



Walsall Children's Services

Report to: Schools Forum

Date: 28 September 2010

Subject: Consultation on School Funding 2011-12 and Introducing a Pupil Premium

Contact: Julie Taylor (julie.taylor@walsallcs.serco.com)

Purpose of the report: To inform the Schools Forum of the proposals for school funding in 2011-12 as detailed in a consultation document issued 20 July 2010.

Recommendation: To endorse and/or comment on the attached draft consultation response prior to its submission to the Department for Education.

1. Introduction

- 1.1 The Government is **introducing a Pupil Premium for disadvantaged pupils in September 2011**. The premium will be funded from outside the schools budget and will **support disadvantaged pupils from Reception to Year 11**.
- 1.2 **The premium will be paid as a separate grant**, and it will be for schools to decide how best to use the funding to boost the attainment of disadvantaged pupils.
- 1.3 **The premium will not apply at this stage to Early Years**, but the Government is exploring the scope to extend the premium to Early Years pupils in the future,
- 1.4 To support the introduction of the pupil premium the **Government is proposing to retain for 2011-12** the current system for allocating the Dedicated Schools Grant (DSG), using **the spend-plus methodology**.
- 1.5 The consultation document also recognises the previous school funding consultation that took place in March 2010 and the Government is taking forward some of these earlier proposals such as the mainstreaming of a number of grants.
- 1.6 The Government's intention for the longer term is to bring in a simpler and more transparent funding system to help reduce the funding differences between similar schools in different local authorities.
- 1.7 Indicative allocations of schools funding will be announced to local authorities in November or early December following the Comprehensive Spending Review on 20 October 2010. The document is therefore consulting on the principles of funding methodology and not funding allocations.

2. Introducing a Pupil Premium for Disadvantaged Pupils

- 2.1 The **Pupil Premium** is designed to **provide schools with new resources** to enable them **to address underachievement by disadvantaged pupils**.
 - In 2009 53% of Key Stage 2 (KS2) pupils known to be eligible for Free School Meals (FSM) achieved the expected level in both English and Mathematics compared to 75% for non FSM pupils.
 - In 2009 27% of KS4 pupils eligible for FSM achieved 5 A* – C GCSEs or equivalent compared to 54% not eligible for FSM
 - 33% of pupils in the 10% most deprived areas achieved 5 or more GCSEs at grades A* – C or equivalent including English and Mathematics, compared with 72% in the 10% least deprived areas
 - Around 40% of pupils eligible for FSM at KS4 were also identified with Special Educational Needs
- 2.2 The Government believe that raising the attainment of disadvantaged pupils is the greatest challenge for schools and that schools are best placed to assess what

additional provision should be made for the individual pupils within their responsibility.

- 2.3 The Government will look at the most accessible way to publish data about the attainment of disadvantaged pupils, so that parents and others can judge how well they are doing at each school.
- 2.4 **From September 2011, the premium will be paid as a separate grant outside of the DSG** so that it is clearly identifiable and can be easily targeted at the relevant pupils.
- 2.5 The Grant will be **paid to local authorities based on** figures from the **previous January School Census**. Conditions of grant will **require the local authority to pass on the full grant to maintained mainstream schools** using **specific defined pupil amounts** for every relevant **pupil in years from Reception to Year 11**.
- 2.6 The **Young People's Learning Agency (YPLA)** will **pay the grant to Academies** at the **same level as other schools within a local authority area**.
- 2.7 **Longer term the premium will be mainstreamed** and will be the main mechanism for allocating deprivation funding to schools as part of a new formula.

3. Calculation of the Pupil Premium for each local authority area

- 3.1 The current funding system delivers significantly different levels of funding for deprived pupils around the country. The Government intends to remove the funding disparity for deprived pupils by increasing the amount of the pupil premium over time, the amount paid to local authorities and schools will be the same, subject to an Area Cost Adjustment (ACA), in those areas where additional costs are incurred such as higher pay costs.
- 3.2 The total funding per deprived pupil will comprise a general unit of funding, additional grants to be mainstreamed, and the pupil premium. Therefore, the size of the pupil premium will vary from area to area depending on their current level of funding.
- 3.3 As the premium is built up, differences in funding would be compensated for by providing higher funding for schools with deprived pupils in authorities that currently receive lower levels of funding. In some instances there may be a need to limit the amount of premium paid where the basic allocation at local authority level is above the target level for the premium.
- 3.4 The charts attached to the report in Annex A demonstrate how the distribution of the pupil premium will work across a range of exemplar local authorities.

