



**Report to:** Children and Young People's Panel Cabinet

**Date:** 24<sup>th</sup> May 2007 and 31<sup>st</sup> May 2007

**Subject:** New School Funding Arrangements for 2008-11  
Consultation Paper

**Report of:** Joint Report of Director of Finance & IT and Director of  
Children and Young People's services

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**Purpose/summary:** To report the Government's proposals for the New School Funding Arrangements for 2008-11 and to agree a Wigan Council response to the consultation paper.

**Alternative options considered and reason for selecting the one recommended:** To not respond to the consultation would result in Wigan's views not being considered when decisions are made.

**Recommendation/decision:** That permission be granted for a response to be made to the DfES consultation on School Finance Arrangements for 2008-11.

**Key Decision:** This report does not involve a key decision.

**Implications:**

Financial:	None at this stage
Staffing:	None
Policy:	N/A
Equal Opportunities - Has a Diversity Impact Assessment been conducted?	Yes
Wards affected:	All
Special Interest Members –	None

Which have been consulted

Has the Director of Legal and Property Services confirmed that the recommendations within this report are lawful and comply with the Council's Constitution? **Yes**

Has the Director of Finance and IT confirmed that any expenditure referred to within this report is consistent with the Council's budget? **YES**

Are any of the recommendations within this report contrary to the Policy Framework of the Council? **No \***

\* delete which applicable

**For Cabinet reports only :**

Categorisation of the report:			
Discussion leading to a decision		Discussion	
Monitoring		Decision	<b>X</b>
Sharing for corporate understanding		Information	

**Tracking/Process:**

	Consultation	Ward Members	Partners
Panel	Overview & Scrutiny	Cabinet	Council
24 May 2007		31 May 2007	

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972.

Proper Officers



Date

May 2007

## **1. Background:**

- 1.1 The Government intends to continue the reform programme that led to the establishment of a new funding system for schools, based on the Dedicated Schools Grant (DSG) and multi-year budgets for schools. The system was introduced on a transitional basis for the periods 2006-08. A consultation paper has been issued in respect of the DSG for the next Comprehensive Spending Review (CSR) periods 2008-11.
- 1.2 This report summarises the proposals contained in the Consultation paper. The consultation questions appear in **Annex 1** and the proposed consultation response is attached as **Annex 2**.
- 1.3 The consultation on these proposals will run for twelve weeks until the **1st June 2007**.

## **2. Brief Summary:**

- 2.1 The proposals aim to make it easier for local authorities and Schools Forums to approve contributions from the centrally retained Schools Budget to support the Every Child Matters (ECM) agenda via local authority combined services budgets.
- 2.2 The distribution of resources between local authorities is a key part of the consultation. The Government proposes a choice of distribution methods between:
  - a continuation of the current '**spend plus**' approach, in which all authorities get a basic per pupil increase, with funding for Ministerial priorities added on top. It should be noted that this current method protects the level of per pupil expenditure for those local authorities that spent above School Formula Spending such as Wigan ; and
  - a return to the **formula** approach used to distribute Schools Formula Spending Shares in 2005-06, but with updated data on deprivation and area costs.
- 2.3 The Government is seeking views on a number of detailed aspects of the formula for distributing **DSG** under either of these methods:
  - how to best reflect **deprivation**;
  - whether DSG should be based on January **pupil numbers** or on the previous September count;
  - how to best fund **early years** and **specialised diplomas for 14-16 year olds**; and
  - the best way of transferring funding for **academies** from DSG.

- 2.4 The Government proposes the existing framework for multi-year schools budgets should continue for the forthcoming **CSR period, 2008-11**. Within this framework there are further proposals for a number of incremental changes to the way in which schools receive funding from their local authorities:
- a simplification of the **Central Expenditure Limit**;
  - to ensure that the **deprivation funding** distributed to local authorities through DSG is properly reflected in their local funding formulae;
  - a continuation of the **Minimum Funding Guarantee (MFG)** with scope for efficiencies to be taken into account ;
  - increased discretion for local authorities in handling anomalies in the MFG;
  - action to reduce level of **school balances**, in part through a levy on excessive balances to be redistributed within local authorities; and
  - expansion of the definition of school members of the Schools Forum and options to increase non-school membership, particularly in respect of early years providers and 14 – 19 partnerships.
- 2.4 To reflect the variable roll-out of **14-19 specialised diplomas** across the period 2008-11, the Government proposes that local authorities should be funded through a **specific grant** for the additional costs for 14-16 year olds taking up this provision, rather than through DSG. There are three options for the management of funding of 14-16 partnership provision:
- hold all the funding centrally, that is the specific grant and school funding taken from the Age Weighted Pupil Unit (AWPU) ;
  - hold the Specific Grant only centrally; or
  - the delegation of all funding to schools to meet the whole cost of provision from their delegated budgets.
- 2.5 Another proposal is that the Learning and skills Council's (**LSC**) **new funding methodology for 16-18 provision** should be used as the basis for agreeing the cost of partnership provision, with a breakdown into a basic national rate, plus separate uplifts for area costs and deprivation, which would allow for local circumstances to be taken into account.
- 2.6 With the expansion of the **early years** offer from 12.5 to **15 hours**, the Government proposes the following changes to improve the commissioning of this provision:
- a standard process for setting per pupil funding levels in private, voluntary and independent (PVI) and maintained settings and consistent pupil counting methods for early years provision;
  - extending the budget stability of maintained settings to PVI funding;

- a single early years funding formula in each local authority and an appropriate timescale; and
- a proposal to separately identify an amount of early years funding for each local authority.

