

## **Consultation on School Funding Reform**

### **Purpose of Report**

1. To bring to the attention of Schools Forum the two consultations published by the Department for Education (DfE) and to summarise Wiltshire's response.

### **Background**

2. In the White Paper *The Importance of Teaching* the Government set out its view that the current school funding system is opaque, full of anomalies and unfair and therefore in need of reform. The White Paper signalled the Government's intention to consult on the merits of moving towards a national funding formula which ensures clear, transparent and fairer funding for all schools, including Academies and Free Schools, based on the needs of pupils.
3. Following this the DfE has published two consultation documents:
  - *A consultation on school funding reform: Rationale and Principles*
  - *Academies pre-16 funding: Options for the 2012/13 Academic Year*

### **Main Considerations**

4. The closing date for both consultations was 25<sup>th</sup> May 2011 and Wiltshire's responses are attached as Appendices 1 and 2 to this report. In each case the response is a joint response from the Council and Schools Forum. The Schools Forum response was agreed at a meeting of the Schools Funding Working Group on 20<sup>th</sup> May and it should be noted that the views of the group include the views of head teachers from both maintained schools and academies in Wiltshire.

### ***A Consultation on School Funding Reform: Rationale and Principles***

5. This represents the first stage in the consultation on funding reform and invites views on the aims and objectives of a school funding system and high level principles for any reform. It is expected that a more detailed consultation will be published in the summer to look at the operation of any national formula.
6. The document outlines the key difficulties with the current funding system which are:

- It is opaque and extremely complex
  - It is unfair as it leads to schools with similar intakes receiving very difficult levels of funding
  - It fails to reflect need accurately
  - It does not support the new school system
7. Wiltshire would agree with all of these points. The table included in response to question 3 (Appendix 1) illustrates the differences in per pupil funding received under the current funding regime in Wiltshire compared with its neighbouring authorities. These differences are historical and without a needs led formula can no longer be explained.
8. The consultation document then goes on to consider the idea of a national fair funding formula for schools and to seek views on the degree of local flexibility that should be allowed within such a formula.
9. A key issue for Wiltshire is that any formula needs to reflect issues associated with rurality. For Wiltshire schools this may mean reflecting the existence of pockets of deprivation within villages, the number of small schools and the potential for federated and amalgamated schools operating from more than one site. Our current local formula also recognises the difficulties for service schools of high levels of turbulence in pupil numbers. For this reason the response notes that we would support a degree of local flexibility. In order to ensure that academies, free schools and maintained schools are funded on an equal footing, which is a stated objective of the consultation, the response stresses that per pupil funding coming in to Wiltshire for each type of school should be the same under any national formula even if local authorities then have a degree of flexibility in the formula for maintained schools.
10. The consultation also highlights issues relating to the funding of high cost pupils with special educational needs or who are disabled. It should be noted that the consultation questions are the same as those included in the DfE consultation document *Support and aspiration: a new approach to special needs and disability*. The proposals explore the idea of a national banded funding framework to ensure that the descriptors of need are consistent across all areas however it is not proposed that funding values would be ascribed to these bands at a national level, rather that local leaders would have the flexibility to meet the needs of disabled young people and in their own area. This indicates that the DfE intends for a degree of local flexibility around special educational needs funding.
11. Finally the document looks at potential timescales for change and the potential level of change that schools could manage. Wiltshire would be keen to move towards a fair funding mechanism that better reflects the relative needs of pupils in the county. In the response we have identified that the work should begin in 2012/13 for implementation in 2013/14.

### ***Academies Pre-16 Funding: Options for the 2012/13 Academic Year***

12. This document looks specifically at the model for funding academies in the 2012/13 financial year, reflecting the DfE view that the current model is

unsustainable and will need to be changed for the 2012/13 year regardless of whether a national fair funding formula is in place. Within the document the following difficulties with the current academies funding model are identified:

- The process is not transparent
- It does not quickly reflect local circumstances
- There is a risk of error in the process of replicating local authority formulae
- The process becomes more difficult with the increasing number of academies
- It is not sustainable
- It is not administratively efficient

13. Again, Wiltshire would agree with all of the difficulties highlighted. Academies are funded on a lagged basis in which the local authority formula for the previous financial year is replicated by the DfE and updated for September pupil numbers. This is administratively burdensome as the DfE needs staff to replicate and understand the funding formula for each local authority whilst Councils also need to calculate a budget for each academy in order to inform the DfE on the amount to recoup from the Dedicated Schools Grant each year.

14. The document proposes 3 potential funding systems for academies in 2012/13:

- **Roll forward** – this is the DfE's preferred option and would result in the per pupil funding received by each school in the current year being rolled forward in to 2012/13, with budgets being updated for pupil numbers. It is argued that this is the simplest method however it results in the funding for academies being even less reflective of local circumstances as it would still be based on per pupil funding in the 2010/11 local authority formula.
- **A fair funding formula for academies only** – this could give an opportunity to trial a fair funding formula however would result in academy funding moving away from comparable maintained schools in the same area.
- **Local Authority based calculations** – this would require local authorities to calculate budgets using the formulae they already hold. Wiltshire has responded that this would be our preferred approach as it is administratively more straightforward and these calculations are already being done at local authority level.

### **Environmental Impact of the Proposal**

15. None identified.

### **Equalities Impact of the Proposal**

16. A core principle of the two consultation documents is that pupils should be funded according to need and that differences in funding between comparable schools should be minimized. It is also a stated principle that

different types of schools ie, maintained schools, academies and free schools should be funded on an equal footing.

### **Risk Assessment**

17. No specific risks are identified arising from the responses to these initial consultation documents. The implications of the detailed changes in the phase 2 consultation document will require detailed analysis to establish the impact on funding for schools and support services in Wiltshire.

### **Financial Implications**

18. This report outlines the response to consultations on school funding reform. At present only the rationale and principles are explored and it is expected that financial implications will be clearer once the DfE finalises the proposals for the next stage of the consultation. The financial implications of any changes to the school funding regime will impact on all schools in Wiltshire and on funding for support services currently funded through the Dedicated Schools Grant.

### **Legal Implications**

19. None identified.

### **Proposal**

20. Members are asked to note the responses to the consultations on schools funding reform.

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### **Background Papers**

None

### **Appendices**

Appendix 1 – A consultation on schools funding reform: rationale and principles. Response from Wiltshire Council and Wiltshire Schools Forum

Appendix 2 – Academies pre-16 Funding: Options for the 2012/13 Academic Year. Response from Wiltshire Council and Wiltshire Schools Forum

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