

HAMPSHIRE COUNTY COUNCIL**Report**

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| Committee: | Children and Young People Select Committee |
| Date of meeting: | 13 October 2010 |
| Report Title: | Consultation on School Funding 2011-2012: Introducing a pupil premium – Draft responses from Children’s Services |
| Report From: | Director of Children’s Services |

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1. Purpose of Report

- 1.1. To provide a latest draft of Children’s Services responses to the Department for Education consultation on school funding.
- 1.2. To provide the basis for the Children and Young People Select Committee to debate and provide views to inform Children’s Services final responses.

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. Relevant with regard to the potential impact of a pupil premium on supporting schools to provide better support for lower achieving children.

2. Impact on Crime and Disorder:

- 2.1. Potentially if a pupil premium has the effect of improving educational outcomes and possibly aspirations of children who otherwise might have adopted negative life choices.

3. Climate Change:

- 3.1. N/A

1 Summary

- 1.1 This paper reports on the Department for Education (DfE) consultation paper, issued 26 July 2010 entitled “Consultation on school funding 2011-12 : Introducing a pupil premium ”. It outlines the proposals, a proposed approach in response to the consultation questions and gives a draft response.
- 1.2 Schools Forum is asked to agree the response, as joint reply with the County Council, which has a deadline of 18 October 2010.
- 1.3 The key features of the proposed response are:
 - Support for the concept of a per pupil premium funded from outside the Schools Budget and set to bring the funding for relevant pupils to a common level
 - Disappointment that implementation is not managed locally and that special schools, pupil referral units and early years settings are not included
 - A preference for the Eligible for Free School Meals within the last three years deprivation indicator with a weighting for Reception pupils
 - Strong support for both a pupil premium for service family children and recognition of budget distortions caused by troop movements
 - Support for a per pupil premium in respect of looked after children which should be equal for each such child
 - A welcome to the introduction by every local authority of a single early years funding formula from April 2011
 - Support for the proposals on mainstreaming specific grants, three year old funding, subsidiary / dual registration, home educated pupils.
 - Concern that alternative ACA values may be used for the per pupil premium despite the retention of the current ACA arrangements for DSG in 2011/12.

2 Introduction

- 2.1 The DfE issued on 26 July 2010 a paper entitled “Consultation on school funding 2011-12 : Introducing a pupil premium”. It is available at <http://www.education.gov.uk/consultations/index.cfm?action=consultationDetails&consultationId=1723&external=no&menu=1>
- 2.2 The County Council's Cabinet at its meeting on 27 September 2010 considered a report on Government Grant Consultations which included this consultation as well as others affecting the County

Council overall and Adult Services. A joint response by the Cabinet and Schools Forum is intended and the Leader will consider any changes to the draft response that arise from Schools Forum's meeting.

- 2.3 The Children and Young People Select Committee will consider the issue at its 13 October 2010 meeting.
- 2.4 The executive summary and the consultation questions from the paper "Consultation on school funding 2011-12 : Introducing a pupil premium" are attached as Appendices 1 and 2 to this paper. The draft response is given after each consultation question.
- 2.5 The consultation paper is mainly about principles and methods, with no financial exemplifications. All cash values will come out of the spending review announcements due in the autumn of 2010.

3 The previous School Funding consultation

- 3.1 The previous government issued on 15 March 2010 a consultation paper entitled "Consultation on the future distribution of school funding" dealing with the distribution between local authorities and on to schools of dedicated schools grant (DSG) and other school related grants. Hampshire's Schools Forum made a response by the deadline for responses to the consultation of 7 June 2010. This response was agreed by the chair of Schools Forum after the full discussion at the 21 May 2010 Schools Forum meeting (Item 5).
- 3.2 Among the documents issued in July 2010 was a summary of the responses made to the earlier consultation. The Schools Forum response, now annotated with the national results of that previous consultation, is given at Appendix 3 of this paper. In general the responses nationally are in line with Forum's response except for the deprivation indicators for distributing some of DSG where those indicators that were less favourable to Hampshire were preferred by other respondents.

4 Per Pupil Premium main proposal

- 4.1 The government is concerned that children from disadvantaged backgrounds often do not do as well as they could or should. The narrowing of the attainment gap remains a priority. There will therefore be a pupil premium for disadvantaged pupils which will be an amount per qualifying pupil distributed to schools.
- 4.2 It will be for schools to decide what the additional provision should be made for the individual pupils. However " the government will help schools to decide how best they can use the money to raise pupil attainment by publishing information and evidence about what works, including about the impact of new and innovative practice. The government will also want to monitor the achievements of disadvantaged children who are likely to benefit from the premium". This indicates a clear government sense of accountability to the government, parents and others.
- 4.3 It will be a separate grant, available from September 2011, paid to local authorities for them to pass it on in full to primary and secondary schools on a per pupil basis using figures from the January school

census. It will be a specific defined per pupil amount for every relevant pupil in years R to 11. Pupils in special schools are not covered by the per pupil premium.

- 4.4 The consultation paper cites lack of appropriate data as one of the reasons for not extending the per pupil premium to the early years. It does however state that the scope to extend it to the early years will be explored in later years subject to both funding levels and value for money considerations.
- 4.5 In the case of Academies the money will be calculated on the same basis as for other schools in that local authority area and paid directly by the Young People's Learning Agency (YPLA) to each Academy.
- 4.6 The intention is that in the medium term the total amount allocated to local authorities and schools for each deprived pupil will be the same (apart from area cost adjustment (ACA) wherever in the country he/she is educated. Thus the premium would be the difference between the target level and the funding provided by the main DSG value per pupil and the per pupil amounts from specific grants that had been brought into the DSG. Accordingly the value of the premium would differ from authority to authority. No figures are given as to either the target level or the time it is expected to take to build up to that value. If any authority already had a DSG per pupil value above the target level it might get a minimum premium.
- 4.7 The argument given for applying the area cost adjustment is that it recognises higher labour costs. Although it is concerning that the paper implies a new method of distribution of ACA which would disadvantage Hampshire.
- 4.8 Schools Forum has already welcomed the concept of a per pupil premium determined locally. It is quite clear that the government see this as a national entitlement. This is disappointing from a localist perspective. However the use of a national target level of funding for each deprived pupil and the use of the premium as a topup to that level is likely to attract more funds towards Hampshire's deprived pupils than would be made available by an allocation within mainstream funds.
- 4.9 The use of January schools census data is understandable from a practical point of view. It does mean that the per pupil premium will not have the sense of "money on the back of each deprived pupil" that many may have anticipated when the concept was first aired at the start of the year. It is much more on the lines of most school funding : - pupil characteristics as at the January of an academic year determine funding for the financial year which begins in April and contains five months of that academic year and seven months of the next.

