus (from section 251 outturn returns)

In paragraphs 24 to 36 we discuss our proposed criteria for identifying LAs based on the proportions of their schools that have been in persistent, substantial deficit or surplus.

Q3 a) Do you agree it is appropriate to approach an LA if it has 2.5% of schools that have been in deficit of 2.5% or more since 2007-2008 (i.e. for 4 years)?

<input type="checkbox"/> Yes	√	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
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Comments:

It is important that the DFE are clear about the term deficit, does it mean the end-of year accumulated balance or does it mean the in-year position. A school can have a large overall deficit in year one but will clearly run in year surpluses in subsequent years in order to reach an overall balanced position.

We would be surprised that if a school has an end of year deficit balance that a Local Authority would not be challenging the school and require a licensed deficit agreement with an agreed recovery plan. We are fully aware of all our schools in deficit and their plans to bring their budget back into balance. It maybe worth considering asking LA's to list all their schools in deficit, whether a licensed deficit agreement is in place and details of the recovery plan and when the school plan to return to a balance budget position. This would avoid specifying arbitrary triggers for action and provide details of all the schools. Indeed we provide this to Local Authority Members and the Schools Forum in the normal course of their business and would not consider this onerous

Q3 b) If no, should the percentage of schools in deficit be higher or lower than 2.5% for an approach to be made?

<input type="checkbox"/> Higher	<input type="checkbox"/> Lower	√	<input type="checkbox"/> Not Sure
<input type="checkbox"/> Not Applicable			

Comments:

See above

Q3 c) If no, should the percentage of deficit for each school be higher or lower than 2.5% for an approach to be made?

Higher Lower Not Sure

√
 Not Applicable

Comments:

See above

Q4 Which is a better indication that pupils' interests could be put at risk by schools' persistent deficits?

% of schools in an LA that are in deficit % of deficit that schools in an LA are in Not Sure

Comments:

We want to stress that schools manage their resources and rightly have the freedom to do so and not the LA's. We will challenge schools on value for money and agree a recovery plan if a school is in deficit. Hence why we suggest a more detailed return rather than setting arbitrary percentage triggers.

There is an implicit assumption in this that when a school is in deficit pupils are not being served well. Deficits often result from too many staff or salaries that are too high due reflecting their experience. In this scenario pupils are not being disadvantaged quite the contrary. It is when the deficit is being addressed that pupils may suffer because staff numbers are reduced or curriculum options narrow.

Deficits arise through large drops in pupil number or poor financial management in schools. It is these past events that put pupils are at risk, this is down to individual schools rather than the Local Authority family of schools

Q5 a) Do you agree it is appropriate to approach an LA if it has 5% of schools that have had a surplus of 15% or more since 2006-07 (i.e. for 5 years)?

Yes

No

Not Sure

Comments:

5 years seems a long time and we would hope finances are better managed than this by schools and appropriate challenge and support provided by the LA. Most deficit are recovered within three years and this should be the maximum time limit.

See answer to question 5b for comments on schools' surpluses.

Q5 b) If no, should the percentage of schools in high surplus be higher or lower than 5% for an approach to be made?

<input type="checkbox"/> Higher	<input type="checkbox"/> Lower	<input type="checkbox"/> Not Sure
√	Not Applicable	

Comments:

We believe it is right that there is claw back provision in the scheme of delegation and this should be determined locally by the Schools Forum and that the Forum consider any excess balances and agree any capping of school balances. We believe these reports could be provided to the DFE.

We are a little surprised that a limit is being set having decided to remove the provision within the regulations that schemes of delegation must have a school balance control mechanism.

.

Q5 c) If no, should the percentage of high surplus for each school be higher or lower than 15% for an approach to be made?

<input type="checkbox"/> Higher	<input type="checkbox"/> Lower	<input type="checkbox"/> Not Sure
√	Not Applicable	

Comments:

See above

Q5 d) If no, should the number of years that each school has been in high surplus be longer or shorter than 5 years for an approach to be made?

<input type="checkbox"/> Longer	<input type="checkbox"/> Shorter	<input type="checkbox"/> Not Sure
<input checked="" type="checkbox"/> Not Applicable		

Comments:

Q6 Which is the best indication that pupils' interests could be put at risk by schools' long-term high surpluses

<input type="checkbox"/> % of high surplus that schools are in	<input type="checkbox"/> % of schools in an LA that are in high surplus	<input type="checkbox"/> Number of years that schools have been in high surplus
<input checked="" type="checkbox"/> Not Sure		

Comments:

We believe this is individual to schools rather than an arbitrary percentage applied to the family of schools in a Local Authority, as schools manage their finances.

As suggested above we feel the Schools Forum has a role to play in helping schools manage their finances and balances. Local Authorities could provide individual details of schools exceeding capping limits and Forum's decision on whether to cap a school. Such detailed would include reason for agreed excess such as capital projects.