2.8 Finally, the Government proposes to simplify the current structure of **specific grants** by:

- merging **School Standards Grant (SSG) and SSG (Personalisation)** into a single grant; and
- giving local authorities more discretion over the distribution of **School Development Grant (SDG)** focusing on local need and deprivation.

### **3. The Distribution of DSG to Local Authorities**

#### **3.1 DSG and Every Child Matters (ECM)**

3.1.1 Local authorities may utilise part of the centrally held Schools Budget to contribute towards combined budgets to address the ECM agenda, as long as the following steps are taken:

- Schools Forum have agreed to to the proposals;
- the service being proposed brings **educational benefit** to pupils; and
- the **proportionality test** demonstrates that the contribution from the Schools Budget to the service is roughly equivalent to the educational benefit derived.

However, these current arrangements seem to be inhibiting authorities from achieving greater efficiency. The Government therefore proposes to remove the 'proportionality test'.

#### **3.2 Spend Plus and Single Formula**

- The '**spend plus**' methodology was originally intended as a transitional approach for 2006-08, to smooth the introduction of the DSG for those authorities, such as Wigan, which spent significantly over the Schools Formula Spending Share (SFSS) in 05-06 – it consolidated that spend over SFSS into their baseline.
- Moving directly to a **single formula** for DSG would have meant that many of those authorities would have received a minimum increase in DSG for 06-08 and would have seen their additional spending above SFSS eroded over time.
- If a single formula approach were adopted for 2008-11 there would be some local authorities whose current allocation of DSG would be way in excess of their allocation as determined by the new formula.
- The aim of re-introducing a single formula would be to move all authorities towards it over time.
- The fundamental difference between the two approaches lies in how funding above that needed to deliver the MFG is distributed.
  - In the **formula** approach, funding above the minimum is used to make progress towards the ultimate destination which is a distribution based on the formula; while

- under **Spend Plus**, funding above the minimum is allocated according to different formulae designed to reflect the Ministerial policy priorities.

### 3.3 Moving to an Autumn Pupil Count to allocate DSG

- If pupil numbers were finalised before the start of the financial year e.g. by early February 2008 for the 2008-09 financial year, authorities would be able to set their Schools Budgets, and the budgets of each of their schools for 2008-09, secure in the knowledge that their DSG allocation would not change. This would make the process more manageable for authorities and the outcome more predictable. At present, the pupil numbers that determine the DSG can only be finalised by the DfES in May. This has caused significant problems from some authorities and has led to the re-issue of school budgets or the carry forward of a deficit.
- The introduction of a termly census for primary schools from **Autumn 2007** makes it possible to base the DSG allocations for 2008-09 on Autumn 2007 pupil numbers. These pupil numbers should be finalised early in 2008, so that the school funding settlement in Autumn 2007 would still use **estimated** pupil numbers to set DSG allocations for 2008-09 to 2010-11.
- However, the Department would then **finalise pupil numbers and DSG allocations**, early in 2008, so that when authorities set their schools' budgets for 08-09 in Feb/Mar 2008, they would do so from a position in which they were **certain** of their DSG allocation.
- Alongside a change to the DSG count from **January to Autumn**, it would make sense to change the main pupil count for school budgets to autumn as well, to retain the alignment between DSG pupil numbers and pupil numbers used to calculate school budgets.

### 3.4 Under 5 Pupil Numbers

- Currently the free entitlement is for up to **12.5 hours** per week of nursery education, for **38 weeks** per year; although the ten year childcare strategy made a commitment to increase the length of the free entitlement to **15 hours** per week and allowing the provision to be delivered more flexibly.
- Where the participation rate for 3 year olds is below **90%** of population of children resident in an authority, pupil numbers for DSG are based on an assumed rate of 90%. Wigan has benefited marginally from this assumption.
- For counting under 5's for DSG allocations, there are two elements that make up the current system:
  - maintained pupils count as 0.5 for 1 to 9 sessions and 1 for 10 sessions ; and

- PVI pupils count as 0.1 to 1 depending in the number of sessions from 1 to 10.

The problem with the current system is that it is a disincentive to providing more flexible provision and it is inconsistent, making the DSG difficult to predict.

The document makes proposals for changes to the count over the long term to remove these anomalies. Changes will only be made for the 2011-14 as there is insufficient time to change the School Census for January 2008 and changes cannot be made during a multi-year period.