5 Choice of deprivation indicators for the Per Pupil Premium.

- 5.1 The DfE offer a range of potential deprivation indicators for the per pupil premium :
 - Eligible for Free School Meals (FSM) at annual school census date in January ;

- Pupils who have been registered as eligible for Free School Meals during the last three years ;
 - Pupils who have been registered as eligible for Free School Meals during the last six years ;
 - Pupils in families in receipt of out of work tax credit
 - Commercial packages such as ACORN or MOSAIC
- 5.2 The consultation paper says “The Government is very attracted to FSM as a measure due to its clarity, simplicity, and pupil-level nature”. The paper does also recognise that those just above the threshold may have similar characteristics and disadvantages. It accepts that FSM may understate deprivation because not all families will register and the 16% of pupils eligible for FSM at a point in time is a lower indicator of deprivation than other measures. It also notes that FSM was not well supported in the responses to the earlier DSG consultation.
- 5.3 The sets of pupils who had been FSM eligible within the last three or six years recognises that moving just above the FSM threshold may not make much difference, and the attainment data in the paper supports this view. The longer timespan also allows the impact of moving in and out of low paid work to be recognised. Three years moves the average percentage from 16% to 19% and using six years moves it to 24%. The change has most effect on secondary year groups whereas of course for Year R there is only ever current data.
- 5.4 Pupils in families in receipt of out of work tax credit is a measure from 2005 and updating it will be explored. However DfE are using it as an example of an area based measure available at the level of lower super output areas (about 1500 people of all ages). It defines the characteristics of the area and then each pupil whose home postcode puts them in an area that is deprived would count. The DfE regard these area approaches as a suitable basis for funding local authorities but not for a premium targeting funding towards individual pupils. Other examples which they give are IDACI (income deprivation affecting children index) and the Child Poverty Index.
- 5.5 The paper also refers to commercially based packages which group households by consumer behaviour and are also area based with postcodes put into types and then aggregated into groups. The two main packages are Acorn and Mosaic but since they are commercial packages no exemplifications are given although the effect of the other four indicators are shown as annexes to the paper.
- 5.6 The deprivation sub-groups of Schools Forum have considered many of the deprivation indicator issues. FSM alone has not been considered satisfactory as local variations in the registration of eligibility mean schools serving similar communities do not have sufficiently similar FSM %s .
- 5.7 A research team from Bath University gave a presentation to a sub-group meeting in December 2006 on the HARPS (Hampshire Research with Primary Schools) project. This looked at the effect of school composition upon pupils’ academic progress including the combined

effect of the impact of classmates. Analysis of Socio economic status , ethnicity, gender, prior attainment, SEN were all included. Detailed work included analysis of 46 primary schools in the Basingstoke and Dean council area. One of the main findings was that those pupils who moved in and out of FSM entitlement had similar attainment levels to those continuously on FSM. The sub-group were impressed by the evidence but not clear how this volatility could be reflected in funding mechanisms so did not take it further. This would suggest that if a FSM indicator is used then the three or six year version is to be preferred.

- 5.8 Locally the area based approaches which the DfE argue against have been adopted for distribution of funds between schools. The logic of this was set out in the paper (Item 4) from the deprivation sub-group considered by Schools Forum at its meeting of 13 July 2007. The preferred area measure was the Index of Multiple Deprivation(IMD). This was chosen as it picked up a wide range of deprivations and ensured that in a diverse county such as Hampshire no aspect of deprivation was overlooked. One of the priorities was to fund schools that served deprived communities rather than recognise individual pupils who might come from a deprived community and so the emphasis was on significant numbers of pupils at each school. The pupil's postcode was mapped to the relevant super output area and each pupil therefrom was treated as having that level of deprivation. Whole school figures were arrived at by deriving school average values from all the per pupil values added together- used since 2004 for some graduated deprivation funding where the average level exceeded a trigger point. The additional deprivation funding allocated from 2008 onwards has been based on by weighting the pupils from particularly deprived areas to arrive at an overall weighted number of deprived pupils and when this exceeded a certain percentage allocating a cash amount per deprived pupil. In arriving at this agreed formula about 20 options were examined and a number of these would have recognised the deprivation level of each pupil by matching home postcode to area and attributing that area's characteristics to the individual pupil.
- 5.9 This local experience shows that once it is accepted that a pupil's deprivation characteristic is that of the area she/he comes from it is just as possible to use area based funding as FSM to target individual pupils.
- 5.10 The commercial packages were examined by the sub-group but rejected. The commercial considerations meant that there was no transparency and it was not possible to model the effects at school level. There was also evidence that consumption patterns did not always match the deprivation patterns affecting achievement. The cost of the commercial packages was also relevant although it is known that some local authorities use them.
- 5.11 As no exemplifications are given of the commercial packages and the concerns expressed above are still very relevant it is suggested that the use of packages such as Acorn and Mosaic be opposed.
- 5.12 The available graphs place Hampshire among the 20 least deprived authorities with out of work tax credit showing us as less deprived than

the FSM measures which all rank us at the same point. However in the absence of numerical data it is not possible to be sure that the relative rankings are a reliable guide to the funding implications.

- 5.13 It is suggested that Schools Forum should regard the three year approach as the best of the FSM choices as the use of six years will unduly benefit secondary schools and would distribute the funds too widely to be consistent with early intervention. However pupils in Reception can only have been on FSM once and therefore a weighting of 1.25 for Year R pupils to avoid disadvantaging the Infant phase is also proposed.

6 Looked after children and the premium

- 6.1 The paper acknowledges that the attainment of looked after children (LAC) continues to be very low and that the general deprivation indicators proposed for the pupil premium will not include them. Accordingly views are sought as to the best way of extending the premium to cover them.
- 6.2 The DfE reject the use of the LAC flag on the pupil census as it may involve under-reporting and being annual it does not reflect the impact of those children who may only be in care for shorter periods or move in and out of care regularly.
- 6.3 However with the use of the termly census data and a significant validation exercise this data is used in Hampshire to fund schools termly for children in care and on roll. The reason for moving to this approach from the use of historic data in schools' initial budget shares was to improve the immediacy of the link between funding and admission either into care or if already in care to that specific school. Thus it is practicable but involves some validation and processing effort.
- 6.4 The DfE propose instead to use annual looked after children data available at the in care authority level. Thus the starting point is the authority responsible for the care plan not the authority where the pupil is educated. (DSG and most other school funding is based on where a pupil is educated). Around 30% of LAC pupils attend schools in a different local authority area from the one responsible for their care plan.
- 6.5 Eligibility would be set as all those pupils who have been in care for more than six months. The funding would go to the in care authority to pass on to those schools educating the LAC pupils. The allocation by the DfE to authorities would use information from the annual SSDA903 return which covers all LAC , with movement and change of status dates, for the financial year ending at 31 March and which has to be submitted by each 31 May. This means that allocations would probably be some months into each financial year. However DfE acknowledge that there is more work needed on some of the practical aspects and seeks views thereon.
- 6.6 Hampshire's experience policies and practices as regards the education of looked after children suggest a number of points need to be made in the response.

