

A consultation on school funding reform: rationale and principles

Consultation Response Form

The closing date for this consultation is:

25 May 2011

Your comments must reach us by that date.

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

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

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

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

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or

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

If 'Other' Please Specify:

1. Do you agree with the stated characteristics of an ideal school funding system? (Section e2)

All

Some

None

Not Sure

Comments:

The general principles associated with the “ideal school funding system” are sound in theory but it must be recognised that some of the principles are in direct conflict. For example a transparent and easy to understand and explain formula would not necessarily direct funding to children in schools that need it most or effectively support a diverse range of provision, which by definition, may need diverse funding arrangements. It may offer a solution for simplified national distribution of funds, but it has the potential to have a major distributional affect at school level.

The most important factor is that the final system for allocating the resources is fair and reflects the needs and circumstances of the pupils and the area in which they live. We would therefore support these principles for the distribution of funds to local authorities but would want local involvement to remain to reflect local characteristics such as the extent of community facilities in schools, and the extensive work that has been completed locally with the Schools Forum to review SEN and deprivation funding for example. Schools are already autonomous organisations and the implementation of a national funding system would not increase their level of autonomy but it would limit their ability to influence funding decisions at either a local or national level in the future.

A national funding system to fairly and accurately reflect the needs of all schools in a cost effective way involves a degree of complexity. A pupil driven process cannot deal with this level of complexity and local authorities are best placed to resolve issues at a local level for all schools, and in fact this responsibility would support their duty to be advocates for children and families. It is essential for the local authority to maintain an effective partnership with all schools in its area, irrespective of the governance arrangements, to drive successful regeneration and the raising of aspirations across all age groups and communities.

It is possible that LAs will retain the funding and responsibility for Early Years and High Cost pupils therefore there will still be a finance function at a local level and duplicate funding streams for schools to manage.

2. Are there further characteristics the system should have? (Section 2)

Yes

No

Not Sure

If 'Yes', what are they?

Every local authority will have a range of unique funding which relates to their area. In Walsall a significant number of schools have swimming pools and there are a number of shared community facilities on school sites and within school buildings and these are highly valued by the local communities and politicians and have the benefit of placing the school at the heart of its community.

We have a well established system for allocating SEN resources (approx £8m) at the pre statement stage of the Code of Practice, and changes affecting this would impact directly on pupils and staff and could lead to a significant redundancy bill if this was not sustainable under the new arrangements.

In addition NQTs are funded based on actual cots as are Business Rates. VA schools receive a 80% reduction in their Business Rates and this will be a significant sum for a large secondary school and should not be lost in the mix.

3. Do you agree with the analysis of how the current system falls short of these aims? (Section 3)

Yes

No

Not Sure

There are many factors that impact upon the differential pupil funding levels across local authorities and the consultation document makes comparisons at a very high level without significantly analysing the fundamental differences. A number of examples have been selected to illustrate the general conclusion about school funding.

- There are significant differences in the national per pupil Guaranteed Unit of Funding (£4428.70 to £8051.51 excluding the City of London) including the mainstreaming of inequitable grant distributions in 2011-12 protected by Minimum Funding Guarantee at a national and local level. Even allowing for the ACA adjustment this range is very wide.
- There are also differences in funding due to local formulae, particular in relation

to the non pupil-led factors and splits between central school expenditure and delegated funding. Without a definitive model of a centrally retained funding the figures may be misleading.

- It is a fact that there are economies of scale and that smaller schools are more expensive to run on a per pupil level due to fixed costs, and the examples in your consultation document do not allow for this (pages 15 and 16). To ignore the impact of small schools will seriously impact in rural areas and also on the introduction of diversity of provision through the Free School Model. Inevitably additional funding will be needed for Free Schools to make them sustainable.

We are in favour of a fair funding system for all schools but this must not be at the expense of introducing a system that is not sufficiently responsive to support local demographics and diversity. The Local authority and its Schools Forum has an important role to play and for any school the bottom line is how much money it receives, not where it comes from. With a local dimension there is accountability, influence and a point of contact. Can a national funding agency cope with queries from over 20,000 schools?

4. Do you agree with the case for reforming the system?

Yes

No

Not Sure

Comments:

We agree that there is a need to reform the system for funding schools based upon the fact that the data underpinning local authorities' per pupil Guaranteed Unit of Funding is way out of date and inequitable. The ACA is also considered unfair as it over compensates for the London weighting in pay scales.

