

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)

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

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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 checked="" 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

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