

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

Consultation Response Form

The closing date for this consultation is: 1 June
2007

Your comments must reach us by that date.

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

Name Patricia samuel
Organisation (if applicable) SIGOMA
Address: SIGOMA
c/o Barnsley MBC
PO Box 14
Town Hall
Barnsley S70 2AQ

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

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

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

Fax: 01928 794 311

e-mail: consultation.unit@dfes.gsi.gov.uk

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

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

Please Specify:

SIGOMA (Special Interest Group of Municipal Authorities) is a special interest group of 45 Municipal authorities located outside London and is a recognised special interest group within the LGA. Its membership comprises 34 metropolitan districts and 11 major unitary authorities, which meet its membership criteria. The combined population of SIGOMA authorities amounts to over a quarter of the population of England and its member authorities account for over 25% of English local government expenditure.

Our response is based on consultation with our members, drawing directly on members' experience of education finance.

Are you responding on behalf of an organisation?

Yes

No

Please Specify:

Please see above

Which Local Authority area do you come under?

Comments:

Please see above

If you are a school respondent, please tick as appropriate

<input type="checkbox"/> Nursery	<input type="checkbox"/> Primary	<input type="checkbox"/> Secondary
<input type="checkbox"/> Special	<input type="checkbox"/> Other (please specify)	

Please Specify:

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

<input type="checkbox"/> Early Years Providers - Private	<input type="checkbox"/> Early Years Provider - Voluntary	<input type="checkbox"/> Children's Centre
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Please Specify:

CHAPTER 2: THE DISTRIBUTION OF DSG TO LOCAL AUTHORITIES

Page 12, para 23

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

<input checked="" type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

SIGOMA agrees that the 'proportionality test' - whereby the contribution from the Schools Budget to the combined service is required to be roughly equivalent to the educational benefit that would be derived - should be removed.

As the consultation document states, the application of this test is difficult in practice, and so few local authorities have made a contribution from their centrally retained element to those projects that support the Every Child Matters (ECM) Agenda. In addition, we would state that to support ECM, and in a system of full partnership, the funding provided to a local authority should ideally be free of any ring-fencing.

We agree that DfES should make available guidance to local authorities and their School Forums on how to best achieve the outcomes related to ECM. Also, they should set out examples of good practice relating to the application of the remaining test, known as the 'educational benefit test' – this states that the combined service proposed (supporting ECM) should bring educational benefit to pupils within the local authority.

Page 21, para 41

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

<input type="checkbox"/> Spend plus	<input checked="" type="checkbox"/> Single Formula
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Comments:

In September 2005, and again in our May 2006 consultation response regarding the funding arrangements for 2006-08, SIGOMA voiced strong concerns relating to what is now known as the “spend plus” methodology.

We welcome this review but are still of the opinion that the methodology employed to determine funding allocations in this transitional period (2006/07 to 2007/08) undermined the principles of fairness and equalisation, and the ability of local authorities to deliver local priorities.

It is our belief that a distribution of resources should be based on a full assessment of relative need, rather than being based on past spend with a minimum increase per pupil and an additional allocation aligned to political priorities. We fail to see how the current arrangement (and any future arrangement using the same basis) can adequately distribute funds to those authorities with a high level of demand on their services (who probably have both falling populations and falling pupil rolls) and respond to changes in relative need - and we are also concerned that deprivation indicators have become of even less significance in the transitional scheme.

If we focus on the five key priorities identified by government and used to allocate the headroom existing between the baseline uplifted for per pupil funding and the DSG quantum, it is clear that the designated indicator for deprivation (here taken to be the number of children in families on income support) is incorporated into only two – and as such is responsible for allocating only a small proportion of the total resources that are available for distribution in accordance with key priorities. This limited use is a backward step, especially given that previous FSS methodology used to provide schools funding used an abundance of relative need indicators, of which deprivation played a significant part.