- Reform should be clear and transparent about the principles underpinning the basic funding per pupil.
- Clarity and justification is needed for all top ups in respect of deprivation, ACA, high cost pupils etc.
- Data should reflect the current issues facing local authorities. Areas hit hard by the recession should be compensated.

It is accepted that there is a wide range of local authority funding formulae, and there may be a case for some simplification at a local level. Most LAs would welcome the removal of the Minimum Funding Guarantee to allow a more accurate and responsive local formula, Local authorities and Schools Forums are the most school sensitive and value for money focused bodies to ensure the best targeting of funds in their areas.

They also are aware the changing school landscape and it is important to link schools funding to local provision planning and asset management.

5. Do you agree that the aim of ensuring all deprived pupils get the same level of funding no matter where they live is the right one? (Section 4)

Yes

No

Not Sure

There are degrees of deprivation and although FSM is a simple measure of deprivation it does not always compensate those schools in need. In Walsall a detailed exercise was completed to look at how deprivation funding should be targeted and it was proved that although there is a correlation with FSM it does not identify all needs. Consequently IDACI is used to distribute deprivation funding as well as FSM. One of the major issues is the number of non FSM claimants in areas with very high numbers of Ethnic Minority communities.

Local decisions will have been taken based upon a previous requirement to meet deprivation targets and this will vary across the country. There are very different issues in a large school with a small number of deprived pupils to a large school with a very high proportion of deprived pupils.

6. Do you agree the underlying funding formula needs to change to meet this aim more quickly and effectively?

Yes

No

Not Sure

Comments:

But separately at both national and local levels – see comments below.

Retaining FSM as a key part of the indicators that inform funding around deprived cohorts/schools allows the outcomes of the funding model to change as a result of falling/rising FSM rates within local communities.

To this end we believe FSM data combined with address data should still be a core component of the Autumn, Spring and Summer census data collections. This would allow the DfE and Local Government to maintain the ability to track local trends and funding accordingly.

If there is to remain a role for local authorities in school funding then some local discretion is needed to allow current formulae to be adjusted to allow funding for all

schools to be fair. Many of the inequalities in the system are based upon the repetition of various national funding initiatives with deprivation as their basis. Local authorities in conjunction with their Schools Forum should be free to review existing deprivation formulae so that this historic pattern of funding can be assessed as to its current relevance and suitability.

7. Do you think the school funding system should be based on a purely national formula? Or should there be flexibility for local decisions about funding levels? (Section 5)

Purely National Some local flexibility A lot of local flexibility Not Sure

Comments:

A national fair funding formula at local authority level is supported and this would place the accountability at national level and would make it clear to new school providers how much funding is available in each area. This would need to be accompanied by a clear definition and funding split for all services/elements to be retained at local authority level. Local authorities should then have discretion in partnership with its Schools Forum to address local needs. Small schools will be very vulnerable under these proposals and this could have a serious impact on the local authority's ability to commission sufficient school places in all areas of the borough.

The consultation document refers to a number of alternative arrangements but these alternatives are supported by very little information. If schools receive different levels of funding then they will not necessarily be "similar" as the consultation document suggests and it is only local knowledge which can identify and resolve specific funding issues affecting schools.

Schools can be similar in size (pupil numbers) but face completely different challenges or cost pressures and this is why a local formula exists; for example size and age of premises, additional facilities such as swimming pools, split sites, production kitchens, levels of deprivation, ethnicity, specialisms are just a few examples.

8. If so, should that flexibility be limited, and if so how? (Section 5)

Yes

No

Not Sure

This is difficult to answer without knowledge of what the flexibility arrangements would look like and what the components of a national funding formula are, and whether that together, they would be sufficient to meet local needs.

In general terms we would be supportive of a system that allowed some local discretion within the constraints of a national framework.

This would create ongoing issues for the national funding of academies, but is there any need for a national replication of each LA formula which takes the YPLA two to three weeks to complete, and is then prone to error? LAs can provide the YPLA with the funding information they need in a format that feeds into their funding model. Schools then have a local point of contact to resolve queries.

9. If there is local flexibility, what should the roles of local authorities, schools and the Schools Forum be in decision making? (Sections 5 and 6)

Local authorities:

LAs have the interests of all pupils in their area to consider and want the best possible education for all children irrespective of the schools attended. Localism and community are being promoted and schools should be at the heart of this.

Local authorities need to have flexibility to ensure that local funding decisions promote the strategic planning in their areas.