- 6.6.1 Firstly the level of funding needs to be adequate and probably higher than the main premium. The attainment gap is greatest for this group of children.
- 6.6.2 Secondly the significance of the attainment gap and the importance of reducing it mean that a clear local and national accountability using the virtual headteachers for LACs is very important.
- 6.6.3 Thirdly the volatility of both care placements and school enrolment for this group of children would suggest that a period of at least three months, rather than six months, would appropriately capture the full need group.
- 6.6.4 Fourthly schools, especially those with few LACs, find a significant time lag either between the enrolment of a LAC or the acquisition of LAC status for those on roll and the funding being available more difficult to handle. It will be important therefore for there to be clarity and certainty about the funding so schools have the confidence to make the provision as soon as possible.
- 6.6.5 Fifthly two LACs from different in care authorities may be in the same class. It would be inequitable for them to attract different premium values. If the funding is via in care authority then a standard national amount would be appropriate. If on the other hand funding is via the education authority then the amounts for pupils in the same class will be the same in any case.
- 6.6.6 Sixthly LACs do provide additional challenges for both special schools and pupil referral units so a pupil premium for LACs should include all settings, including early years if suitable data can be obtained, and not be confined to mainstream schools as the main premium may be.

7 Children from Service Families

- 7.1 The government is examining the extension of the per pupil premium to children from service families as part of its commitment to rebuild the Military Covenant. It cites evidence that at key stage 4 there is no discernible attainment gap for such children. It also goes on to recognise that service children face unique challenges and need to be supported as they progress through school. These include : frequent relocations, 'Enforced "one- parent family" much more than other children. This can be because the parent is at sea, away training, on an exercise, or a six month operational deployment possibly in mortal danger'.
- 7.2 However the paper suggests that the premium be at a lower level than the main premium as the issue is not "sustained low attainment". It also refers to a consideration of the level of extra funding being provided through service factors in local formulae.
- 7.3 Our local decision to introduce a service family factor as well as a pupil mobility one was based on reflected the issues identified by the government and also the impact of service family issues on the rest of the school. Certainly the level of need and funding is not as great as for LACs. Local evidence from schools with pupils from service families suggest that a premium of at least £600 to £700 would be required.

- 7.4 There is also a case for saying that it should therefore be possible to introduce it at the full value straight away rather than build it up over time. It is hoped that the value of service factors in local formulae will only be used to help thinking about the correct value of a national premium rather than used as a reason to discount the national premium in some areas.
- 7.5 The paper also carries forward a well-supported proposal from the previous consultation to allow additional pupils to be counted for DSG and budget share purposes where pupil numbers have fallen significantly from one year to another as a result of armed forces movements..

8 School funding arrangements 2011-12

- 8.1 The current “spend-plus” model will continue for 2011-12 while priority is given to introducing the per pupil premium. There will be a review of the school funding system for beyond 2011-12. It is likely that this will build selectively on some of the proposals in the previous government’s consultation.
- 8.2 The intention is to mainstream at least School Development Grant (SDG), Schools Standard Grant (SSG) and SSG Personalisation into the DSG. Authorities will be permitted to recognise previous levels of grant in local funding formulae to reduce the variation at school level.
- 8.3 All authorities will have to implement a single early years funding formula from April 2011.
- 8.4 The current Area Cost Adjustment within the DSG spend-plus methodology remains in place. This uses the General Labour Market approach which is preferred by Hampshire. However it does not treat the Isle of Wight as being the same as Hampshire to Hampshire’s detriment and this should be raised again. In the per pupil premium discussion (see 4.6 and 4.7) there is a suggestion that the premium might be introduced with a different methodology. It will be important to emphasise in the response that no ACA changes should be implemented without further consultation.
- 8.5 The government policy that “becoming an Academy should not bring about a financial advantage or disadvantage to a school” is restated. However it is recognised that for 2011/12 the methodology for funding Academies needs work to ensure that they are funded fairly and that due recognition is made of the services for which the authority remains responsible.
- 8.6 Currently there is an assumption within the DSG calculations of a minimum of 90% participation by three year olds. Although in previous years Hampshire has gained from the application of this in 2010/11 it went above that threshold. This is likely to be true more generally and so straight forward funding on the basis of actual take up should be supported. It will also be important to emphasise that whether through the Standards Fund or DSG the costs of delivering the entitlement of 15 hours a week flexibly should continue to be recognised.

- 8.7 In the present system the pupil count used for DSG includes dually registered pupils, often with the main registration at a school and the subsidiary registration at a pupil referral unit. Both are accepted and so there is a double counting. It amounts to £975,000 of DSG for Hampshire (based on January 2010 data). As a matter of general principle, double counting is not supportable. The removal of the national total of such pupils and the retention of the funds within the DSG control total, which is what the paper proposes, would then allow the general unit of DSG per pupil to be increased by 0.14% and Hampshire's share would be £1,009,000 (using January 2010 data) thus providing an adjustment of £33,000. In practice the change should be about cost neutral if both local and national data move in line with each other and the funds remain within the DSG total.
- 8.8 The consultation paper proposes that where authorities provide services or support for home educated pupils then such children can be counted as 10% of a full time equivalent (FTE) pupil for DSG purposes. This amounts to £413, based on 2010/11 DSG rates, for each home educated pupil. Whilst the general recognition of these pupils within DSG is to be welcomed, there is a danger of expectations being raised too high.
- 8.9 It is proposed to retain the minimum funding guarantee mechanism for 2011/12 albeit the value will depend on the spending review and could be negative .
- 8.10 There has been a cash floor protection mechanism to protect local authorities' DSG totals when they have rapidly falling pupil numbers and the paper seeks views on its continuation. The cash floor at local authority level only helped small authorities with rapidly falling rolls at the expense of all authorities and so should be opposed. If there was a more general new system of funding from 2012 then transition mechanisms , including possibly a cash floor, would be needed .

9 Response to the consultation and local implications

- 9.1 Many of the key components of the draft response have been outlined in the analysis above. However there are some points on which further comment is appropriate and where the local implications need further discussion.
- 9.2 The strongly one year -2011/12 - nature of these proposals fits very poorly with the concepts of medium term budgets and three year planning horizons. There is a real prospect of a new method of allocation of DSG between authorities from 2012/13 . The response should raise concerns about this handicap to proper planning as there is a high level of uncertainty.
- 9.3 The mainstreaming of grants material does not indicate anything about the future of the Standards Fund allocations for the Early Years Extended Flexible Entitlement. This funding is a key part of our single early years formula and the funds available nationally for flexibility need to remain at their current level. The importance of all this money remaining in the overall system should be covered in the response.

