

# **School funding reform:**

## **Next steps towards a fairer system**

### **Consultation Response Form**

The closing date for this consultation is:

**21 May 2012**

Your comments must reach us by that date.

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

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

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

Name Fintan Bradley

Organisation (if applicable) Cheshire East Council

Address:

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

Ian McVicar : Telephone: 020 7340 7980 e-mail: [ian.mcvicar@education.gsi.gov.uk](mailto:ian.mcvicar@education.gsi.gov.uk) or

Natalie Patel: Telephone: 020 7340 7475 e-mail: [Natalie.patel@education.gsi.gov.uk](mailto:Natalie.patel@education.gsi.gov.uk)

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the Consultation Unit by e-mail: [consultation.unit@education.gsi.gov.uk](mailto:consultation.unit@education.gsi.gov.uk), by Fax: 01928 794 311, or by telephone: 0870 000 2288.

Please tick the box that best describes you as a respondent.

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

If 'Other' Please Specify:

## Simplification of the local funding arrangements

### Basic per-pupil entitlement

*In paragraphs 1.3.10 and 1.3.11 we discuss the basic per-pupil entitlement. The difference between providing education for Key Stage 3 compared to Key Stage 4 is sometimes significant due to the additional costs of practical work and examinations incurred in the latter Key Stage.*

**Question 1: Should local authorities and Schools Forums be able to agree separate rates for Key Stage 3 and Key Stage 4?**

☐

Yes

☐

No

☐

Not Sure

Comments:

Local Authorities and Schools Forums should be able to exercise local discretion when setting per pupil rates, and following consideration of representations from all sectors. Cheshire East would also prefer that local discretion is permitted around setting a separate rate for KS1 and KS 2 to reflect characteristics specific to these key stages.

The LA would argue a shift towards primary in support of early intervention and prevention would be helpful.

*In para. 1.3.13 we consider setting a minimum threshold for the basic entitlement. There is an interaction between the amount of funding that goes through the basic entitlement and the amount remaining for other factors, such as deprivation and low-cost SEN. There are three options available:*

- a) To require a minimum percentage to go through **the basic entitlement only** (and we think that 60% represents a reasonable starting point);*
- b) To require a minimum percentage to go through **all of the pupil led factors** (so would include the basic entitlement, deprivation, looked after children, low cost SEN and EAL). We think that 80% represents a reasonable amount for this threshold.*
- c) To not set a threshold at all and accept that there will be inconsistency in some areas*

**Question 2 : Do you think we should implement option a, b or c?**

☐

(a)

☐

(b)

☐

(c)

☐

None

☐

Not  
Sure

Comments:

Cheshire East believe that a threshold should not be set. An allowable range might be set (as outlined in option b), but with the understanding that there will continue to be inconsistency in some areas, therefore enabling authorities to respond according to local circumstances. Any decisions should be made following discussion with the Schools Forum.

AWPU is currently 63.08% in CEC. Therefore if a range was set, the LA believe it should be between 65%-75%.

## Deprivation

*In paragraphs 1.3.15 to 1.3.23 we discuss deprivation funding and the issue of banding. Our preference is to allow banding only for IDACI under a new system, and to keep it as simple as possible, for example by only allowing a certain number of bands with a fixed unit rate applied to each and a minimum IDACI threshold. We do not propose to allow banding for FSM.*

**Question 3: Do you agree with our proposals on banding? How do you think they might be applied locally?**

☐

Yes

☐

No

☐

Not Sure

Comments:

Cheshire East have raised concerns previously in respect of the use of FSM as a measure for deprivation, therefore the use of IDACI as an indicator is welcomed.

It would seem appropriate to use a banding system in respect of IDACI. There will be different spreads of deprivation across different Local Authorities, therefore there should be some flexibilities for LAs to reflect local circumstances when determining the appropriate banding structure. However, to create national consistency, the Department should set up a framework for LAs when establishing banding structures.

Local Authorities and Schools Forums will need to work closely to consider the levels of funding to be delivered based on FSM and IDACI, particularly in light of the funding delivered through the Pupil Premium.