4. The Deprivation Indicator for the Pupil Premium

- 4.1 The following indicators are being considered as options for the distribution of deprivation funding via the pupil premium .

FSM Eligibility

Either current eligibility or a measure of whether a pupils has **ever** been eligible for FSM

Tax Credit Indicator	Pupils in families in receipt of out of work tax credit
Mosaic or Acorn	Commercial packages which are based on classification of postcodes

SEN will not be used as an indicator due to the wide variation in reporting and identification practices. However, the strong links between high incidence SEN and deprivation means that pupil premium will be targeted at a significant number of pupils with SEN.

4.2 The table below summarises the deprivation indicator options and their merits.

Indicator	Benefits	Issues						
Current FSM eligibility	<ul style="list-style-type: none">• Strong link between FSM eligibility and underachievement• Clear and simple to understand• Pupil-level• Readily available in schools	<ul style="list-style-type: none">• Misses a number of disadvantaged pupils just above the threshold• Under-reports the level of deprivation if families do not claim• Reflects take up rather than actual eligibility of FSM						
Ever FSM measure to include pupils registered as eligible for FSM in the previous three or six years	<ul style="list-style-type: none">• Would include children from families who move in and out of low paid work• Picks up a higher proportion of pupils at each key stage identified as underachieving	<ul style="list-style-type: none">• Covers a higher proportion of pupils. <table><tr><td>FSM current</td><td>16%</td></tr><tr><td>Ever FSM 3 years</td><td>19%</td></tr><tr><td>Ever FSM 6 years</td><td>24%</td></tr></table> <ul style="list-style-type: none">• Some primary schools would qualify as 100% disadvantaged, as all pupils will have been entitled to FSM at some point	FSM current	16%	Ever FSM 3 years	19%	Ever FSM 6 years	24%
FSM current	16%							
Ever FSM 3 years	19%							
Ever FSM 6 years	24%							
Pupils in families in receipt of Out of Work Tax Credit	<ul style="list-style-type: none">• Includes families where both parents out of work• Less affected by the issue of take up	<ul style="list-style-type: none">• Not pupil-led, based on Lower Super Output-Area averaging 1500 people• Currently based on						

		2005 data
Mosaic or Acorn, commercial packages based on the classification of postcodes	<ul style="list-style-type: none"> • Independent data source • Updated regularly • Widely used across national and local government 	<ul style="list-style-type: none"> • Area based, rather than pupil-led • Not education specific, based upon consumer behaviour

5. Pupil Premium for Looked After Children (LAC)

- 5.1 LAC attending school are a very transient population as typically they go in and out of care on a regular basis. This movement creates problems when considering the most cost effective and accurate method of identifying the LAC population in schools.
- 5.2 The Government is therefore proposing to allocate a LAC element of the pupil premium to local authorities for them to pass to the school where these children are on roll. The funding will be allocated to the home authority, rather than the LA where a child is educated.
- 5.3 The DfE intend to limit eligibility to the pupil premium to children who have been in care for more than six months, and to set the LAC premium at the same level as the main deprivation premium.
- 5.4 The annual SSDA903 return will be used to determine each LAs allocation. The return records LAC up to 31 March in each financial year. The data to be used to allocate LA funding will therefore reflect LAC numbers in the previous financial year.

6. Service Children

- 6.1 The Government is considering creating a lower value pupil premium for service children. The academic attainment of service children is similar to non-service children peers, however they can require additional support due to mobility issues and when extra social and emotional support is needed.

7. Consultation Questions

- 7.1 Do you agree it is right to give a higher pupil premium to areas that currently receive less per pupil funding?
- 7.2 What is your preferred indicator for allocating the pupil premium?

- 7.3 Do you agree the coverage of the pupil premium should include Looked After Children?
- 7.4 What are your views on the operation of the Looked After Children element of the pupil premium? In particular, how might the funding arrangements work at local authority level for pupils educated outside the local authority with caring responsibility?
- 7.5 Do you think the coverage of the pupil premium should be extended to include additional support for Service Children?
- 7.6 A draft consultation response is attached to the report as Appendix B.