- 9.4 It is likely that when the final decisions on which grants are being mainstreamed are known it will be necessary to look at the best ways of reflecting that in budget shares. Accordingly proposals will be brought to the January 2011 meeting of Schools Forum.
- 9.5 Until cash values are in place for the Per Pupil Premium including any coverage of looked after children and children from service families it will be best to retain the existing local funding mechanisms and levels for deprivation, children in care and service family pupils. This is particularly true for special schools where the government proposals exclude them. It should however be possible to review the position for 2012/13 onwards during 2011.
- 9.6 The grant supporting the Personal Education Allowances is expected to cease at the end of the 2010/11 financial year. Locally this is mainly used to support children in care to Hampshire County Council but educated elsewhere. Such pupils can not be covered by the Schools Budget monies as the children are on other authorities' school rolls. The inclusion of such pupils in the per pupil premium from September 2011 could make up for much of the funding shortfall. However the uses of the premium may well be more restrictive and there is still the question of summer term 2011. Thus there may well be pressures on the local authority budget of around £20,000 in 2011/12 if the provision is continued.
- 9.7 Concerns over children missing education and child safeguarding have raised the profile of home educated children within children's services. It is estimated that there are 400 to 800 home educated children in Hampshire. The scope to use DSG to support their education is useful. However the budget for such provision will need to be considered as part of the identification of budget priorities for the use of the Schools Budget. It should be noted that it will only be home educated children for whom provision is being made who will feature in the January 2011 census. Thus the costs will always be ahead of the funding as well as probably being higher.
- 9.8 An appropriate policy for the use of the discretion to fund services and support is being drawn up. The costs in respect of Home educated children can reasonably regarded as akin to stated pupil costs for those with SEN and for other pupils as a type of provision similar to those treated as part of the Inclusion service. Those responsible for these budgets will need to examine the scope for meeting these new pressures.

10 Recommendations

- 10.1 Schools Forum is recommended to agree the draft response given at Appendix 2 making clear any changes as relevant and authorise the Chair of Schools Forum to approve the final text as a joint submission with the County Council.

Appendix 1: Select Committee Per Pupil Premium paper

Consultation

Launch Date 26 July 2010

Respond by 18 October 2010

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

This consultation seeks views on proposed arrangements for the operation of the pupil premium and the distribution of the Dedicated Schools Grant to local authorities for 2011-12. It seeks views on the overall funding methodology and puts forward options for how elements of the pupil premium should operate. The consultation runs from 26 July to 18 October - 12 weeks. We are aware that this period includes the summer break. Unfortunately we cannot extend the deadline for responses as we need to conclude by that time to give sufficient time for the calculation of local authority and school budgets. The school funding consultation was announced in Parliament on 26 July 2010.

Department for
Education

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

A Consultation

To Local Authorities in England, Local Authority Associations, Teacher Associations, Professional Bodies and Trade Unions, Schools, Teachers, School Governors, Schools Forums, Parents/Carers and Campaign Groups

Issued 26 July 2010

If your enquiry is related to the policy content of the consultation you can contact either:

Enquiries To Juliet Yates on: telephone: 020 7340 8313 e-mail: juliet.yates@education.gsi.gov.uk, or
Ian McVicar on: telephone: 020 7340 7980 e-mail: ian.mcvicar@education.gsi.gov.uk

Contact Details

If your enquiry is related to the DfE e-consultation website or the consultation process in general, you can contact the Consultation Unit on telephone: 0870 000 2288 or e-mail: consultation.unit@education.gsi.gov.uk

1 Executive Summary

- 1.1 This document sets out proposals for distributing funding for schools in 2011-12. It puts forward options for how the Government's policy to introduce a pupil premium for disadvantaged pupils should operate and seeks views on the overall funding methodology for next year.
- 1.2 The level of funding for schools for 2011-12 will be determined once the outcome of the Government's spending review is

announced on 20 October 2010. In reaching decisions there will be a balance between taking urgent action to manage the public finances, while protecting the most vulnerable and recognising that education faces particular pressures.

2 Pupil Premium

- 2.1 One of the Government's key priorities is to introduce a pupil premium to support disadvantaged pupils, who continue to underachieve compared with their peers. Funding for the premium, which will be introduced in September 2011, will come from outside the schools budget to support disadvantaged pupils from Reception to Year 11. Schools will decide how best to use the premium to support the attainment of disadvantaged pupils.
- 2.2 The intention is to allocate the funding by means of a separate specific grant and not through the Dedicated Schools Grant (DSG). The size of the premium will vary between areas to reflect current differences in funding, ensuring that more money is available for currently lower funded authorities. Over time, this will mean that the same amount of funding will be available for deprived children no matter where they are. We are seeking views on the indicator to determine which pupils should attract the premium.
- 2.3 Looked After Children (LAC), who generally have poor attainment, will be covered by the pupil premium using a separate process via local authorities since deprivation indicators do not generally pick them up accurately.

- 2.4 We will explore the scope for extending the pupil premium to include Service children.

3 Funding Arrangements for 2011-12

- 3.1 To provide stability and clarity in funding and to ensure the transparent introduction of the pupil premium the Government is proposing to retain for 2011-12 the current system for allocating the DSG, based on the "spend-plus" methodology. The intention is to mainstream relevant grants into the DSG but to allow local authorities to use previous levels of grant as a factor in their local formulae to support stability in funding at school level.
- 3.2 Views are being sought on a number of proposals: whether from April 2011 the pupil count for three year olds should reflect actual take up or continue to reflect a minimum of 90% participation where lower; whether to cease to provide DSG for dual subsidiary registrations for pupils registered at pupil referral units; and whether to remove the current cash floor provisions which protect authorities with falling pupil rolls.
- 3.3 Local authorities which are yet to do so will need to implement an Early Years Single Funding Formula from April 2011.
- 3.4 We will also work with partners to review the methodology for funding academies from 2011-12.
- 3.5 We will allow local authorities to apply for additional funding in respect of schools which serve large numbers of children of parents from the Armed Services and which face falls in pupil

numbers due to Armed Forces movements, and also for home educated pupils.

- 3.6 The Government's intention for the longer term is to bring in a simpler and more transparent funding system. This should help reduce the funding differences between similar schools in different areas. We will work with key partners to consider how best to bring this about.

4 Next Steps

- 4.1 The consultation runs from 26 July to 18 October - 12 weeks. We are aware that this period includes the summer break. Unfortunately we cannot extend the deadline for responses as we need to conclude by that time to give sufficient time for the calculation of local authority and school budgets.
- 4.2 We intend to give indicative DSG allocations for 2011-12 to local authorities, and to announce the level of the pupil premium for each local authority, in November or early December, following the Comprehensive Spending Review announcement on 20 October 2010.

5 How To Respond

- 5.1 Consultation responses can be completed online at www.education.gov.uk/consultations by emailing dsg.consultation@education.gsi.gov.uk or by downloading a response form which should be completed and sent to:

School Funding Consultation 2011-12, Funding and

Technology Unit, Department for Education, Level 3,
Sanctuary Buildings,
Great Smith Street, London SW1P 3BT.

6 Additional Copies

- 6.1 Additional copies are available electronically and can be downloaded from the Department for Education e-consultation website at: <http://www.education.gov.uk/consultations>

7 Plans for making results public

- 7.1 The results of the consultation and the Department's response will be published on the Department for Education e-consultation website in autumn 2010.

Appendix 2: Select Committee Per Pupil Premium paper

**Consultation on School Funding 2011-12:
Introducing a Pupil Premium
Consultation Response Form**

The closing date for this consultation is: 18 October 2010

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>).