The two proposed methods for the collection of early years data.

- **Headcount based** – would greatly simplify the current system of counting under 5's. It would allow authorities the freedom to offer the free entitlement over more than 38 weeks with no adverse impact on their funding. It would mean that funding would be based on a higher number of pupils overall. In general terms, authorities with many children taking up a small amount of provision would gain; while those with many children taking up the full entitlement would lose out.
- **Provision based** – would reflect more accurately what is being offered on the ground. Those local authorities with low levels of provision would also receive extra funding as the level of provision increases – this would not happen with the headcount method.

### 3.5 Academies Funding and DSG

- The current system aims to ensure two things – that local authorities do not receive DSG for schools they no longer maintain; and that there is **sufficient funding** available to the Department to fund academies based on September rather than January pupil numbers. An authority's DSG is reduced by the number of pupils in a new academy, based on January pupil numbers, multiplied by the per pupil Guaranteed Unit of Funding, currently £3,784 for Wigan.
- There are two options for change for the transfer of academies funding from DSG to cover the replicated budget transfer:
  - to continue with the **current system**; and
  - **recoupment** – pupils attending academies would be included in the calculation of an authority's DSG allocation. The Department would then replicate the authority's formula to produce a budget share for the school and **recoup** this amount of grant by adjusting an authority's DSG payment profile.

The costs of providing **extra support for pupils with additional needs**, who require individually assigned resources, and **attend academies**, remains the **responsibility of the local authority** and must be **funded from its DSG**. There is a proposal to count these pupils on Form 8B to facilitate authorities receiving additional funding in respect of these costs.

- Wigan currently has no Academies.

### 3.6 Reflecting Deprivation in DSG allocations

- The different levels of funding per pupil and per authority are influenced by the way in which deprivation is measured. The document considers whether there are better indicators available than those applied to the formula in the last SFSS.
- The current indicators are:
  - the proportion of children in families in receipt of Income Support/Job Seekers Allowance, Working Family Tax Credit; and

- pupils with mother tongue other than English and secondary pupils from low achieving ethnic groups; and
- low birth weight.

Alternative indicators to these such as the Index of Multiple Deprivation and the new geographical indicators, Mosaic and Acorn are discussed as alternatives for the next CSR.

### 3.6 Targeting Pockets of Deprivation

- The Government suggests **targeting** some **funding** to authorities to reflect **pockets of deprivation**. This funding would then have to be passported to deprived pupils through their local formulae. There are two options suggested:
  - to distribute a given amount of funding **across all authorities**; and
  - to target the funding to **a small number of authorities** below a certain threshold to offer greater targeting at less deprived authorities.

### 3.7 Exceptional Circumstances Grant

- The **three year allocation** methodology for DSG responds rapidly to pupil number changes; but because the DSG guaranteed unit of funding does not change for three years, if an authority has a significant influx of pupils with **additional needs** within that period, those extra needs would not be reflected in the authority's DSG allocation.
- Therefore the proposal is to introduce this small grant in **exceptional circumstances** such as these.

## 4. School Funding 2008-11

The consultation proposals retain the existing framework for multi-year school budgets but seek views on some incremental changes as follows;

### 4.1 Central Expenditure Limit (CEL)

- The principle underlying the CEL is that it **restricts** the year on year increase in an authority's centrally retained expenditure from its **Schools Budget** to the same percentage as the increase in the **Individual Schools Budget (ISB)**.
- Various changes introduced for the 2006-07 school funding arrangements had the effect of making the calculation of the CEL more **complicated**.
- As a result, a **simplification** of the system is proposed. The calculation would be reversed, requiring the **minimum increase to the ISB** to equal the level of **DSG increase for the year** in question.

### 4.2 Deprivation Funding

- The Government wants to ensure that **deprivation funding** distributed to authorities through DSG is properly reflected in their **local funding formulae**, so that funding is targeted to schools with more pupils from **disadvantaged backgrounds**.
- All authorities must review their deprivation formulae prior to the next three year budget period. This will be discussed with their Children's Services Advisor and also a statement of progress over the 2008-11 period must be submitted to the DfES.

#### 4.3 Minimum Funding Guarantee (MFG)

This ensures all schools receive a minimum increase in their funding per pupil from one year to the next. Proposals include:

- a continuation of the MFG for schools with scope for efficiencies in **non-pay items** to be taken into account in assessing cost pressures, and hence the level of MFG across the CSR period, possibly coupled with a simple reduction in the MFG below cost pressures;
- increased discretion for **Schools Forums** to approve local authority proposals for handling **anomalies** in the MFG affecting up to **50%** of schools rather than 20% as now; and
- **falling rolls** will be an increasing feature of the school system over the CSR period, so authorities will continue to need some **headroom** (currently 1% between the MFG and DSG minimum increase) to deal with falling rolls.

#### 4.4 School Balances

- The aim is to reduce the level of school balances by enabling local authorities to redistribute to all schools a **levy of 5%** of all balances – broadly equivalent to the interest accrued. This would be easy to implement and would encourage schools to think carefully about the balances they hold.