8. Methodology for Allocating School Funding for 2011-12

- 8.1 The Government will maintain the 'spend plus' system for the distribution of the Dedicated Schools Grant (DSG) in 2011-12. The level of the DSG is not yet known, but there is no intention to change the relative, per pupil distribution between local authorities in this year.
- 8.2 This one year funding stability is aimed to support a smooth introduction of the pupil premium.
- 8.3 The Government intend to continue with the policy to simplify the school funding system by mainstreaming relevant grants into the DSG. It is expected that as a minimum, the School Development Grant, the School Standards Grant and the School Standards Grant Personalisation will be mainstreamed, subject to the spending review.
- 8.4 Local authorities will be allowed to use previous levels of grant as an allowable factor in their formulae to avoid school-level funding turbulence.

9. Early Years Funding

- 9.1 It has been confirmed that all local authorities will be required to implement an Early Years Single Funding Formula by 1 April 2011. Walsall has already complied with this requirement and is operating as a pilot authority in 2010-11.

10. Academies and Free School Meals

- 10.1 The Government has set out details how Academies will be funded in the Academies Bill. The principle of Academies funding is that they should receive the same level of funding as a local authority maintained school, with top-up funding to meet additional responsibilities that are no longer being provided for them by the local authority.
- 10.2 The methodology for funding Academies from 2011-12 onwards, including the calculation of the Local Authority Central Service Equivalent Grant, will be reviewed

with partners. The Government want to ensure local authorities are able to fund the services for which it retains responsibility, especially SEN support service.

11. Pupil Count for 3 Year Olds

- 11.1** The current funding system ensures all local authorities receive funding for at least 90% of its eligible pupils entitled to free nursery provision. Therefore, some local authorities are over funded, as their take up is say only 85%.
- 11.2** Walsall take up is in excess of 90% of the eligible three year olds, therefore the local authority receive funding for actual take up. The Government is consulting on the introduction of actual take up payments to all local authorities.

12. Dual Subsidiary Registration in Pupil Referral Units

- 12.1** Until January 2010 it was not possible to differentiate between dual main and dual subsidiary pupils in attendance at Pupil Referral Units (PRUs). The introduction of a Pupil Referral Census now made this possible. Up to now, dually registered PRU pupils have been double funded, therefore the Government is consulting on the removal of this anomaly in order to slightly increase the per pupil unit funding for all authorities.

13. Schools with Large Numbers of Service Children

- 13.1** The school funding consultation process undertaken by the previous Government in March 2010 included a proposal to provide additional funding for local authorities to support schools with service children that are affected by Armed Forces Movements.
- 13.2** The Government has noted the high level of support for this proposal in the recent consultation and believe that there is a case for this scheme to be introduced from 2011-12.

14. Home Educated Children

- 14.1** Following the recommendations of the Badman Report the Government proposes to introduce a scheme allowing local authorities to claim 10% of a unit of funding for home educated pupils in order to provide them with services, such as access to schools facilities or paying examination fees for exams sat at schools.

15. Minimum Funding Guarantee (MFG)

- 15.1** The Government intends to retain an MFG arrangement for 2011-12. The level of the MFG will be set following the spending review, and it **could be negative** rather than positive.

- 15.2 The MFG for 2011-12 would apply to a funding baseline incorporating DSG plus any mainstreamed grants.
- 15.3 The Government's intention after 2011-12 is to introduce a more flexible system which is less dependent upon the historic funding levels of individual schools and which would allow local formulae to operate more effectively.
- 15.4 The pupil premium will sit outside of the MFG calculations, as does statemented funding for named pupils, for example.

16. A Cash Floor for Local Authorities

- 16.1 Current funding arrangements for local authorities includes a cash floor to protect them from falling pupil numbers, the Government are minded to remove this protection, to uphold the principle that money should follow up the pupil.