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information regimes, primarily the Freedom of Information Act 2000 and the Data Protection Act 1998.

If you want all, or any part, of your response to be treated as confidential, please explain why you consider it to be confidential.

If a request for disclosure of the information you have provided is received, your explanation about why you consider it to be confidential will be taken into account, but no assurance can be given that confidentiality can be maintained.

An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Department will process your personal data (name and address and any other identifying material) in accordance with the Data Protection Act 1998, and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

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

Reason for confidentiality:

Name

Organisation (if applicable) Hampshire County Council

Address:

If your enquiry is related to the policy content of the consultation you can contact either:

Juliet Yates on: telephone: 020 7340 8313 e-mail:

juliet.yates@education.gsi.gov.uk, or

Ian McVicar on: telephone: 020 7340 7980 e-mail:

ian.mcvicar@education.gsi.gov.uk

If you have a query relating to the consultation process you can contact the Consultation Unit on telephone: 0870 000 2288 or email:

consultation.unit@education.gsi.gov.uk

Please select **ONE** category which best describes you as a respondent:

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

Please Specify:

Joint Response from Hampshire Schools Forum and Hampshire County Council .

1 Do you agree it is right to give a higher premium to areas that currently receive less per pupil funding? [Paras 24 - 27]

| | | |
|---|-----------------------------|-----------------------------------|
| <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Not Sure |
|---|-----------------------------|-----------------------------------|

| |
|--|
| <p>Comments:</p> <p>The exclusion of special school pupils from the premium is neither explained nor justified.</p> <p>The continuing government concern about data and value for money in respect of early years and the per pupil premium are noted. However our view is that the importance of addressing disadvantage early, before low attainment becomes more significant, and the successful experience of local authorities in including a disadvantage element in their single early years funding formulae ,mean that the immediate inclusion of the early years in the per pupil premium is quite achievable.</p> <p>It is suggested that the per pupil premium will contain an Area Cost Adjustment that is not the same as that currently used to underpin the spend-plus methodology. A new ACA methodology should not be introduced for the per pupil premium so that there is consistency and stability. However the existing ACA methodology, derived from that used for formula grant distribution, should be changed to treat Hampshire and the Isle of Wight separately. There is no ACA rationale for combining the two areas and if the Government wishes to provide additional funding for the Isle of Wight for costs arising from its island status, that funding should be met nationally and not, as at present, solely by the Hampshire area.</p> <p>The paper indicates the development of a new longer term formula for DSG. It is expected that if a different ACA is proposed as part of this work that there will be full consultation on such proposals. That would then give an opportunity to bring the ACA for the pupil premium in line with any DSG changes. In the meantime the ACA for the premium should be that used within the existing DSG for developments during 2008-2011.</p> |
|--|

2 What is your preferred deprivation indicator for allocating the pupil premium?
[Paras 29 - 50]

| | | |
|---|---|---|
| <input type="checkbox"/> FSM - in year | <input checked="" type="checkbox"/> FSM ever - 3 year | <input type="checkbox"/> FSM ever - 6 year |
| <input type="checkbox"/> Out of Work Tax Credit | <input type="checkbox"/> ACORN/MOSAIC | <input type="checkbox"/> Other (not listed) |

Not Sure

Comments:

This is transparent, recognises the impact of variability and supports early intervention and equivalence between phases.

However in order to treat the infant phase and particularly a

3 Do you agree the coverage of the pupil premium should include Looked After Children? [Paras 51 - 54]

Yes

No

Not Sure

Comments:

The cash value for Looked After Children should be higher than the main premium to reflect the higher costs and greater attainment gap.

All looked after children in education up the age of 16 should be covered whether they are in primary, secondary or special schools or in early years or alternative provision.

The premium experienced at school level for such children should be the same for children in the same class regardless of in care authority. This could be achieved by either setting an uniform premium and distributing it to in care authorities or by having a premium variable between authorities and distributing it via educating authority.

4 What are your views on the operation of the Looked After Children element of the pupil premium? In particular, how might the funding arrangements work at local authority level for pupils educated outside of the local authority with caring responsibility? [Paras 55 - 60]

Comments:

Hampshire's experience with a local school based termly premium for looked after children has shown that the matching of looked after children data and pupil data can be time consuming initially but data does improve over time. The termly allocation mechanism retains a close link between the change in the child's status and extra funding to support educational provision and reduce the attainment gap. Accordingly there is a preference for the system to be based on funding the educating authority rather than the caring authority with termly allocation to schools and monitoring overseen by the virtual headteacher for the education of looked after children.

5 Do you think the coverage of the pupil premium should be extended to include additional support for Service children? [Paras 61 - 66]

Yes

No

Not Sure

Comments:

Additional funding for children from service families was introduced in Hampshire some years ago. The rationale for this development included the unique challenges faced by service children as described in paragraph 62 of the consultation paper, the mobility issues, the impact of both these factors on the other children in the school. Although there had always been funding for pupil mobility in the local formula it became clear that this did not pick up the specific issues affecting children of service families sufficiently well.

Thus the inclusion of service children within a pupil premium mechanism, albeit at a different rate, is firmly supported.

6 Should the pupil count for three year olds, used to allocate DSG for 2011-12, reflect actual take up or continue to reflect a minimum of 90% participation where lower? [Paras 75 - 76]

Actual Take-Up

90% Minimum

Not Sure

Comments:

It will be very important for suitable arrangements to be put in place for either mainstreaming the current Standards Fund for the Extended Flexible Entitlement to Early Years Education or retaining it as a separate grant. In either case there should be sufficient funds to ensure settings can be funded suitably for flexibility through authorities' single funding formulae.

7 Should the pupil count used to allocate DSG for 2011-12 continue to reflect dual subsidiary registrations for pupils at pupil referral units? [Paras 77 - 78]

Yes

No

Not Sure

Comments:

Double counting is not good practice and providing funds are retained within the DSG control total and redistributed the effect should not be too pronounced for most authorities.

8 Do you support our proposals for additional support for schools catering for Service children? [Para 79]

Yes

No

Not Sure

Comments:

The impact at school level of a large number of service children leaving due to armed forces movements can indeed be severe. As an authority with many substantial armed forces establishments within its borders this proposal is warmly welcomed.

9 Do you support our proposals for home educated pupils? [Para 80]

Yes

No

Not Sure

Comments:

The pressure from some home educators for support well above the 10% of the per pupil DSG amounts would increase pressures on the rest of the Schools Budget. The government needs to make it clear that there is not generous funding available for supporting such cases and that the use of the discretion by local authorities will be affected by the budget position.

10 Do you think that there should be a cash floor at local authority level in 2011-12? [Para 85]

Yes

No

Not Sure

Comments:

These cash floors have undermined the principle of pupil led funding and in practice have only benefitted a few smaller authorities at the expense of the majority of authorities.

Should there be changes to the distribution of DSG from 2012 or a later date future transition arrangements may require cash floors at local authority level.

11 Have you any further comments?

Comments:

The priority given to the per pupil premium is welcomed.