#### 4.5 Schools Forums

- The expansion of the definition of '**schools members**' of Schools Forums to include **other member's of a school's leadership team** including **bursars** and options for increasing the **non-schools membership** of Forums, particularly in relation to early years practitioners and members of 14-19 partnerships; including raising the current maximum proportion of non-schools members above **20%**.

### 5. Funding for Specialised Diplomas at 14-16

- 5.1 Local authorities should be funded through a **specific grant** for the **additional costs of 14-16 year olds taking up this provision**, rather than through DSG in 2008-11. This reflects the variable take-up of the

entitlement to specialised diplomas across the period. There are three options:

- all of the additional funding for partnership provision allocated through the specific grant is retained centrally by the local authority, which would be **responsible for paying it all out to providers** of specialised diplomas. The AWPU (Age Weighted Pupil Unit) funding in respect of each pupil taking up partnership provision **would be reduced**, and this funding would be added to the centrally held pool of grant funding;
- all the additional funding for partnership provision allocated through the specific grant retained centrally by the local authority, and **paid out to providers. No APWU reduction** in respect of pupils attending partnership provision, but schools with such pupils would have to make a **contribution** to the cost of the provision from their delegated budgets;
- **all the funding is delegated to schools** who would meet the whole cost of provision from their delegated budget.

5.2 Learning Skills Council's (LSC) new funding methodology for **16-18 provision** should be used as the basis for agreeing the cost of partnership provision to be charged to schools, with a breakdown into a basic national rate plus specific uplifts for area costs and deprivation, which would allow for local circumstances to be taken into account.

## **6. Early Years Funding**

The Government is committed to extending the free entitlement to **15 hours free provision** that can be taken more flexibly. As this extension is rolled out nationally the pattern of provision is likely to change, to include longer sessions accessed through a range of providers. The local authority has a duty to secure the free entitlement in response to parental demand and act as commissioner of these services.

6.1 To enable the funding system to support this, the consultation document proposes a range of potential changes to the early years funding system:

- over the CSR period local authorities should take a **consistent approach** to calculating the per pupil funding levels for early years provision in private, voluntary and independent (PVI), and maintained settings, and that they should use **consistent counting methods** for under 5's provision across sectors;
- extending the stability currently enjoyed by maintained settings to the PVI funding system to encourage **provider sustainability** as provision becomes more flexible;
- a proposal for a **single early years funding formula** in each local authority and a practical timescale as this would transfer funding between sectors; and
- improving and widening the debate on early years funding at local level through **better representation on Schools Forums for early years**

**representatives**, and through a proposal to separately identify the amount of early years funding for each local authority.

## **7. Specific Grants**

The following proposals are for the further rationalising of specific grant streams.

- To **merge** the School Standards Grant (SSG) and School Standards Grant (Personalisation) (SSG (P)) into a **single grant**.
- To keep the School Development Grant (SDG) as it is but with the long-term aim of merging it into the DSG.
- To give local authorities more **discretion** over the distribution of SDG, so that they can move away from historical distribution towards one that better reflects a view of local need, while ensuring that the **strong deprivation focus** of the grant is retained.

## **8. After the Consultation**

Ministers expect to announce decisions on the key issues over the Summer of 2007 in light of responses to the consultation and the outcome of the CSR07, in time for the allocations of DSG for 2008-11 during the Autumn.

*N.B. Please refer to Annex 1 for the consultation questions – deadline for responses is 1st June 2007. Annex 2 is the proposed Council response to the issues discussed.*

## ANNEX 1

### **Consultation Questions**

The consultation paper seeks views from local authorities on the Government's proposals for the new School Funding Arrangements for 2008-11. (Where feasible, each question contains the item number of the main report for reference). The questions are as follows;

- Q1 *Do you agree that the 'proportionality test' should be removed from the criteria used by local authorities and Schools Forums to decide whether there should be a contribution from the centrally retained Schools Budget to local authority combined services budgets in support of ECM outcomes? (3.1)*
- Q2 *Which method of distribution would you prefer for the period 2008-11: Spend plus or single formula? (3.2)*
- Q3 *Should we move the pupil number count used for DSG allocations from January back to the preceding autumn? (3.3).*
- Q4 *In the long term, which method of counting under 5's would you prefer: headcount or provision based? (3.4)*
- Q5 *Which method of transferring funding for academies should we use: the current method or the recoupment method? (3.5)*
- Q6 *Should pupils at academies for whom individually assigned SEN resources are allocated, be included on form 8B?*
- Q7 *Should we consider using geographical based indicators such as 'Acorn' and 'Mosaic' in the distribution of DSG?*
- Q8 *Are there other deprivation indicators that we could consider?*
- Q9 *Should we seek to target funding at pockets of deprivation in less deprived authorities? (4.2)*
- Q10 *If so, which method of distribution should we use?*
- Q11 *Would a grant for exceptional circumstances be a helpful addition to the flexibility of the system? (3.6)*
- Q12 *How would you prefer the Central Expenditure Limit to be set: by the current method; or through the simpler comparison between cash increases in DSG and ISB? (4.1)*