Schools:

Schools must be fully involved in all local decisions regarding flexible funding elements. The current arrangements of full consultation with all schools and the appropriate representation on the Schools Forum has worked well in this authority up to now.

Schools Forum:

A representative Schools Forum will ensure that all local issues and school sectors are involved in consultation and decision making processes. The current arrangements which give Secretary of State the power arbitrate work well.

Comments:

The Schools Forum in Walsall is an active and vibrant group. Meetings are well attended and the members are fully involved in all school funding developments. They represent their colleagues in an open and constructive way.

10. If there is local flexibility for maintained schools, how should Academies and Free Schools be funded? (Section 5) Through the fair funding formula Taking into account local decisions Not Sure**Comments:**

The school funding reforms are predicated on fair funding for all pupils irrespective of the governance arrangements.

If the national funding for local authorities is reformed then this will provide a solid foundation for more equitable funding and will provide a starting position for local decisions. It is important that all publicly funded schools in a local authority are part of the same funding regime to remove all perverse funding incentives. If all schools are to work collaboratively across and within an area there must be confidence that they are all working from an equitable starting point.

11. How do you think SEN support services might be funded so that schools, Academies, Free Schools and other education providers have access to high quality SEN support services? (Section 7)

Comments:

The implications of the consultation around the Green Paper “Support and Aspiration: a new approach to special educational needs and disability”, and any subsequent legislation, will have implications for questions 11-13.

LAs are responsible for the educational outcomes for all pupils with SEN therefore by definition they need to have some budgetary control to ensure that high quality SEN support services are in place for those pupils requiring highly specialist support as and when required. For the LA the school setting is irrelevant, it is the needs of the child that is paramount.

This area above all others is one where local decision making is important and if this system becomes fragmented as a result of the funding reforms it could be a very expensive option, with many schools competing for scarce specialist resources.

12. How do you think a national banded funding framework for children and young people with SEN or who are disabled could improve the transparency of funding decisions to parents while continuing to allow for local flexibility? (Section 7)

Comments:

A national banding framework for SEN may address some of the issues in regard to the need to be transparent to parents around funding provision for their child. However, as the consultation document recognises it would not be possible to use this to determine the needs of individual children. Student’s needs are often contextual (due to buildings, school ethos, the teaching and learning environment and so on) and it would be difficult to capture this in any costed model.

Parents need to be confident that their child’s needs are being met but the framework should not unduly raise their expectations or create perverse incentives.

13. How can the different funding arrangements for specialist provision for young people pre-16 and post-16 be aligned more effectively to provide a more consistent approach to support for children and young people with SEN or who are disabled from birth to 25? (Section 7)

The transition from a special school into post 16 education provision in the FE, independent or voluntary sector can be a difficult one for students in terms of funding and expectations.

If information contained in school based assessments is not passed onto colleges and other post school providers time is wasted in reassessing needs already identified. The new proposed health, education and care plans will help greatly in this respect.

Post 16 providers are currently funded to meet the most significant SEN costs over and above their mainstream funding. This can mean that some students do not get the provision they received at special school, and which they may still need. This needs to be considered as an issue in the review.

Secondly, the current system for funding post 16 provision in maintained special schools is underfunded due to historic funding arrangements. Currently the Walsall DSG supplements this YPLA funding by approximately £0.5m. This shortfall needs to be addressed as part of a fair funding deal for all mainstream pupils whilst ensuring continued support for these vulnerable young people.

A local authority via its Children's and Adults Services is well placed to oversee such a system for the vulnerable young people in their care.

14. How successfully has the EYSFF been implemented? How might it be improved? (Section 8)

✓ Very Fairly A little Not at all ✓ Not Sure

Comments:

The EYSFF was successfully implemented in April 2010. The rates take into account the diverse nature of the providers within the borough and were derived on a needs led basis through a working group comprised of a cross section of providers.

The formula includes, deprivation and low incidence SEN elements and is sufficient to fund a qualified EY professional in all settings to drive up quality across the borough.

15. How important is an element of local flexibility in free early education funding? What might alternative approaches look like? (Section 8)

Very

Fairly

A little

Not at
all

Not
Sure

Comments:

The local flexibility is essential to maintain the diversity of provision in the borough. Walsall has eight nursery schools and almost all primary schools have a nursery class and the difference in funding in these two types of provision alone is considerable. The EYSFF guidance made it clear to LAs that this development should not support the closure of the more expensive nursery provision, which tends to be in the more deprived areas.