## Lump Sums

*In paragraphs 1.3.38 to 1.3.42 we discuss the issue of lump sums. Many local formulae currently allocate a lump sum to schools. We want to set the upper limit on the lump sum at a level no higher than is needed in order to ensure that efficient, small schools are able to exist where they are genuinely needed. We think that the upper limit should probably fall somewhere between £100k and £150k, and is certainly no higher than £150k.*

**Question 4: Where within the £100k-150k range do you think the upper limit should be set?**

☐

£100k

☐

£110k

☐

£120k

☐

£125k

☐

£130k

☐

£140k

☐

£150k

☐

None

☐

Not Sure

Comments:

Amounts available for funding as lump sums will depend on whether a minimum threshold will be set for delivery of funding through basic entitlement. Therefore it doesn't seem appropriate to set a minimum threshold at this stage.

There are concerns that having the same lump sum for all schools might make the funding of this element, unaffordable. However, it is understood that this approach will also force Local Authorities to consider how funding is applied most effectively to create the best value for money, and lead to consideration of the most efficient organisational structures.

There needs to be a clear basis on which any lump sum is calculated, and this should be understandable for all schools.

There are concerns that the idea of a single lump sum too simplistic. Will this not either fund small schools adequately, but over fund larger schools or alternatively fund larger schools adequately but underfund smaller schools.

## Free Schools, University Technical Colleges (UTCs) and Studio Schools

*In paragraphs 1.8.12 to 1.8.14 we discuss the funding of Free Schools, UTCs and Studio Schools. We have decided that Free Schools, UTCs and Studio Schools, like other Academies, should move across to be funded from 2013/14 through the relevant local simplified formula. One consequence of this is that confirmed funding levels for new schools will not be available until the spring prior to a September opening.*

**Question 5: What sort of information do Free School, UTC and Studio School proposers need, and at what stages, to enable them to check viability and plan effectively?**

Comments:

Free Schools need open, accurate and timely information which should be the same for all schools. Worked examples by the EFA of how lagged funding issues, MFG and other more confusing aspects of funding might affect schools should be available on the web.

Appropriate notice period for new schools being established should be given.

## Improving arrangements for funding pupils with high needs

*In Section 3 and Annex 5a, b and c we discuss the new arrangements for funding pupils with high needs. In Section 3.8 we discuss the roles and responsibilities under the new place plus approach, specifically those of providers, commissioners and the EFA. We want to ensure that unnecessary bureaucratic burdens are not placed on providers and that there is clarity as to the respective roles and responsibilities of the EFA and local authorities.*

**Question 6: What are the ways in which commissioners can ensure responsibilities and arrangements for reviewing pupil and student progress and provider quality can be managed in a way that does not create undue administrative burdens for providers?**

Comments:

Main points are that any system should be transparent, and responsive, and that children's progress can be tracked effectively in a commonly adopted system. Clear agreements should be drawn up between commissioners and providers, it might be helpful for the Department to give recommendations of model practice.



A National monitoring of this process should be put in place, particular as children cross Local Authority borders, there needs to be consistency.

Pupil and student progress and provider quality are issues that the LA is already responsible for. If the system becomes more market-led via commissioning, that responsibility will remain and providers need to be prepared to engage with the commissioners to ensure that outcomes are met and that the commissioner is prepared to use the provider again in a competitive situation – a commissioned market puts an onus on a provider to do what is required.

Where previously the LA maintained a special school, the opportunities for reduced bureaucracy were greater, with the change of status of the majority of providers, the most obvious method of ensuring that providers understand the obligations is via written contracts. This is bound to be more bureaucratic, but the commissioner is duty bound to get value for money and have a method of ensuring compliance.

We suggest that example system arrangements and model agreements are drawn up and sent out for consultation.

*In section 3.9 we discuss transitional protection for providers. We want to ensure that the transition from the current funding system to the new arrangements is as smooth as possible. In the document we set out a number of ways we intend to provide support through the transitional period and enable commissioners and providers to become accustomed to the new approach*

**Question 7: Are there other ways that we can help to ensure a smooth transition for commissioners and providers to the reformed funding approach for high needs pupils and students?**

Comments:

Outlined arrangements are relatively complex, and arrangements will be particularly complicated around levels and transfers of top up funding. It is difficult to ascertain whether interpretations of how the funding structure will work in practice is what is actually meant within the consultation document.