- Q13 *Do you agree that we should remove the asymmetry from the MFG methodology? (4.3)*
- Q14 *Do you agree that we should allow authorities to agree with their schools, changes to the MFG methodology which affect up to 50% of their schools, as opposed to the current 20% limit? (4.3)*
- Q15 *Are there other changes to the decision making process on MFG variations that you would like to see considered – such as requiring there to be a majority of both primary and secondary school representatives in favour of a proposal?*
- Q16 *Should we continue with the 1% headroom between the MFG and DSG minimum increase or should we reduce the margin? (4.3)*
- Q17 *Do you agree that the assessment of cost pressures feeding into the MFG should take account of efficiency savings, and thus lead to a lower level of MFG? (4.3)*
- Q18 *Should we go further and reduce the MFG to below average cost pressures in the second and subsequent years of the CSR?*
- Q19 *Would a levy on balances and extra guidance be effective in reducing the current level of excessive balances? (4.4)*
- Q20 *Should we amend the Schools Forum regulations so that other members of school senior management teams, including bursars, can be elected as schools members? (4.5)*
- Q21 *Do you agree that all local authorities should have non-schools members from the early years sector and 14-19 partnerships? (6.1)*
- Q22 *Should we raise the current maximum proportion of non-schools members above 20%? (4.5)*
- Q23 *Do you agree that funding for specialised diplomas for 14-16 year olds should be through a specific formula grant? (5.1)*
- Q24 *Are the three models for distributing funding for specialised diplomas for 14-16 year olds should be through a specific formula grant? (5.1)*
- Q25 *Do you agree that we should leave the choice of which option to local discretion?*
- Q26 *Do you agree that the LSC funding methodology should be used as the basis of setting the cost of partnership provision to schools, with local discretion to reflect the varying costs of provision and funding levels? (5.2)*

- Q27 *Do you agree that local authorities should introduce a standardised method for calculating the unit of funding for early years provision in maintained and PVI settings for the coming CSR period? (6.1)*
- Q28 *How long would it take local authorities to develop, consult on and implement such a standardised method?*
- Q29 *Do you agree that local authorities should use the same methods to calculate pupil numbers in maintained and PVI settings for the coming CSR period?*
- Q30 *Do you agree that we should retain a single budget calculation point for early years provision in the maintained sector?*
- Q31 *What would improve the alignment of the funding systems for PVI providers and maintained schools and be achievable within funding constraints?*
- Q32 *Would moving to a single formula for funding the free entitlement across maintained and PVI providers better enable local authorities to commission flexible provision?*
- Q33 *If so, over what timescale would it be practical to implement such a formula?*
- Q34 *Have you any views on whether further changes or guidance are needed to develop this wider function of Schools Forums in relation to the Every Child Matters agenda?*
- Q35 *Would separately identifying funding for the early years entitlement help local authorities to ensure that the free entitlement is funded appropriately? (6.1)*
- Q36 *Do you agree that we should merge SSG and SSG(P) from 2008-09? (7)*
- Q37 *In taking forward changes to the distribution of SDG over the period 2008-11, which method of transition would you prefer: (a) a cash (0%) floor; (b) a floor below 0%, to be set by DfES?*
- Q38 *Should we make payments of specific grants to academies from the Department rather than through local authorities from 200-09?*
- Q39 *Any other comments about the consultation?*
- Q40 *What are your views on responding to this consultation? Did you have any difficulty understanding any of the questions? Did we have the right number of questions?*

N.B. Deadline for response to consultation is 1st June 2007.

Annex 2

Consultation on school, early years and  
14-16 funding 2008-11

Consultation Response Form

The closing date for this consultation is: 1 June 2007  
Your comments must reach us by that date.

department for  
**education and skills**  
creating opportunity, releasing potential, achieving excellence

**THIS FORM IS NOT INTERACTIVE. If you wish to respond electronically please use the online or offline response facility available on the Department for Education and Skills e-consultation website (<http://www.dfes.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 Director of Children and Young People's Services  
Organisation (if applicable) Wigan Council  
Address: Progress House  
Westwood Park Drive  
Wigan  
WN3 4HH

If your enquiry is related to the policy content of the consultation you can contact e-mail: [SchoolFunding.Questions@dfes.gsi.gov.uk](mailto:SchoolFunding.Questions@dfes.gsi.gov.uk)

If you have a query relating to the consultation process you can contact the Consultation Unit on: Telephone: 01928 794888; or email: [consultation.unit@dfes.gsi.gov.uk](mailto:consultation.unit@dfes.gsi.gov.uk)

If you have a query relating to the consultation process you can contact the Consultation Unit on: Telephone: 01928 794888