Q7 How many years of a high surplus would it take to be reasonably confident that a school does not have a clear plan for how that money will be used?

√

<input type="checkbox"/> 2 years	<input type="checkbox"/> 3 years	<input type="checkbox"/> 4 years
<input type="checkbox"/> 5 years	<input type="checkbox"/> More than 5 years	<input type="checkbox"/> Not sure

Comments:

We feel that the school should be spending any funding in the following year but accept some capital projects may be large and take a number of years for a school to save up and for the works to be completed. We feel this should be no longer than three years so that at least a pupil who the funding was intended for is still likely to be in the school and receive some benefit.

Schools Financial Value Standard (SFVS) Returns (from CFO Assurance Statements)

In paragraphs 37 to 44 we discuss our proposed criteria for identifying LAs based on their schools' non-completion of the Schools Financial Value Standard (SFVS). We will analyse this information to identify whether all of an LA's schools have implemented the SFVS.

Q8 For 2011-2012, do you think it is reasonable that we approach an LA if at least 1 school that did not achieve FMSiS at all, and is still eligible, did not complete the SFVS by 31 March 2012?

√ Yes No Not Sure

Comments:
Yes

Q9 a) Do you agree that we should reduce the threshold for 2012-13 onwards, to allow for a small minority of schools in each LA to not complete the SFVS?

Yes No Not Sure

Comments:
No, we think it is better to have a full listing with any reasons for non-compliance

Q9 b) If yes, do you agree that we should automatically allow for a set percentage of schools in each LA to not complete the SFVS?

Yes No Not Sure



Comments:
No, full compliance.

Q9 c) If so, is 2% an appropriate set percentage?

Yes No, it should be higher No, it should be lower
√
 Not Sure

Comments:
No, full compliance.

Q10 a) If you disagreed with the proposal in question 9a, would publishing acceptable reasons for exemptions be a better approach?

√
 Yes No Not Sure
 Not applicable

Comments:

Yes

In paragraph 43 we set out our proposed possible exemptions for non-completion of the SFVS:

- School has recently opened
- School has recently closed
- School will be closing within the next six months
- School will shortly convert to Academy status
- Schools have recently merged
- School recently suffered fire/flood/natural disaster

10 b) Are our proposed exemptions the right ones?

Yes No, there should be more [√] No, there should be fewer

Not sure

Comments:

Agreed with the exception of schools converting to an academy and schools merging, as the standard should rightly be considered to ensure the institution has the appropriate financial management in place.

Q10 c) Are there any other exemptions that should be included?

Comments:

No

Number of LAs Identified

In paragraphs 45 to 49 we explain that, using our proposed criteria and 2010-11 information, the total number of LAs meeting at least 1 criterion is 26.

The diagram in Annex B illustrates how many LAs would be identified under each of our proposed criteria - there are only 2 LAs identified by more than 1 criterion.

Q11 a) Do you agree that it is appropriate for us to approach all LAs caught by at least 1 of the criteria

√ Yes No Not Sure

Comments:

Yes, if you adopt this approach.

Our combined criteria need to identify all those LAs where the data suggests there could be serious financial management problems, ensuring that the total number identified is proportionate to the level of risk. Although we consider all 6 criteria to be important, we would like to know if some would give a better indication than others that financial management problems may be putting pupils' interests at risk.

Q11 b) Of the 6 proposed criteria, do some give a better indication than others that problems may be putting pupils' interests at risk?

√

Yes No Not Sure

Comments:

Financial surpluses put pupil's interests at the most risk when they exist. Deficits only create an issue when the school is dealing with them. An under spent DSG, if schools allocations are lower as a result, may harm pupils' interests.

Q11 c) Which of the 6 proposed criteria do you consider to give a better indication than others that problems may be putting pupils' interests at risk? Please tick more than one box, if applicable.

<input type="checkbox"/> Proposed Criterion A: An LA has over-spent its DSG by 2% or more (i.e. it is 2% or more in deficit)	<input type="checkbox"/> Proposed Criterion B: An LA has under-spent its DSG by 5% or more (i.e. it is 5% or more in surplus)	<input type="checkbox"/> Proposed Criterion C: An LA has 2.5% of schools that have been in deficit of 2.5% or more since 2007-2008 (i.e. for 4 years)
<input type="checkbox"/> Proposed Criterion D: An LA has 5% of schools that have had a surplus of 15% or more since 2006-2007 (i.e. for 5 years)	<input type="checkbox"/> Proposed Criterion E: For 2011-2012, of an LA's schools that never attained FMSiS, and are still eligible, at least one did not complete the SFVS by 31 March	<input type="checkbox"/> Proposed Criterion F: For 2012-2013 onwards, 2% or more of an LA's schools did not complete the SFVS by the end of March

√	2012	deadline
	Not Sure	

Comments:

Judgements based on a Local Authority basis reflect the challenge to schools that the Authority provides. The risks to pupils are on an individual school basis through levels of deficits, excess balances and financial management standards within the school.