Although PVI provision is in the minority in the borough it is highly valued and offers a range of options for families. Local flexibility supported the development of SEN and deprivation funding factors for the PVI sector for the first time. Schools Forum were fully supportive of the EYSFF arrangements and there has been a PVI representative on the Schools Forum for a number of years.

The local flexibility discussions brought together maintained and PVI providers in some areas to deliver the extended offer in an effective and co-ordinated way to meet the needs of families.

16. How should we identify the total amount of funding for early years and free early education for three year olds and four year olds not in reception from within the overall amount of 3-16 funding? (Section 8)

Comments:

There is a system in place which allocates funding for these pupils via the DSG. The government should allow LAs to manage this diverse and changing market as part of the overall school funding system.

17. Should the formula include only pupil led factors or also school led factors? (Section 9)

Only pupil-led factors

Include school-led factors

Not Sure

Comments:

For some schools, school-led factors are essential. Without some recognition of their unique circumstances there could be a serious impact on standards as additional structural savings have to be found to meet fixed and unavoidable costs previously funded.

The maintenance costs of schools can vary considerably based upon the age, condition and suitability of the school estate. Those LAs who have had no major investment through BSF or have recently had BSF projects withdrawn will have schools with a large backlog of major works, which will create a disproportionate call on revenue funding until such time capital investment is made available .

Schools operating a swimming pool, a split site, a production kitchen servicing other schools have significant additional costs. The smaller a school with responsibility for these facilities, the bigger potential impact there is to their budget should there be no future recognition of these costs.

18. What factors should be included? (Section 9)

Comments:

Site factors need to be taken into consideration as they can be critical for school as detailed above. Business Rates are a significant cost in the community sector, whereas VA and Foundation schools are eligible for an 80% rebate.

A small schools factor is needed as the per pupil fixed costs of a school increase as numbers drop. Small schools are essential in many rural areas.

The consultation document argues that this approach will not encourage greater efficiency as it can protect less cost effective provision. However many Free Schools will be small and expensive to run. A by product of opening the market and encouraging diversity will be a more expensive system overall.

19. What is the right balance between simplicity and complexity? (Section 9)

Comments:

This should not be a driving force for the review. A fairer funding system is what all partners would like to see, irrespective of the level of complexity.

There is a lot of knowledge and expertise in each local authority area that can make information available to new providers in a comprehensive manner. Representation of all providers at Schools Forum would ensure their views were heard.

20. What level of change in budgets per year can schools manage? (Section 10)

Comments:

There is no standard answer to this question.

The ability of schools to manage will depend on how the new funding arrangements impact on their budgets, their relative levels of expenditure, their levels of uncommitted balances, the projected pupil numbers in the area, local issues such as Equal Pay and Single Status and any school specific issues such as an Ofsted category action plan.

Some schools with historically more generous levels of funding may be better equipped to manage a faster period of change than a school receiving a lower budget settlement who are operating with minimum staffing levels and minimal resources.

**21. How much time do schools need to plan for changes in their funding?
(Section 10)**

3 months 3 – 6 months 6 – 12 months More than 1 year Not Sure

Comments:

Schools will need more than 1 year to plan for changes in their funding unless they hold significant balances to fund transitional arrangements, particularly as they are already working to a cash limited regime at a time when inflationary pressures are increasing, for example in respect of energy costs.

In Walsall Schools have collectively reduced their balances by a third over the last two years in response to government and Audit Commission pressures.

**22. When is the right time to start moving towards a fair funding formula?
(Section 10)**

2012 – 13 2013 – 14 2014 - 15 2015 - 16 Not Sure

Comments:

This is difficult to answer without any idea of impact at local authority and school level. If the outcome of the review causes significant turbulence at all levels, as experience suggests, and there is no transitional funding available, then it may be better to defer the review until next CSR period.

For schools and local authorities to support these reforms they will need to be convinced that the outcome is fairer and worth the pain. The needs of a minority of new providers cannot take precedence over the majority of schools and the education of their pupils who are already in the system.

23. Have you any further comments?

Comments:

A national school funding system from a government perspective has many advantages but this will need to be considered against the possible turbulence at an individual school level and more importantly pupil level. Funding inequity is not acceptable at any level, but the children already in the system must have their rights and one chance of the best education protected.

A local authority's ability to plan effectively for school provision in its area must not be undermined by the proposed changes.

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 x

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?

<input type="checkbox"/> Yes	<input type="checkbox"/> No
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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 Donna Harrison, DfE Consultation Co-ordinator, tel: 01928 794304 / email: donna.harrison@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 25 May 2011

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