17. Further Consultation Questions

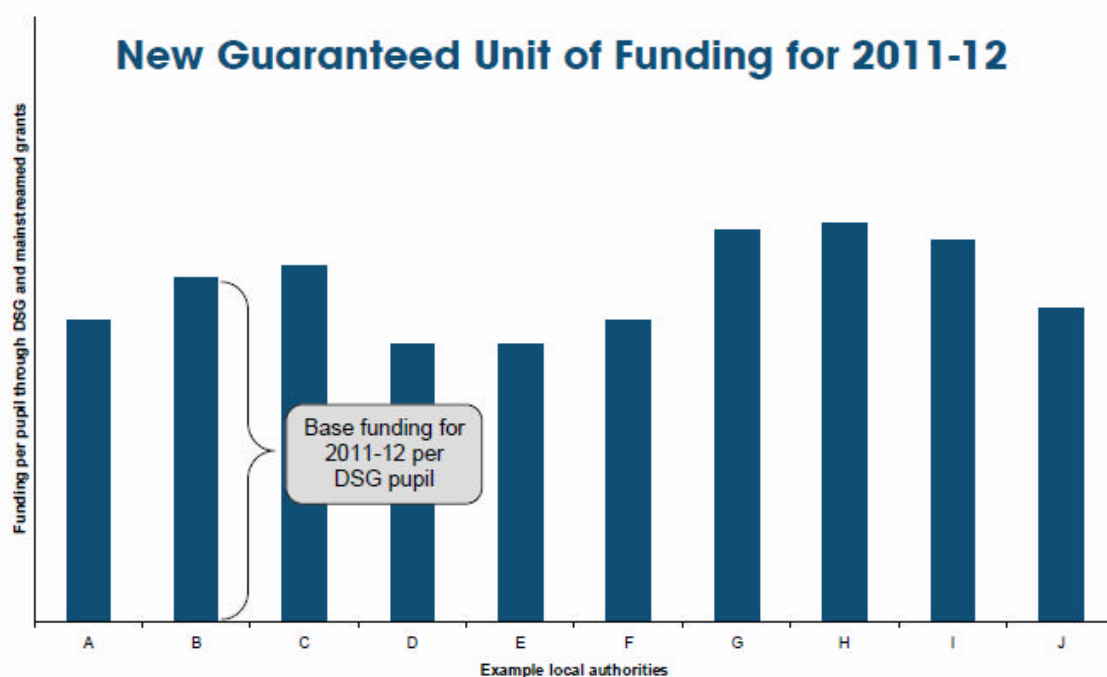
- 17.1 Should the pupil count for three year olds used to allocate DSG for 2011-12 reflect actual take up or continue to reflect a minimum of 90% participation where lower?
- 17.2 Should the pupil count used to allocate DSG for 2011-12 continue to reflect dual subsidiary registrations for pupils at Pupil Referral Units?
- 17.3 Do you support our proposals for additional support for schools catering for Service Children?
- 17.4 Do you support our proposals for home educated pupils?
- 17.5 Do you think that there should be a cash floor at local authority level in 2011-12?
- 17.6 A draft response to these consultation questions is included in Annex B.

18. Conclusion and Recommendations

- 18.1 Schools Forum are asked to consider the consultation issues raised by the Government and endorse/comment on the attached draft consultation response, prior to its submission to the Department for Education.