Further information is required about how this will actually work in practice, and there needs to be a consistency in approach nationally and between sectors for the place plus methodology to function in practice.

This will mean considerable changes for many Local Authorities who have already moved to delegation special needs funding through their local formulae. Presumably there has been consideration around whether the proposed changes represent an improvement in current practices.

The timeframes for changes are extremely tight, and there are concerns that changes and their associated impact have not yet been fully thought out, in particular in respect of how the commissioner, provider relationship will work in practice. Is the timeframe realistic, and what will be the impact on children currently in the system.

The progress and impact of the changes would need to be monitored extremely carefully and to be prepared to adjust if necessary, but this must not lead to the sustaining of funding for providers who are not meeting the quality and outcomes expected.

*In Annex 5a, paras 38 to 41 we discuss the level of base funding for AP settings and suggest that £8,000 would be an appropriate level of base funding.*

**Question 8: Do you agree that £8,000 per-planned place would be an appropriate level of base funding for AP settings within a place-plus funding approach?**

☐

Yes

☐

No

☐

Not Sure

Comments:

In Cheshire East, the Pupil Referral Unit has been funded for 2012/13 based on the Local Authorities Special Schools Funding formula. Via this formula, individual pupils have been funded at approximately £15k per pupil. There needs to be further review to determine whether £8k represents an appropriate level of base funding.

It is felt that the suggested amount is too low given the variety of types of provision individual, group; work based, college etc. The amount is limiting in terms of being able to provide a stable infrastructure to support young people who move in and out of the provision.

AP settings have quicker movements of pupils, the variety of needs is much more diverse – which could create financial difficulties very quickly.

AP settings have little experience as yet at financial management, which might make a move to what seems to be a more complex system than currently in operation – very difficult.

*In Annex 5a paras 42 to 46 we discuss the top-up funding for AP settings. For short-term and part-time placements, we propose that appropriate pro rata arrangements*

would be put in place for calculating top-up funding and that it would be sensible to calculate top-up funding for short-term placements on a termly or half-termly basis, while part-time placements could be calculated on a daily rate. For very short-term placements, for example those that lasted less than ten days in an academic year, we would envisage that AWPU would not be repaid by a commissioning mainstream school and that the commissioner would pay an appropriate level of top-up funding to reflect this.

**Question 9: Do you agree that it would be sensible to calculate pro rata top-up payments for short-term placements in AP on a termly or half-termly basis?**

<input type="checkbox"/> Termly	<input type="checkbox"/> Half-termly	<input type="checkbox"/> Not Sure
Comments: A termly basis would be less of an administrative burden, as long as this didn't create any cashflow issues for the provider.		

**Question 10: Do you agree that it would be sensible to calculate pro rata top-up payments for part-time placements in AP on the basis of a daily rate?**

<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> Not Sure
Comments: This seems the most sensible and accurately methodology as long as the daily rates were calculated on a consistent basis across providers.		

*In Annex 5a paras 47 to 52 we discuss hospital education. Hospital schools occupy an important place in the education system and we need to think carefully about how hospital education is funded within the parameters of a new approach to high needs funding. Hospital education is not an area where commissioners plan education provision and where pupils and their families exercise choice about the institution in which they will be taught. In funding terms, our aim must be to ensure that high-quality education provision is available whenever a pupil has to spend time in hospital.*

**Question 11: What are the ways in which hospital education could be funded that would enable hospital schools to continue to offer high-quality education provision to pupils who are admitted to hospital?**

Comments:

Cheshire East do not have any hospital schools, therefore are not able to offer comment on this question.

*In Annex 5a paras 53 to 56 we discuss the base level of funding for specialist providers. Under the place-plus approach there will be a simple process, with clear responsibilities and transparent information, for reviewing and, if appropriate, adjusting the allocation of base funding for specialist placements. The key components of this process are set out in the document.*

**Question 12a: Do you agree with the proposed process for reviewing and adjusting the number of places for which specialist settings receive base funding?**

☐

Yes

☐

No

☐

Not Sure

Comments:

Funding needs to be responsive, but also to create sufficient stability to enable suitable financial planning for these settings. The dialogue between providers and commissioners will be key to delivering appropriate levels of funding. It will be necessary that responsibilities are understood by both commissioner and provider.