There is considerable disappointment at the exclusion of the early years, special schools and pupil referral units from the per pupil premium.

However the indication that there is likely to be a new distribution method for Dedicated Schools Grant (DSG) from 2012/13 onwards is not helpful to medium term planning by schools and local authorities.

An announcement of a three or four year national total for DSG following the Spending Review announcement in October 2010 is of reduced value if the distribution to local authorities is only known for 2011/12.

Any changes to area cost adjustment for DSG such be the subject of further consultation as part of the wider changes to DSG distribution .

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 Donna Harrison, DfE Consultation Co-ordinator, tel: 01928 794304 / email: donna.harrison@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 18 October 2010

Send by post to: School Funding Consultation 2011-12, Funding and Technology Unit, Department for Education, Level 3, Sanctuary Buildings, Great Smith Street, London SW1P 3BT.

Send by e-mail to: dsg.consultation@education.gsi.gov.uk

Appendix 3: Select Committee Per Pupil Premium paper

The Consultation Questions and Hampshire response
now annotated with national answers

Proposal 1

The principles underlying the new funding formula are: that it should meet the needs of the 21st Century School; that “fairness” does not mean that everyone will get the same; that needs in individual schools are best assessed at the local level; that differences in funding between local authorities must be justified using robust evidence; that a Local Pupil Premium should be used to distribute deprivation funding, and that there should be protections at school and local authority level to reduce the level of short term changes to the distribution.

Q1. Do you agree with the principles we are applying to the formula?

A 1. The principles are supported.

The proposal in “The Coalition: our programme for government” - We will fund a significant premium for disadvantaged pupils from outside the Schools Budget by reductions in spending elsewhere” is welcomed.

Where any work on the pupil premium interacts with existing funding and the distribution of dedicated schools grant (DSG) Hampshire Schools Forum believes that it should recognise those authorities that already distribute at the target level and the importance of local decisions as to what works in each area..

Specific points on particular aspects given in answer to the relevant questions.

National support for principles: ALL 50% :Some 43% :Unsure 4% : None 3%

Proposal 2

We intend to mainstream as many specific grants as possible into the DSG. At this stage we see the DSG as including: Dedicated Schools Grant (including London Pay Addition Grant); School Development Grant (Devolved) excluding Specialist Schools; School Standards Grant; School Standards Grant (Personalisation); School Lunch Grant; Ethnic Minority Achievement Grant; Extension of the Early Years Free Entitlement and Extended Schools – Sustainability and Subsidy.

Q 2. Do you agree with the proposals to mainstream the grants specified into DSG?

A 2. The proposals are supported. There are two specific implementation points :

- **Firstly the schools finance regulations will need to allow the centralised element for ethnic minority achievement as a central service within the Schools Budget, as the Standards Fund**

currently does. This is particularly important in authorities, such as Hampshire, where these needs are real, dispersed and variable so schools are unable to build individual school capacity to meet the needs.

- Secondly Advanced Skills Teacher (AST) funding is a variable part of Schools Development Grant being adjusted when postholders come and go and the Schools Finance regulations will need to allow this essential practice to continue.

National support for mainstreaming : YES 63% :NO 21% :Unsure 16%

Proposal 3

We are clear that the elements of the formula will be: a basic entitlement; additional educational needs, including those associated with deprivation; high cost pupils; sparsity and an area cost adjustment.

Q 3. Do you agree with the proposed elements of the formula?

A 3. The proposed structure of the formula is supported with the exception of the division into four blocks. The current DSG guaranteed unit of funding leaves all age weighting to local decision making and avoids any appearance of a national view on this issue. No clear rationale is given in the document for a change from this approach. Accordingly we would support a two block structure :

- a main pupil block and
- a high cost pupil block.

This would then leave it clear that age weighting and the responses to the pressures of personalisation and effective delivery of the different requirements for each key stage are matters for local decision making.

National support for elements of formula: YES 70% :NO 15% :Unsure 15% :

Proposal 4

The basic entitlement is intended to cover the general costs of running schools -notionally just less than three quarters of the current DSG allocation. There are two approaches to calculating the basic unit of funding per pupil: a judgemental approach – in which the funding is based on an assessment about how best to divide up the overall sum planned by the Government into its main formula components, or a bottom-up approach – in which the funding is based on an assessment of how much a school needs to spend to provide education for pupils before any adjustments are made, known as activity-led funding (ALF).

Q 4. Which methodology for calculating the basic entitlement do you consider would enable the fairest and most practical distribution of funding?

A 4 Hampshire Schools Forum believes it is extremely important for all authorities and schools to have sufficient funds to deliver the universal entitlement of all pupils to a good standard of education. It is therefore important that the basic entitlement is derived in such a way that the key

building blocks such as class size and contact time are clear to all. This can be best done by Activity Led Funding with a clear exposition of what the judgements and assumptions are in arriving at these figures.

It is recognised that the results of an activity led funding (ALF) model will require weightings to be applied. It is expected that key stage requirements will be a main driver of the ALF model and it is therefore by no means certain that the three blocks put forward in the consultation will be the best way of reflecting these.

As indicated in answer 3 above a single pupil block is preferred for the judgemental model to a division into Early Years, Years R to 6 and Years 7 to 11 based on the current average weighting by local authorities given in Section 251 statements.

National view : Activity led 51% :Judgemental 22% :Unsure 27%

Proposal 5

Our proposed methodology for distributing AEN funding is to make an assessment of the national incidence of additional educational needs and, because we have no way of knowing exactly where each pupil with additional educational needs is located, to use proxy indicators to assess the likely incidence of these needs in each local authority. We propose to distribute funding using carefully chosen indicators that are associated with the individual need types identified in the PricewaterhouseCoopers survey.

Q 5. Do you agree with the proposed methodology for distributing money for additional educational needs?

A 5 The need for proxy indicators is recognised. However even though Special Educational Needs at School Action and School Action Plus are a major component of AEN they get little explicit recognition and the linkage between the indicators chosen and SEN should be demonstrated more clearly or alternatives chosen.

National support for methodology: YES 50% :NO 22% :Unsure 28%

Proposal 6

Within the distribution mechanism we have identified five options for the indicators to be used for distributing deprivation funding. These are:

- Option 1 Out of Work Tax Credit Indicator
- Option 2 Free School Meals (FSM)
- Option 3 Child Poverty Measure
- Option 4 Average IDACI (Income Deprivation Affecting Children Index) score of pupils educated within the local authority
- Option 5 FSM with the additional 500,000 pupils in most deprived areas by the IDACI score not on FSM

Q 6. Which is your preferred indicator for distributing money via deprivation?
Why?

A 6 A significant local concern is that the chosen mechanism for national distribution has a way of recognising localised pockets of deprivation and that there are no barriers to local formulae addressing these issues in their own distribution mechanisms. Within that context the preferred indicators are options 1 and 2 in that order.