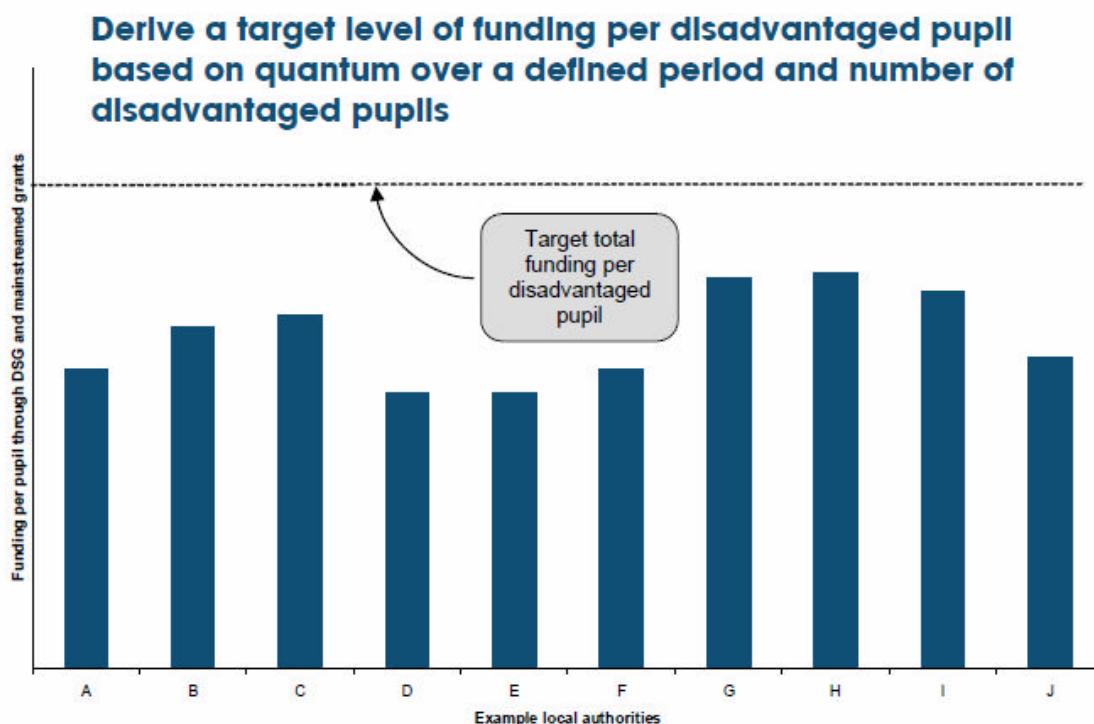
Illustration of the proposed operation of the pupil premium

Chart 1



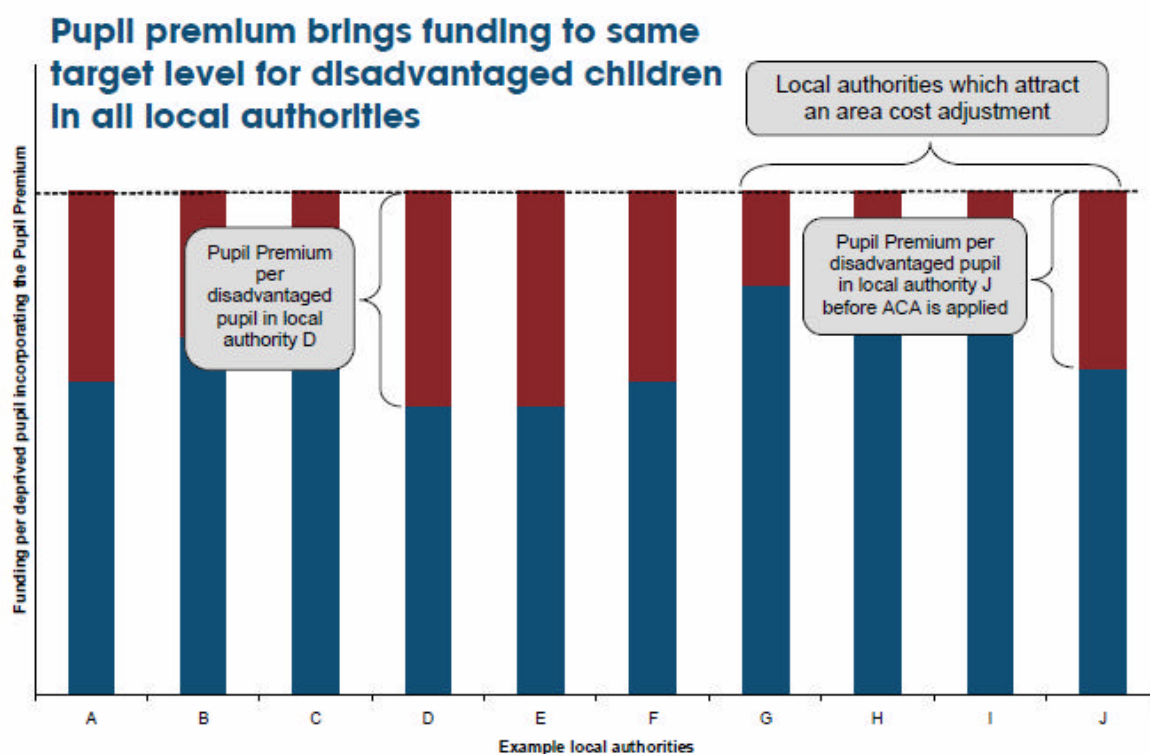
92. A new Guaranteed Unit of Funding for each local authority will be determined following the spending review. There will be no redistribution of funding between local authorities using methodology based on Spend-Plus.