Fax: 01928 794 311

e-mail: [consultation.unit@dfes.gsi.gov.uk](mailto:consultation.unit@dfes.gsi.gov.uk)

Please tick one of the boxes below that best describes you as a respondent

<input checked="" type="checkbox"/> Local Authority	<input type="checkbox"/> Schools Forum	<input type="checkbox"/> Joint LA and Schools Forum
<input type="checkbox"/> Headteacher Association	<input type="checkbox"/> Teacher or Support Staff Union	<input type="checkbox"/> School Leader
<input type="checkbox"/> School Governor	<input type="checkbox"/> Bursar/School Business Manager	<input type="checkbox"/> Other School Staff
<input type="checkbox"/> Early Years Provider	<input type="checkbox"/> 14-19 Provider	<input type="checkbox"/> 14-19 Partnership
<input type="checkbox"/> Parent	<input type="checkbox"/> Pupil or student	<input type="checkbox"/> Other (please specify)

Please Specify:

Are you responding on behalf of an organisation?

<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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Please Specify:  
Wigan Council

Which Local Authority area do you come under?

Comments:

Wigan

If you are a school respondent, please tick as appropriate

Nursery

Primary

Secondary

Special

Other (please specify)

Please Specify:

If you are an early years provider, which setting are you from?

Early Years  
Providers - Private

Early Years Provider  
- Voluntary

Children's  
Centre

Please Specify:

## CHAPTER 2: THE DISTRIBUTION OF DSG TO LOCAL AUTHORITIES

Page 12, para 23

1 Do you agree that the 'proportionality test' should be removed from the criteria used by local authorities and Schools Forums to decide whether there should be a contribution from the centrally retained Schools Budget to local authority combined services budgets in support of ECM outcomes?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

The proportionality test should be removed to allow more effective inter-agency collaboration that fully supports Children's Trust arrangements. However, we remain opposed to the payment of school funding through ring-fenced grant. We would like to see a return to schools being funded in the same way as other council services, particularly Children Services, using a robust and equitable formula.

Page 21, para 41

2 Which method of distribution would you prefer for the period 2008-11: Spend plus or single formula?

Spend plus

Single Formula

Comments:

In the short term it is important to ensure that the commitment Councils made to increase funding through Council Tax is maintained. Cuts were made in other services for example, Youth Services, to maintain this level of investment in education services. In the longer term, a formula approach that has clear links to the deprivation factors which influence attainment is the way forward. However, the formula approach adopted should be robust and equitable, ensuring that the basic amount of funding per pupil is sufficient to meet universal needs, before any additions are made to reflect levels of deprivation and other local circumstances.

Page 23, para 49

3 Should we move the pupil number count used for Dedicated Schools Grant allocations from January back to the preceding autumn?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Move the pupil count to Autumn

From a practical point of view much better. The preparation of 3 year budgets in the period between the end of Jan-Mar, and completion of S52 in new format would be very difficult to achieve.

The process will be much better, if school budgets are issued with the knowledge of a finalised DSG figure.

Page 26, para 61

4 In the long term, which method of counting under 5s would you prefer: headcount or provision based?

Headcount

Provision based

Comments:

Headcounts methods are more easily administered, although they do require checks to avoid duplication where children attend more than one nursery. Until such time that time lags in early years data collections are removed, current provision may not be accurately reflected by historic data.

Page 28, para 71

5 Which method of transferring funding for academies should we use: the current method or the recoupment method?

Current

Recoupment

Comments:

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Page 28, para 72

6 Should pupils at academies for whom individually assigned SEN resources are allocated, be included on form 8B?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Yes, to avoid other non-SEN funding for maintained pupils subsidising SEN support for pupils in academies

Page 31, para 81

7 Should we consider using geographical based indicators such as Acorn and Mosaic in the distribution of DSG?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

disagree

Comments:

No, these commercial products cannot be replicated locally and do not relate to educational achievement. They have been devised for marketing and credit ratings.

Page 31, para 81

8 Are there other deprivation indicators that we could consider?

Comments:

- Education and Training scores from Index of Multiple Deprivation.
- The impact of socio-economic factors that influence achievement and aspiration such as social class and the targeting of specific groups, say underachievement in boys from low socio-economic group families.

Page 32, para 84

9 Should we seek to target funding at pockets of deprivation in less deprived authorities?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

This is an area of inequity under the current system.

Any future proposals should link to the merging of the DSG and SDG, which also reflects similar disparities.

Page 32, para 84

10 If so, which method of distribution should we use?

Per pupil grant

Threshold based

Comments:

Option A is preferred. Option B would still disadvantage some LA's that are just above the cut off point.

Page 33, para 87

11 Would a grant for exceptional circumstances be a helpful addition to the flexibility of the system?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

- Particularly important for LAs that receive a significant influx of children from EU migrant families. For some LAs and schools this is already creating severe pressures on services.
- Clear rules for access and distribution are required. Grant should be triggered by material change relative to other authorities.
- Structural issues if problems become long term – impact on future funding needs to be addressed.