Section 2 - Proposed Process

This section sets out our proposed process for approaching those LAs that have been identified by the set criteria.

Initial Approach and Follow Up

In paragraphs 53 to 60 we outline our proposed process and timeline that will begin with the analysis of information from the financial year 2011-2012. There will be a different process and timeline for 2010-2011 financial year data as there is not enough time to implement the full process. Annex C provides further information on how the timelines would work.

Q12 Do you agree with the proposed initial process and timeline?

<input type="checkbox"/> Yes	√	No	<input type="checkbox"/> Not Sure
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Comments:

We think the new approach should start from 2011/12 rather than go back to 2010/11

Q13 Do you agree that it would be better for us to initially approach those LAs identified in the autumn rather than the following spring?

√

Yes

No

Not Sure

Comments:

Yes

Additional Assurance and Escalation

Paragraphs 61 to 62 outline our proposals for seeking additional assurances and escalation. LAs that are initially identified will be required to complete an additional section on their next CFO assurance statement. We will consider for each LA whether their additional assurance or revised return is adequate. For those returns that are not, we will look to escalate the issue.

Q14 Do you agree that those LAs identified should be required to submit an additional assurance as part of their next CFO assurance statement?

√	Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
<p>Comments:</p> <p>Yes but we must recognise that the LA is only reporting what schools are doing. This should not replace the schools governing body responsibilities.</p>			

Q15 If there are LAs where we do not consider their additional assurance or revised return to be adequate, how should we escalate the issue?

<p>Comments:</p> <p>We must recognise that the LA is reporting how schools are managing their resources and the responsibilities rest with schools, with support from the Local Authority. This should not replace the schools governing body responsibilities, however reports of circumstances and individuals schools can be provided together with any outcomes of internal audit reports</p>

Process for 2010-11 information

Paragraphs 63 to 65 provide information on the proposed process for 2010-2011 information.

Q16 Do you agree with the proposed process and timeline for 2010-11 information?

<input type="checkbox"/> Yes	√	No	<input type="checkbox"/> Not Sure
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Comments:

No, this should not be retrospective, it should start with 2011/12.

Role of the Schools Forum

Paragraphs 66 to 68 provide information on the role of the new schools forum and its importance in the decision-making process for how school funding is distributed locally. We think that our proposed process could be strengthened by involving School Forums if we have identified causes for concern that fall within their remit.

Q17 Do you think it would be effective to involve Schools Forums in this process? If so, how can this best be done?

<input checked="" type="checkbox"/>	Yes, it would be effective to involve them	<input type="checkbox"/>	No, it would not be effective to involve them	<input type="checkbox"/>	Not Sure
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Comments:

Our Schools Forum operates the balance control mechanism and monitors deficits as a matter routine. The Forum decides whether any school should have their carry forward capped.

Section 3 - Academies

Paragraphs 69 to 72 discuss the complexities arising when schools convert to Academy status and how these complexities should be taken into account when identifying which LAs to approach.

Q18 What is the best way for us to take schools that have become Academies into account?

<input checked="" type="checkbox"/>	Exclude them from the analysis	<input type="checkbox"/>	Include them in the analysis and ensure our approach takes them into account	<input type="checkbox"/>	Not Sure
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Comments:

If DFE / EFA are undertaking their proper due diligence on schools converting to academy status then these issues should be known as a result of that process without further burden on the LA. Academies and converters should be excluded from analysis as an agreed exception. However a concern here is that the process for the EFA dealing with Academies is not set out here or elsewhere for consultative purposes.

Q19 Have you any further comments?

Comments:

Concerns

The two simplistic assumptions that seems to pervade this document are that an under spend is good and a deficit is bad, in terms of impact on education standards for pupils, and financial measures are usefully considered independent of any other information.

Pupils interests are not solely determined by financial issues and the schools performance should be considered in a wider context by linking certain ratios and trends over time that allow financial impact to be put in context. For example, using attendance records, staff:pupil numbers, percentage of teaching days delivered by supply, results/attainment records.

The SVFS would be a better gauge if it was scored, such as allocating two points for full compliance, one point for partial compliance and no points for non-compliance and then set a pass/fail threshold for each return.

Q20 Please let us have your views on responding to this consultation (for example, the number and type of questions, was it easy to find, understand, and complete).

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?

Yes 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: 0370 000 2288 / 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 May 2012

Bharti Vakharia
Funding Policy and Efficiency Team
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Great Smith Street
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SW1P 3BT

Send by e-mail to: financial.management@education.gsi.gov.uk