Chart 2



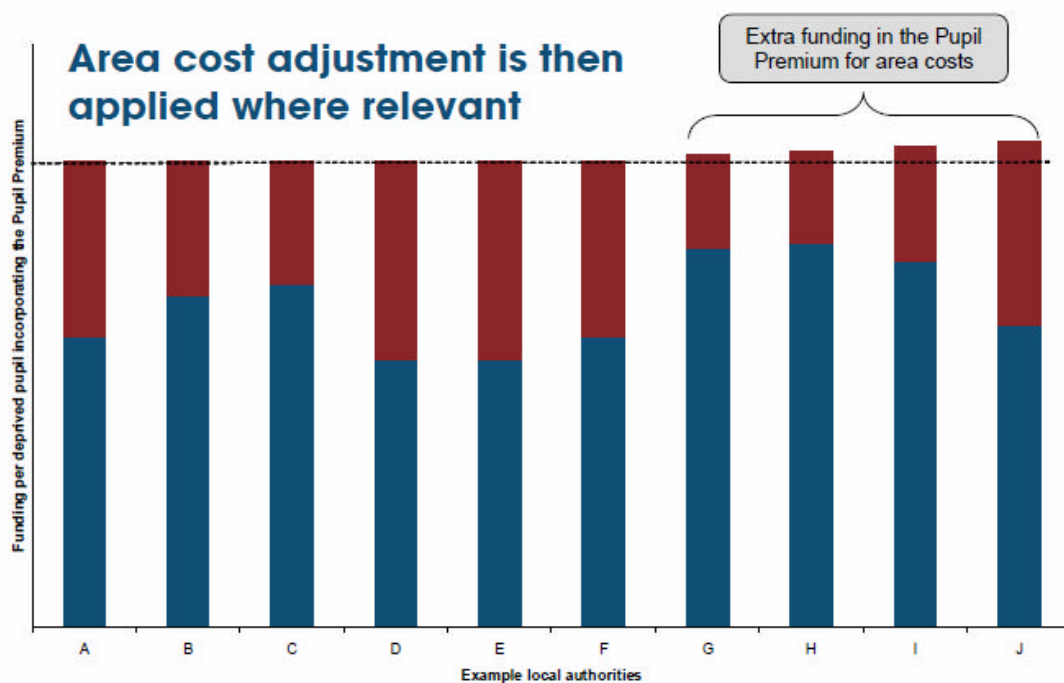
93. The target total of funding per disadvantaged pupil to be achieved is derived following the spending review. Some local authorities will be nearer than others to this target total due to the funding already in the system. The chart demonstrates the differences in funding already in the system often due to differences in deprivation between authorities. But not all notional deprivation money is targeted at deprivation. It tends to be spread more thinly in less deprived authorities, so that schools in those authorities currently receive less funding for their deprived pupils.