### CHAPTER 3: SCHOOL FUNDING FROM 2008-09

Page 38, para 99

12 How would you prefer the Central Expenditure Limit to be set: by the current method; or through the simpler comparison between cash increases in Dedicated Schools Grant and ISB?

Current method

Cash comparison

Comments:

We would prefer to retain the current method. It is tried and tested, and simple to operate using the CEL calculator. However, given the enhanced roles and powers of Schools Forums is there a need to retain a formal CEL?

Page 41, para 113

13 Do you agree that we should remove the asymmetry from the Minimum Funding Guarantee methodology?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Yes, with the safeguard that LAs and School Forums have the discretion to make alternative arrangements.

Page 42, para 116

14 Do you agree that we should allow authorities to agree with their schools changes to the MFG methodology which affect up to 50% of their schools, as opposed to the current 20% limit?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Yes, this will assist with the implementation of any locally agreed formula changes as approved by the Schools Forum.

Page 43, para 116

15 Are there other changes to the decision making process on MFG variations that you would like to see considered – such as requiring there to be a majority of both primary and secondary school representatives in favour of a proposal?

Comments:

The decision making process could be complicated if majority primary/secondary approval is required. Non-attendance at a particular meeting of school sector representatives and the status of non-school members could undermine this proposal. It is better to have universal agreement to proposals that have been considered on their educational or needs-led merit.

Page 44, para 122

16 Should we continue with the 1% headroom between the MFG and DSG minimum increase or should we reduce the margin?

1% headroom

Reduce margin

Comments:

Would prefer that headroom remains. Difficult to produce financial plans for three years. Removal of margin could need 'technical' formula adjustments to contain spend within DSG.

Page 45, para 126

17 Do you agree that the assessment of cost pressures feeding into the MFG should take account of efficiency savings, and thus lead to a lower level of MFG?

 Strongly agree Agree Neither agree nor disagree Disagree Strongly disagree

Comments:

In theory support the proposal, but it may be more difficult to deliver in practice, for primary schools. A proportion of their non-pay expenditure relates to rates and utility costs which can be volatile and outside of their direct control. An issue for an area with significant numbers on MFG, particularly if the MFG is very low. Would also need to be considered by LAs and Schools Forums if looking to make formula changes that would allow up to 50% of schools to receive below the MFG.

Page 45, para 126

18 Should we go further than this, and reduce the MFG to below average cost pressures in the second and subsequent years of the CSR?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

As with the proposals in Q17, could create problems where a high proportion of schools are on MFG, or below MFG by exception.

Page 48, para 135

19 Would a levy on balances and extra guidance be effective in reducing the current level of excessive balances?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

A 5% levy on school balances may create problems for Voluntary Aided Schools that have accumulated balances to fund the governor's share of large building projects.

Clarification is sought as to what balances figures would be affected. Some schools do carry forward Standards Fund in compliance with the 17 months spending period.

A more effective way to control balances would be to lower the thresholds of 5% (secondary) and 8% (primary) for uncommitted balances which, are then exempt from clawback schemes. This would put more pressure on all schools to plan more effectively and to undertake more rigorous budget monitoring.

Page 49, para 139

20 Should we amend the Schools Forum regulations so that other members of school senior management teams, including Bursars, can be elected as schools members?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Page 49, para 142

21 Do you agree that all local authorities should have non-schools members from the early years sector and 14-19 partnerships?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Early Years and 14-19 developments are key strands of the five year strategy. It is important that their views are known and taken into account when proposals are made to the Schools Forum. For Forums to be effective they need to be focused and well informed. Widening the remit of the membership will make this more difficult.

Preferable to establish local Early Years and 14-19 Funding Working Groups to discuss their particular issues in greater detail. A representative from these groups could then be invited to attend the Schools Forum as an observer or when there are relevant items on the agenda.

Page 49, para 142

22 Should we raise the current maximum proportion of non-schools members above 20%?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

However, if the proposal at Q21 above is agreed then this may be required. We have 15, Schools Forum Members, 3 of which are non-schools:-

1 Professional Association

1 Elected Member

1 LA Officer representing children not in school, SEN and the ECM agenda.

#### CHAPTER 4: FUNDING FOR SPECIALISED DIPLOMAS AT 14-16

Page 54, para 157

23 Do you agree that funding for specialised diplomas for 14-16 year olds should be through a specific formula grant?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

We agree that funding cannot be mainstreamed until provision is universal.

Page 57, para 170

24 Are the three models for distributing funding for specialised diplomas at 14-16 to the front line the right range of options?

Comments:

Yes, There is sufficient scope to meet local needs. However these proposals do not take into consideration the entitlement of pupils in Pupil Referral Units and other alternative provision or those placed in independent schools. Grant allocations must provide for these pupils.

Page 57, para 170

25 Do you agree that we should leave the choice of which option to local discretion?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Partnerships and the Local Authority should have the flexibility to deploy the option that best meets their needs and shapes the development of the local markets.