The other indicators, and indeed the FSM one also, are distorted by regional and local wage differentials. National average income levels are used even though this means that in high wage areas children in very significant relative poverty will not be covered, with the converse occurring in low wage areas. Therefore, if any of Options 3, 4, or 5 are used, a way needs to be found of using regional income and wage levels not national ones.

| | | |
|--|----------|-----|
| <i>National support for indicators :</i> | Option 1 | 5% |
| | Option 2 | 15% |
| | Option 3 | 20% |
| | Option 4 | 28% |
| | Option 5 | 32% |

Proposal 7

In the consultation document we have linked the non-high cost AEN need types to what we consider to be the most appropriate distribution indicator. This results in 49.5 per cent of AEN funding being distributed via a deprivation indicator, 24.6 per cent is distributed via underperforming groups, 13.5 per cent via English as an Additional Language and 12.4 per cent via a flat per pupil rate.

Q 7 Do you agree with the indicators, other than for deprivation, that we have proposed for each need?

A 7 The indicators are supported except for the definition of under-performing group for the Learning AEN type. A direct link to low attainment is strongly preferred. This is important because of the view that some SEN with Learning difficulties as the main need should be recognised in the AEN approach. Perhaps something like those not achieving more than Level 3 at Key Stage 2 (or an alternative if such results are unavailable) could be adopted instead. There also seems to be a substantial overlap with the deprivation indicator with the inclusion of FSM pupils in the underperforming pupils group.

National support for indicators : ALL 26% :Some 54% :Unsure 15% : None 6%

Proposal 8

To ensure the funding to support schools to meet the needs of deprived children is clearly identified and responsive to where these children are, the Government will require all local authorities to operate a Local Pupil Premium from 2012-13 onwards. This means that an amount of money in a school's delegated budget must relate directly and explicitly to deprived pupils within the school, and should move around the system as necessary. Such a Local Pupil Premium would mean that if a school recruits a larger number of deprived pupils, they can see that they will get additional funds, which will be reflected in their budget.

Q 8 Will the Local Pupil Premium mechanism help funding to be more responsive to changes in pupil characteristics?

A 8 Yes This approach is welcomed and is similar to an approach which is being applied locally in respect of Children in Care on school rolls.

The commitment in "The Coalition: our programme for government" to find new money outside the Schools Budget is welcomed.

The Hampshire Schools Forum is concerned that the premium should reflect disadvantaged pupils on a broad and relevant definition. In particular it is concerned about the children of service families.

Hampshire, along with some other authorities- notably North Yorkshire- have, for some time now held extensive discussions with service personnel. We have been working towards meeting " The Nation's commitment". We are aware of, and support strongly, the new government's continuing commitment to the armed services, service families, and veterans. We have expertise in this area and offer to help in this respect with the development of the pupil premium.

Some other detailed points are made below in response to Question 9

National view on per pupil premium encouraging setting responsiveness to changes in pupil characteristics.: YES 55% :No 13% :Unsure 32%

Proposal 9

The Government believes that local authorities and schools are in a far better position than central Government to assess the levels of need within individual schools. Local authorities will have the freedom to agree with their Schools Forums how to operate a local pupil premium, rather than a process being mandated nationally. Local authorities will want to develop different systems depending on their local circumstances, and we will look to provide best practice as systems develop.

Q 9. Is it right that local authorities should each develop their own pupil premium mechanism?

A9 Yes local mechanisms are to be preferred, especially as the involvement of Schools Forums ensures the full engagement of the schools community.

There are some more detailed points as regards any per pupil premium :

- **It should not be redistributive within the three year budget cycle**
- **It is important to have a way of recognising SEN and free meal production directly as currently. These distributions count towards the deprivation distribution target and it would be very disruptive to schools budget if these had to changed to a totally different basis**
- **Local authorities which have already reached the 100% target are recognised as having delivered well and their schools should not be penalised.**

National responses on local development : YES 83% :No 8% :Unsure 8% :

Proposal 10

We propose to use the same approach for the allocation of funding for the high cost pupil block to that proposed for the allocation of AEN funding – namely that based on the pupil need types identified in PwC school survey, but using the specific data for high cost pupils, and identifying the most appropriate distribution mechanism for allocating resources to local authorities for these need types. The effect of the formula is to distribute 14 per cent of the high cost pupils block via deprivation, 50 per cent distributed via a flat per pupil rate, 33 per cent distributed via a measure of those pupils not achieving higher than Level 2 at Key Stage 2, 2 per cent via the take-up of Disability Living Allowance and 1 per cent via English as an Additional Language.

Q 10. Do you agree with the methodology for distributing money for High Cost Pupils?

A 10 Yes.

It is disappointing that the administratively cumbersome process of recoupment remains and might even be extended. It is suggested that at least a simple national model could be developed and agreed so as to minimise the task.

National responses on high cost pupils distribution method : YES 43% :No 18% :Unsure 39% :

Proposal 11

For sparsity funding we propose to use the home postcode data collected in the annual school censuses; these are collected annually and, as a pupil census, would more accurately reflect the sparsity of the pupil population. We also propose to use the Middle Super Output Area to provide a replacement to the

ward geography, providing a comparable number of geographic units to that of wards

Q 11. Do you agree that the school censuses and Middle Super Output Area are the right data source and geography to use to assess the sparsity of an area?

A11 We agree with these as they are appropriate direct measures of the school dimensions of sparsity.

National responses on Sparsity : YES 64% :No 6% :Unsure 30 :

Proposal 12

Two options are proposed for calculating the sparsity factor – broad and narrow. The broad option would, at current figures, result in 104 local authorities receiving additional money for sparsity, with 1.07 million pupils deemed sparse or super-sparse. An alternative, narrow, option would mean that around 300,000 pupils are deemed sparse or super-sparse, a number similar to the 280,000 pupils who currently attend small (<150FTEs) rural primary schools. Under these altered thresholds 66 authorities would receive sparsity money, enabling us to increase the unit cost for each sparse pupil.

Q 12. Which method for calculating the sparsity factor do you think will best enable additional funding to reach those local authorities that need to maintain small schools – the broad or narrow option?

A12 Hampshire Schools Forum is of the view that the narrow measure is the appropriate way of ensuring that additional funding will reach those local authorities that need to maintain small schools because of the geographic distribution of pupils.

National response on broad/narrow choice : Broad 25%: Narrow 42% : Not sure 33%

Proposal 13

The case for a sparsity factor for small secondary schools was considered, having regard to:

Whether there are enough small secondary schools to warrant a dedicated sparsity factor and whether their occurrence can be predicted by a sparsity measure;

Whether or not small secondary schools require more teachers per pupil than other schools; and

If not, whether that means that small secondary schools are unable to deliver sufficient choice in the KS4 curriculum.

No robust link was found between small schools (below 600 FTE) and sparsity. No evidence was found that small secondary schools have disproportionately more teachers than other schools. And an analysis of the number of subjects on offer at each school showed a very wide variation in the number of subjects

available in schools of similar sizes. This suggests that the need for a secondary sparsity factor has not been proven.

Q 13. Do you agree that there should not be a secondary sparsity factor?

A 13 No.

