

**A Consultation on School Funding Reform: Proposals for a fairer system
Response from Wiltshire Council and Schools Forum**

Purpose of the Paper

1. To inform members of Schools Forum of the response submitted to the Department for Education (DfE) consultation on schools funding.

Background

2. In July 2011 the DfE issued 3 consultation documents:
 - **Capital Investment** – focusing on the Government's response to the James Review of capital funding for schools.
 - **School Funding Reform** – focusing on the overall system for funding schools
 - Consultation on the **level and basis for the Local Authority Central Spend Equivalent Grant (LACSEG) in 2011/12 and 2012/13**. This consultation was only issued to local authorities and the Local Government Association.
3. This paper outlines the key elements of the consultation on School Funding reform and Wiltshire's response to that consultation. The response date to the consultation was 11th October and the response has been formulated through a number of consultation events, including a seminar for members of Schools Forum. The response was submitted as a joint response from Wiltshire Council and Schools Forum.
4. The DfE has confirmed that the current funding system will remain in place for 2012/13 (at least) to give schools and local authorities time to plan however a "shadow" settlement will be issued in 2012/13 showing the potential impact of the reforms.

Main considerations

5. The consultation on schools funding reform is wide ranging, covering all aspects of schools funding including:
 - *The national funding system*
 - *The schools funding block and how it is calculated*
 - *Central services and defining responsibilities*
 - *Future arrangements for LACSEG*
 - *Children & Young People requiring high levels of support*
 - *Early Years*
 - *Pupil Premium*
 - *Timing of implementation*

National Funding System

6. Currently funding within the DSG is grouped together under the Guaranteed Unit of Funding per pupil. The proposal is to move to a system where DSG funds 4 blocks:

Schools	High Needs Pupils	Early Years	Central Services
Delegated budgets of schools for Reception to Year 11, including lower level of SEN Some current centrally retained services for school pupils	High needs SEN including those in mainstream schools and Academies and all special schools Alternative Provision SEN Support Services	Free entitlement to early education for 3 & 4 year olds Current centrally retained services for early years	Central Services within the Schools Budget which cannot be delegated to schools

7. There will also be a 5th service block comprising services that are funded through the local authority funding settlement.
8. DSG will continue to be ringfenced but the blocks within it will not and the current restrictions of the minimum funding guarantee for schools and the limit on the increase in centrally retained funding will remain.
9. The DfE is considering allocating the schools block either on a “school level” based on the schools in an area and the pupils within those schools, or at a local authority level based on the pupils within a LA area. Under the school level formula a notional budget would be calculated for each school but the LA and Schools Forum could choose a different allocation.
10. The document contains a list of proposed elements for the national formula and seeks views on whether these are the right ones and whether any other factors should be used at local level.
11. There is a proposal to fix the ratio of primary to secondary funding across the country.
12. Options are discussed for how academies budgets should be calculated – either LAs to calculate or the Education Funding Agency (EFA). The document also discusses how Schools Forum should make decisions about the local formula and what role the EFA should play in achieving accountability at national level (scrutiny of local formulae etc).

National Formula

13. It is proposed that the national formula should consist of the following elements:
- A basic per pupil entitlement
 - Additional funding for deprived pupils
 - Protection for small schools
 - Area Cost Adjustment
14. The consultation seeks views on whether these are the right factors and specifically seeks views on the methodology for allocating deprivation and area

cost adjustment funding. There is also a question as to whether English as an additional language should be included as a factor.

Future Arrangements for Local Authority Central Spend Equivalent Grant (LACSEG)

15. The document makes it clear that the DfE want to move away from having a LACSEG formula based on the Section 251 return and instead want to distribute funding to academies on a formulaic basis. It is proposed that elements of the formula that would be included in LACSEG would be delegated in the national formula, Schools Forums could then opt to de-delegate for maintained schools.
16. It is also proposed that the LA funded element of LACSEG should be allocated to academies on a formulaic basis which would mean that the LA would not receive funding for the element of those services applicable to academies.

Children & Young People requiring high levels of support

17. The principles for funding children & young people with high needs are summarised as:
 - Funding should meet the needs of the child as well as being used efficiently and to best effect;
 - Where possible the parents' preferences should be followed when placing the child/young person, with some protection offered to institutions where not all places are filled;
 - Funding will be reviewed and will change with need;
 - Contributions should also be made from other services where the child/young person has social care or health needs, but the commissioning body (LA) should meet the cost of the education provision;
 - The system of allocating resources should be open and transparent and the outcomes should be monitored for effectiveness;
 - Pupil Premium and post 16 disadvantage funding is additional to all other sums allocated.
18. It is the government's aim that the role of LAs will switch from provider to commissioner of high need services.
19. The funding system will make a distinction at the national level between mainstream funding for schools and the High Needs Pupils block. In doing this the DfE will make a general assumption about the notional funding for low cost SEN within mainstream funding blocks. It is proposed that this level is set at £10,000 ie., £4,000 for basic pupil amount and £6,000 for additional needs. It is then proposed that all special schools and alternative provision (possibly including PRUs) would receive the basic £10,000 and funding above that level would be determined on a basis of pupil needs and paid to the institution providing the place. This is a significant change in the way special schools are funded.
20. Other proposals are also laid out in the document to consider whether special schools should be funded on the basis of planned places or actual pupil numbers.
21. There are also proposals for the funding of Special Academies although the document recognises that for the short term special academy budgets will be based on the LA budget they currently receive. In the longer term the DfE favour an option where the EFA pay the basic £10,000 per pupil and the commissioner pays the top up according to need.

Early Years

22. The DfE would like to simplify the Early Years Single Funding Formula (EYSFF) and is consulting on how this could be achieved along with options to refine the formula so it better supports disadvantaged children.

Pupil Premium

23. It is proposed that the pupil premium will remain and the DfE is consulting on whether to move towards FSM Ever 3 or FSM Ever 6 as the basis for determining eligibility.

Timing of Implementation

24. The new funding system could come in to place in 2013-14 or could wait until the next spending review period in 2015-16. If the latter date is adopted then the DfE will need to consider what to do in the short term.

Wiltshire's Response

25. A joint response from Wiltshire Council and Schools Forum is attached at Appendix 1. This response is based on the outputs from a number of individual meetings and consultation events, including a seminar for members of Schools Forum on 4th October 2011.
26. A key theme for members of Schools Forum was that funding for deprived children in Wiltshire should be equal overall to funding for deprived children in other areas of the country. Particular consideration was also given during the schools forum seminar to the issues surrounding small schools and the impact of a national formula with more restrictions on local flexibility on the particular circumstances experienced by our service schools.
27. Also stressed in the response is the view that Wiltshire's Schools Forum works well collaboratively and that additional restrictions requiring each of the main groups on the Forum to separately approve a formula would be a backwards step.

Recommendations

28. Schools Forum is asked to note the response submitted to the DfE document "A consultation on school funding reform: Proposals for a fairer system".

CAROLYN GODFREY
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Unpublished documents relied upon in the production of this Report: NONE
Environmental impact of the recommendations contained in this Report: NONE KNOWN

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Appendices

Appendix 1 – A consultation on school funding reform: Proposals for a fairer system, consultation response