Chart 3



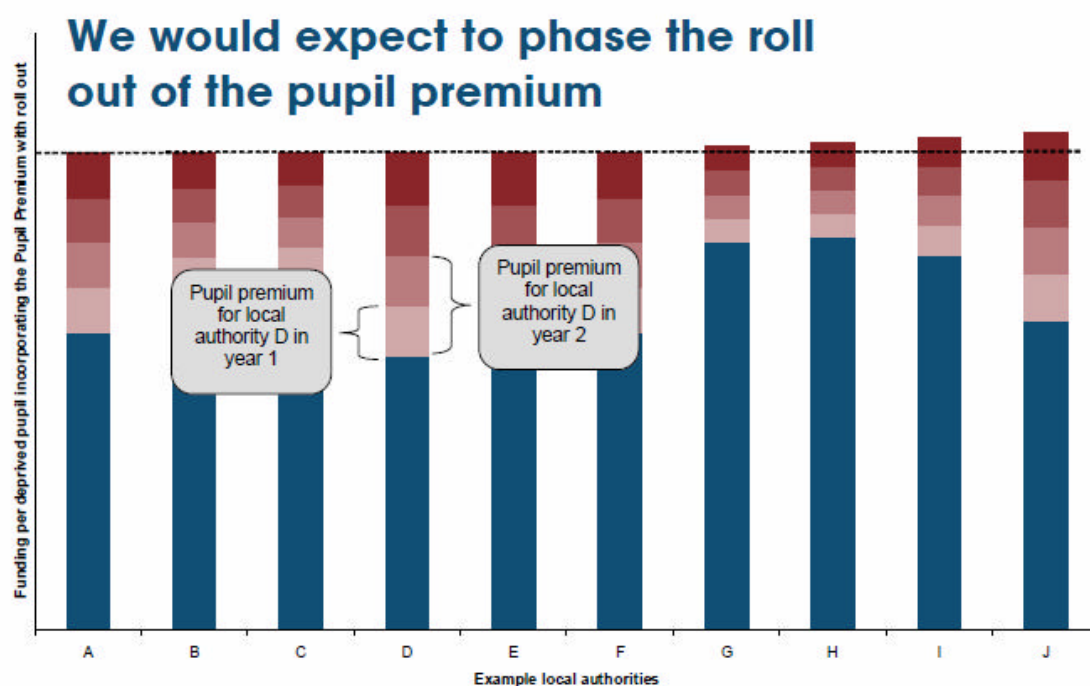
94. The premium is applied so that no matter what the level of basic funding is currently, all deprived children attract the same total (subject to the area cost adjustment). Schools in the lower funded authorities have higher premiums so that the gap closes over time.

Chart 4



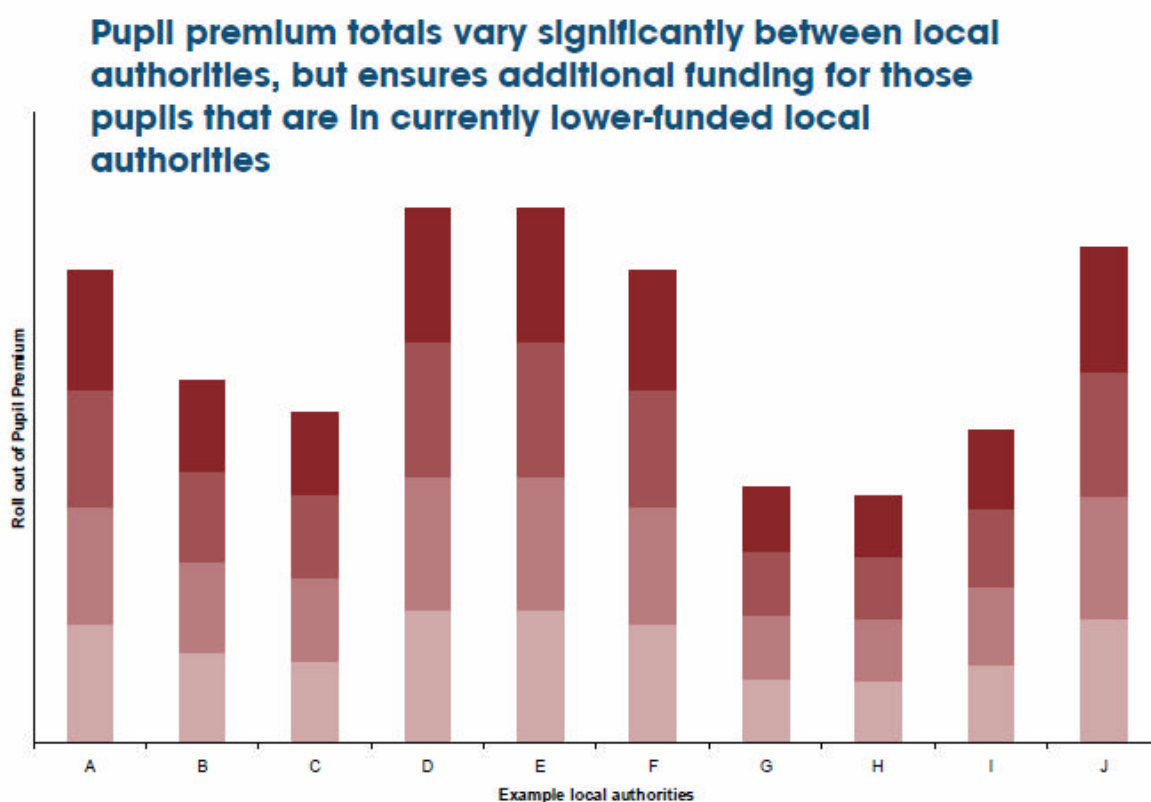
95. The totals are adjusted by the application of an area cost adjustment in areas of high labour costs.