It is not clear what would happen if there was disagreement between providers and commissioners.

Schools plan and set their budgets on a three year basis. Would it not be more sensible to review on a three year basis.

**Question 12b: Are there any other ways in which this process could be managed in a way that is non-bureaucratic and takes account of local need and choice?**

Comments: More information in respect of practical examples of how this would operate from a provider and commissioner perspective would be useful.

## **Simplifying arrangements for the funding of early years provision**

*In paragraphs 4.5.1 to 4.5.5 we discuss the 90% funding floor for three year olds. Current funding for three year olds is based on the actual number of three year olds who take up their entitlement to free early education or an amount equivalent to 90% of the estimated three year old population doing so, whichever is higher. We now think the time is right to phase out the floor so it is removed entirely from 2014-15. We also think it is right that we use 2013-14 as a transition year. Removing the floor from 2014-15 will require a level of transition support for local authorities, enabling them to increase participation levels. There are various options for how this transitional protection could operate but we think the most obvious way is to lower the floor in 2013-14 from 90% to 85%.*

**Question 13: Do you have any views on the move to participation funding for three year olds, particularly on how transitional protection for 2013-14 might operate?**

Comments:

Cheshire East have a 97% uptake of the three year old entitlement. Therefore, it is not envisaged that this will create any financial difficulties for the Local Authority.

Local Authorities which have less than a 90% uptake in funding, but who are being funded at this level, should be encouraged to increase uptake, or to plan for the impact of any associated reductions in funding, for implementation at the earliest opportunity.

*In paragraphs 4.6.1. to 4.6.3 we discuss free early education provision in academies. A small number of Academies with early years provision which existed prior to September 2010 continue to be funded by the Young People's Learning Agency (YPLA) through replication. We believe there is a strong case to be made for bringing together free early education funding for three and four year olds for all providers. This would mean that wherever a child accesses their free early education they would be funded and paid by local authorities through the EYSFF. This would further support simplicity and transparency in funding for free early education.*

**Question 14: Do you have any views on whether free early education in all Academies should be funded directly by local authorities?**

Comments:

It would seem appropriate for all free early education to be funded on the same basis. This would create transparency and consistency for providers of the same services.

**Question 15: Have you any further comments?**

Comments: Arrangements in respect of High Needs as detailed within this document are particularly complex. It is very difficult for Local Authorities to understand all of the associated implications at this stage. There is a concern in respect of children already in the system, if there are likely to be significant changes to funding levels for high needs children. As this is extremely complex, and the impact assessment doesn't appear to have been completed in respect of children currently in the system – are changes in respect of high needs feasible to implement for 2013/14.

The timing for modelling options for funding proposals is extremely tight, given that any changes will need to be consulted upon with all schools.

Cheshire East feel that proposals will lead to a more simplified system, however, there is disappointment that the most critical issue of national consistency in funding, still remains to be tackled by the Department.

The lowest funded LAs continue to operate on inadequate funding levels year on year. Given the possibility that there will be a different political administration and certainly a different political agenda by the time the next CSR period arrives, we are quite clear that the change in heart of the current administration is the root cause of the perpetuation of the inequitable and inadequate funding of many schools in this country - to the detriment of pupils in those areas.

The LA will continue to campaign for fair treatment and urge the current administration to consider how they can fairly invest in all schools rather than direct what is clearly additional funding into an uncertain academy and free school programme.

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 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 DfE public consultations are required to conform to the following criteria within the Government Code of Practice on Consultation:

Criterion 1: Formal consultation should take place at a stage when there is scope to influence the policy outcome.

Criterion 2: Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.

Criterion 3: Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.

Criterion 4: Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.

Criterion 5: Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.

Criterion 6: Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.

Criterion 7: Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

If you have any comments on how DfE consultations are conducted, please contact Carole Edge, DfE Consultation Co-ordinator, tel: 01928 738060/ email: [carole.edge@education.gsi.gov.uk](mailto:carole.edge@education.gsi.gov.uk)

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

Completed questionnaires and other responses should be sent to the address shown below by 21st May 2012

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

Send by post to:

Ian McVicar  
Funding Policy and Efficiency Team  
4<sup>th</sup> Floor  
Sanctuary Buildings  
Great Smith Street  
London  
SW1P 3BT