Page 60, para 176

26 Do you agree that the LSC funding methodology should be used as the basis of setting the cost of partnership provision to schools, with local discretion to reflect the varying costs of provision and funding levels received by schools?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Agree, a basic cost is required to ensure some consistency in costs. Particularly important where there will be cross border provision.

Also agree with local discretion to reflect the varying costs of provision and funding levels received by schools. Could be difficult to design, operate and manage at individual school/pupil level. This arrangement would be better managed using the centralised funding model.

## CHAPTER 5: EARLY YEARS FUNDING

Page 68, para 207

27 Do you agree that local authorities should introduce a standardised method for calculating the unit of funding for early years provision in maintained and PVI settings for the coming CSR period?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Funding should be attached to the child and should not reflect the type of setting where they receive their education.

28 How long would it take local authorities to develop, consult on and implement such a standardised method?

Comments:

Several months.

Page 69, para 209

29 Do you agree that local authorities should use the same methods to calculate pupil numbers in maintained and PVI settings for the coming CSR period?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

If PVI providers receive a guaranteed amount of provision there is no incentive to drive up the quality of their service and this will impact upon parental choice.

Parents may not want the provision in the way it is being offered. A headcount would enable to parents to dictate their level of provision.

Page 70, para 213

30 Do you agree that we should retain a single budget calculation point for early years provision in the maintained sector?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Schools manage their funding in its entirety. To introduce a separate system for the funding of Early Years would be difficult. Reception classes contain many four year olds and some schools often have mixed classes of three and four year olds. Without guaranteed funding schools could have difficulties in organising and funding early years provision. From the budget share allocation perspective, pupil numbers are linked to many formula factors and it would be overly complicated to apply termly counts to these factors especially when issuing three year budgets, in the first year of a multi-year budget period.

Page 70, para 213

31 Which of the options at paragraph 211, a-c, or an alternative approach, would improve the alignment of the funding systems for PVI providers and maintained schools and be achievable within funding constraints?

Places

Termly estimates

Guaranteed Minimum

Other.

Comments:

Funding on actuals is preferred to stimulate the market.

Page 72, para 220

32 Would moving to a single formula for funding the free entitlement across maintained and PVI providers better enable local authorities to commission flexible provision?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Yes, but need to retain the market driven approach to ensure the quality of provision as well as the flexibility.

Page 72, para 220

33 If so, over what timescale would it be practical to implement such a formula?

Comments:

Difficult to predict. Would certainly take the next CSR period. Dependent upon the demand for flexible provision and the capability of the market across the sectors to respond to parental demand.

Page 73, para 223

34 We would welcome views on whether further changes or guidance are needed to develop this wider function of Schools Forums in relation to the Every Child Matters agenda.

Comments:

See response to question 21.

Page 73, para 224

35 Would separately identifying funding for the early years entitlement help local authorities to ensure that the free entitlement is funded appropriately?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comment:

Local discretion should remain. The sustainability of local providers will dictate the appropriate levels of funding.

The figures recently provided by DfES of Planned Expenditure on Early Years contains many broad brush apportionments in relation to non-AWPU and central expenditure. This may be producing inaccurate figures and could result in an under/over transfer of funding between sectors which could therefore have an impact on other primary school funding.

## CHAPTER 6: SPECIFIC GRANTS

Page 79, para 245

36 Do you agree that we should merge SSG and SSG (P) from 2008 09?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Single grant would be easier for the local authority to administer and for schools to understand and manage.

Page 79, para 245

37 In taking forward changes to the distribution of SDG over the period 2008-11, which method of transition would you prefer: (a) a cash (0%) floor; (b) a floor below 0%, to be set by DfES?

Cash (0%)

Below 0% DfES

Comments:

This would allow an accelerated progression towards the convergence of this funding towards DSG distribution methodology.

Page 79, para 247

38 Should make payments of specific grants to academies from the Department rather than through local authorities from 2008-09?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

39 Do you have any other comments about the consultation?

Comments:

40 Please let us have your views on responding to this consultation. For instance did you have any difficulty understanding any of the questions and did you think we had the right number or type of questions?

Comments:

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 and Skills 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 UK national public consultations are required to conform to the following standards:

1. Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
2. Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
3. Ensure that your consultation is clear, concise and widely accessible.
4. Give feedback regarding the responses received and how the consultation process influenced the policy.
5. Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.
6. Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

Further information on the Code of Practice can be accessed through the Cabinet Office Website: <http://www.cabinetoffice.gov.uk/regulation/consultation-guidance/content/introduction/index.asp>

**Thank you for taking time to respond to this consultation.**

Completed questionnaires and other responses should be sent to the address shown below by 1 June 2007

Send by post to: Consultation Unit, Area 1a, Castle View House, East Lane, Runcorn Cheshire WA7 2GJ

Send by e-mail to: [schoolfunding.consultation@dfes.gsi.gov.uk](mailto:schoolfunding.consultation@dfes.gsi.gov.uk)

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Cysschool funding