Chart 5



96. This table demonstrates the phasing of the roll out of the pupil premium in each local authority, building it up over 4 years as an example.

Chart 6



97. The table indicates the total level of premium needed in authorities in each of the four years to ensure that the total level of funding per deprived pupil is the same across the country after that period.

Draft Response for Schools Forum

Consultation on School Funding 2011-12 and Introducing a Pupil Premium

Question1

Do you agree it is right to give a higher pupil premium to areas that currently receive less per pupil funding?

Answer

This proposal will equalise funding for deprived pupils at a national level, but takes no account of the deprivation elements of local funding formulae and this may create tensions at local level.

The system may not sufficiently address the more acute problems faced in areas of high deprivation such as multi-generational unemployment and low levels of aspiration.

Question 2

What is your preferred deprivation indicator for allocating the pupil premium?

Answer

None of the proposed indicators will properly reflect the levels of deprivation in each local authority area, either due to the use of historic data, the general nature of the area based approach or the accuracy of the current data. Until such time that a better indicator is identified, the preferred option is free school meals, as this data is current, it is readily available at school level and will reflect the local impact of the recession and fiscal constraints.

Question 3

Do you agree the coverage of the pupil premium should include Looked After Children (LAC)?

Answer

Yes, these children are particularly vulnerable and should be provided with additional support to meet their emotional, pastoral and educational needs.

Question 4

What are your views on the operation of the LAC element of the pupil premium? In particular, how might the funding arrangements work at a local authority level for pupils educated outside of the local authority?

Answer

This is a particularly complex area, particularly as LAs will only receive funding for those children that have been in care for over six months. However, children new to the care system may initially need intensive emotional/pastoral support in the short term. The premium should be available to support these children.

A system similar to that for funding following excluded pupils, could be operated by LAs to ensure that the funding followed LAC. This system could cater for children placed out of borough. However, as each LA premium would vary, this could create issues for some cross-border arrangements.

If children are withdrawn from an out of borough school there would need to be a requirement in regulation for the school to return to the home LA any pupil premium paid in advance.

Question 5

Do you think the coverage of the pupil premium should be extended to include additional support for Service Children?

Answer

Yes, but at a lower level than the mainstream premium for deprived pupils. During times of conflict, such as now, these children are subject to additional stress due to their families circumstances. At other times, they may have less stability due to the nature in which the Armed Forces are deployed.

Question 6

Should the pupil count for three year olds used to allocate the DSG for 2011-12 reflect actual take up or continue to reflect a minimum of 90% participation where lower?

Answer

The DSG should be allocated on the basis of take up rather than a minimum 90% take up. Local authorities have been promoting the take up of the free early years entitlement for many years. Where take up has not yet reached 90% then this must be due to specific reasons such as parental preference or practicalities due to location, which may mean it is unlikely that there will be major growth in take up in the future. As local authorities will be required to fund providers for actual take up, they should receive funding on the same basis.

Question 7

Should the pupil count used to allocate DSG in 2011-12 continue to reflect dual subsidiary regulations for pupils at Pupil Referral Units?

Answer

Now that the information is collected to remove this funding anomaly it should be corrected

Question 8

Do you support our proposals for additional support for schools catering for service children?

Answer

Yes, it is reasonable to compensate schools which may have fragile stability and sustainability issues where numbers have fallen significantly from one year to the next as a result of Armed Forces movements.

Question 9

Do you support our proposals for home educated pupils?

Answer

Yes, to provide the pupils with a better outcome of progressing to the next phase of their education. The expectations of parents and pupils will need to be managed within the constraints of the limited amount of funding.