Hampshire Schools Forum is firmly of the view that there should be a secondary school sparsity factor. Local evidence suggests that in sparser areas secondary schools encounter real cost differences in

- **Delivering collaborative curriculum developments,**
- **Accessing a rich and varied curriculum,**
- **Energy and telecommunication costs**
- **Recruitment and retention of all types of staff due particularly to housing cost issues**
- **Offering study support and extended days.**

.

National responses against a secondary Sparsity factor :: YES 42% :No 28% :Unsure 30 %

Proposal 14

The Area Cost Adjustment (ACA) reflects the need for schools in some areas to pay higher salaries and to pay more to recruit and retain staff. Two options are proposed for reflecting area cost differences for education: the general labour market (GLM) approach and a hybrid approach. The latter is based on the specific pay costs of teachers, details of which are available, and the GLM approach for the elements of staff costs where details are not available.

Q 14 Which is the fairest method of applying the Area Cost Adjustment?

A 14 The GLM approach is preferred because it more accurately reflects the impact of the local economy on school costs.

The Isle of Wight should not be part of the same area for ACA purposes as Hampshire because the local economies are very different.

National responses on ACA : GLM 16% :Hybrid 60% :Unsure 24%

Proposal 15

As we are mainstreaming specific grants into the DSG we propose having a single set of transitional arrangements that applies to a baseline incorporating both the DSG and those grants. As the approach is likely to require local authorities to revise their formulae and as timing is tight to do this for 2011-12 we propose to amend the School Finance Regulations to enable local authorities to include previous specific grant payments as formula factors for 2011-13.

Q 15 Do you support our plans for the transitional arrangements for mainstreaming grants?

A 15 These are supported.

If there is a three year budget cycle then the use of specific grant payments should be allowed for the whole period 2011-2014.

As a number of the grants were introduced in response to the pressures of personalisation and effective delivery of the different requirements for each key stage it is important that both the transition mechanism and also the schools finance regulations allow appropriate continuing local recognition of these important differentials.

National responses on mainstreaming grants transition : YES 67% :No 16%
:Unsure 17%

Proposal 16

In order to protect local authorities from significant potential losses in the formula, we intend to have a per pupil cash floor which will be set above the level of the Minimum Funding Guarantee. This floor will need to be paid for by either a ceiling on large increases the formula generates for some authorities or by reducing the allocation to all other non-floor authorities (or a combination of the two).

Q16. Should floors be paid for by all local authorities or just the largest gaining authorities?

A16 Hampshire Schools Forum considers that it would be reasonable to set acceptable rates of change for both gains and losses and then protect the greater losers at the cost of the greater gainers, only restricting the lesser gainers if there was not enough to provide the losers' protection by restricting the greater gainers.

***National responses on cash floors* : ALL authorities 39% :Largest gainers 31% :Unsure 30 %**

Proposal 17

We have said that we will take this opportunity to consider if the operation of the Minimum Funding Guarantee can be improved.

Q 17. Have you any suggestions as to how the Minimum Funding Guarantee could be improved?

A17 It does not assist the schools with falling rolls which often face the greatest challenges. Locally it can produce messy anomalies. It is suggested that a better way forward is to encourage a strengthening of local protection and transition mechanisms. This should be coupled with a requirement, as applies for special schools, that budget share units of resource rise by a target percentage.

National responses on MFG : YES 45% :No 37% :Unsure 18%

DfE commentary on responses.

Responses ranged from “It should be scrapped” to “works well and gives a sense of stability”. A number of respondents suggested abolishing it, though it was acknowledged that it had been useful in the past. Arguments against it were that it adds another layer of bureaucracy to the system and reduces the power of local authorities and their schools forums to make local funding decisions. If it is to continue, however it was felt that there should be more local discretion in setting the MFG as it currently dampens the effect of the local formula and that we should allow School Forums the flexibility to make changes to reflect local circumstances. It was suggested that in order to avoid the MFG acting as a force to stifle change, it should be retained but set at “a very low level” to allow more headroom. It was also suggested that pupil number changes have more of an impact on school budgets and schools generally manage the effects of these. A nationally set MFG builds in too much protection if, for example, there are local pay awards for non-teaching staff below the assumed rise. Several LAs thought that protection was built in for too long and should be tapered/time-limited or that it should be changed so there is just a minimum increase to the AWPU. Several respondents mentioned that more clarity is needed around Early Years settings and possible use of the MFG.

Proposal 18

In 2008 we introduced the Exceptional Circumstances Grant (ECG). Its purpose was to assist local authorities who experience:

- significant growth in the number of pupils between the January school census and the start of the academic year; or
- significant growth over the spending period in the number of pupils with English as an Additional Language.

This grant is funded from the overall DSG settlement. In 2008-09 and 2009-10, no authorities received ECG for a general increase in pupil numbers, although several have received funding for increases in the proportion of pupils with EAL. We are seeking views on whether there is a case for a similar arrangement from 2011, funded from the DSG, and if so how it should operate and what circumstances should be covered.

Q18. If a contingency arrangement for local authorities is to continue, funded from the DSG, what areas should it cover and what should the criteria be for triggering eligibility?

A 18 Hampshire Schools Forum does not support the general continuation of this mechanism.

No numerical data was given by DfE but just “The vast majority of respondents supported the continuation....”

Proposal 19

The review considered whether there is evidence that children of parents from the Armed Services are underachieving and need additional support. Evidence shows that such children do well compared to their non-Service children peers and this does not suggest the need to make specific provision for Service children in the DSG formula to support underachievement.

We consider there is a case for additional support for schools which traditionally cater for Service families, mainly those located near armed service establishments. Such schools are prone to pupil number fluctuations and therefore funding due to troop movements, which can affect their stability and sustainability. We are considering whether to allow local authorities with such schools to make a claim for additional pupils to be counted for DSG purposes where numbers have fallen significantly from one year to the next as a result of armed forces movements. These claims would be made directly to the Department and would be considered individually on their merits.

Q 19. Do you support our proposals for Service children?

A19 Hampshire Schools Forum, with a community of schools which includes schools with many pupils from service families, is not in support of these proposals. Instead it would like to see proposals worked up that collect service family pupil data termly and reflect this in the distribution mechanism in a sensible way. It would be happy to assist with this task in any way which it could. Our comments on the per pupil premium at Proposal 8 above show our strong support for a service family pupil premium as part of the overall pupil premium.

National responses on Service children : YES 66% :No 19% :.Unsure 15%

Final Question no 20. Have you any further comments?

A 20. Hampshire Schools Forum is strongly committed to local decision making and believes there is now an excellent opportunity to look at increasing local flexibility in many ways; for example restoring the ability of local formulae to use a mixture of actual and estimated pupil numbers as the basis for local funding of schools.

The recoupment method is preferred for the DSG adjustment in respect of Academies as it avoids local distortions in school funding. It is also important that, as the high cost pupil block is implemented, there is equal treatment and funding of provision for such pupils regardless of whether they are in maintained schools or academies or in alternative provision and pupil referral units.

