

# Consultation on the Terms of Reference for the Dedicated Schools Grant Formula Review.

## Consultation Response Form

### **DSG Formula Review: Terms of reference**

The Department has published the terms of reference for the review of the formula for distributing the Dedicated Schools Grant to local authorities. The aim of the review is to develop a single, transparent formula available for use from 2011-12 onwards.

This consultation seeks the views of local authorities, Schools Forums and other stakeholders on the key issues for the review and the terms of reference.

Completed forms should be emailed to:

[schoolfunding.dsgformulareview@dcf.gov.uk](mailto:schoolfunding.dsgformulareview@dcf.gov.uk) by 2 November 2007.

If you have any enquiries about this consultation or the review please contact Sue Pickerill on 0207 925 6707 or [susan.pickerill@dcf.gov.uk](mailto:susan.pickerill@dcf.gov.uk).

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1 Is the overall aim of the review correct?

X Yes

No

Comments:

SIGOMA welcomes the opportunity to comment on the terms of reference for the review of the DSG distribution formula. Indeed, we support a re-consideration of the methodology for distributing funding to schools, given that we are opposed to a 'spend plus' basis of allocation, as used throughout the latest three year multi-year settlement.

2 Are there any other contextual factors which should be taken into the review?

X Yes

No

Comments:

As has been evident from our many submissions to previous school finance consultations, we very much support the development of a single transparent formula which allocates resources on the basis of relative need.

However, we believe that DCSF should ensure that the formula implemented is also fair and equitable in its distribution of resources and should provide for a certain level of stability to facilitate forward planning for the recipients of DSG. These principles have been accepted as a fundamental part of the local government finance distribution system, and we strongly believe that they should be an integral part of the new methodology being developed for the distribution of DSG.

3 Have we correctly identified the issues which should be included within the review?

X Yes

No

Comments:

We agree that there is a need to review all the issues proposed. In particular, we ask that DCSF refer back to the needs led analysis that resulted in the Education SSA and FSS – the current method, which used 2005/06 levels of actual spend to constitute the baseline for all future years schools funding, has 'locked in' existing inequalities in the funding system and decisions taken on local priorities. There is a need to return to a methodology that is based on relative need, therefore better meeting the requirements of those authorities that suffer from acute deprivation.

4. Are there key issues which should be covered by the review that are not included in the terms of reference?

X Yes

No

Comments:

Whilst the review team will consider a needs-led analysis (in determining the basic unit of funding per pupil) there is no specific mention of the consideration to be given to deprivation.

We believe that the use of deprivation indicators in determining funding allocations is vital, and whilst it is necessary to ensure that every school is at the very least adequately funded regardless of the distribution criteria implemented, there needs to be additional provision to compensate for those authorities with relatively high demands on services. We suggest that DCSF consider adding a deprivation top-up (as in currently used Relative Needs Formulae) to any methodology devised, in an attempt to meet this additional need.

Finally, we note that the review group will consider the process of transition, as the distribution of funding moves from one basis of allocation to another. Whilst we would support the implementation of a transitional period in that it provides some form of stability, this should be short-term so as to ensure that authorities with more intense needs receive their fair share of funding sooner.

5 Are the working methods specified for the review right?

Yes

No

Comments:

Whilst we support the establishment of a formula review sub-group, we are concerned that membership will only be drawn from the Schools Funding Implementation Group (SFIG). We believe that the major 'special interest' groups such as ourselves, should be allowed a permanent representation on the sub-group: thus, the sub-group would operate in a similar way to the DCLG's Settlement Working Group, which facilitates an open dialogue between central government and local authority representatives.

Much criticism was aimed at the SFIG during 2005, when the proposals for the transfer from formula grant to DSG were under discussion - the exclusion of local authority special interest groups from the whole of these fundamental debates caused much frustration.

6 Is the timetable for the review right?

Yes

No

Comments:

SIGOMA appreciates that DCSF is working to a strict deadline, given that a new methodology needs to be in place for 2011/12.

We believe that the timetable should be sufficient to identify and confirm the robustness of data sources, and then produce a model capable of allocating funds in accordance with the underlying principles outlined. Thus, we believe work on a new methodology should start immediately.

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