SIGOMA believes that the spend plus system shows a complete lack of responsiveness to changes in local circumstance - this has quite clearly been identified by DfES in their consultation document. To quote:

“data changes would not feed through into DSG allocations calculated using the spend plus approach as they would under a single formula approach. It would be possible to resolve this by means of an allocation that would be additional to the basic increase and the allocations for Ministerial priorities: such an allocation would be driven by a formula that would reflect relative changes in the deprivation indicators”

In our view, the need to adjust spend plus allocations (by the alternative methodology under consideration!!!) indicates that the system currently in use and proposed for the future is not fit for purpose – the necessary adjustment to resource allocations, suggested by DfES, acknowledges that the initial baseline for DSG was founded on ‘ability to fund’ rather than relative need, and so funding shares produced by the spend plus methodology are erroneous and *“distribution becomes progressively more difficult to explain and justify”*. Further, the requirement to adjust initial funding allocations adds yet another level of complexity to the calculation of DSG shares, and compromises the

transparency of the system.

Other concerns we have are as follows:

- We are aware that the Area Cost Adjustment (ACA) played a significant part in the allocation of DSG for 2006/07 to 2007/08; in particular, ACA is used in determining grant allocation for the ministerial priorities mentioned above, whilst already being included in the DSG baseline (partially based on the 2005/06 SFSS and so already including the adjustment factor). We re-iterate our previous argument in relation to the ACA - in some areas the ACA appears to be over-compensatory, and we are concerned at its considerable use in this current methodology.
- It is our view that any resource allocation methodology based on political preferences could lead to a degree of volatility when policy (and the resulting funding distribution) varies from one period to the next. Such fluctuation in resources would then have to be managed by the LEA through its own funding allocation formula, and so the consequences of any significant change in policy would be felt directly by schools.

Given the arguments above, we believe that from 2008/09 onwards DfES should move to a wholly formula-based approach, possibly incorporating those needs indicators previously used in the sub-blocks of the Education FSS, or new and more relevant indicators where these have become available. In moving to such a system, however, DfES must ensure that the basic amount of funding per pupil generated is at least sufficient to meet the common level of underlying need had across all authorities, before then utilising any other criteria to allocate additional funding to those with a relatively more intense demand for resources.

We would support the introduction of some transitional period to assist authorities in adapting to the new funding regime suggested above – however, this protection should only be afforded in the short-term as to do otherwise would slow the pace of change in moving towards more equitable allocations based on relative need.

Page 23, para 49

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

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Under the current system, the pupil numbers used to generate DSG are not finalised until after the beginning of the new financial year (with definitive DSG allocations published around May). This presents difficulties for local authorities as the funding available for the ISB and their centrally retained budget has to be based on an estimated level of DSG.

As the consultation document suggests, local authorities' experiences of the first year of this system were mixed: some made fairly accurate assessments of their pupil numbers that required little or no adjustment to their overall Schools Budgets, whereas other authorities over estimated their pupil numbers and faced a shortfall in DSG when their allocation was finalised. Of these latter authorities, a number chose to carry the shortfall forward, while others chose to re-determine each of their schools' budgets. Neither option is satisfactory from the point of view of budget predictability for schools.

SIGOMA supports the move to an Autumn pupil count, so that data can be finalised before the start of a new financial year - this would further strengthen stability and certainty in the school funding framework. However, we would ask DfES to monitor funding outcomes to see if any authorities were systematically disadvantaged by the move to the autumn count, with a consequent impact on their DSG allocations – indeed, DfES may have to pay particular attention to nursery and primary schools and their particular pattern of admissions.

Page 26, para 61

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

X Headcount

Provision based

Comments:

SIGOMA would prefer DfES's longer term strategy for data collection to use a headcount, primarily because this introduces simplicity into the system; whilst the alternative method suggested may more accurately reflect what is being offered by providers, the use of a provision based count for a funding mechanism introduces a need for more complex data collection that may have no effect on the relative distribution of DSG between local authorities.

A headcount also increases the flexibility with which services can be provided, enabling free entitlement to nursery years provision to be offered over longer periods or longer sessions; this is in accordance with a commitment made in the ten year childcare strategy, whereby government promised to increase the length of this type of early years provision, and to increase the flexibility of this offer.

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

Current

X Recoupment

Comments:

SIGOMA believes that the recoupment method should be used. This method is favoured because it meets the two key principles that need to underlie any option for the transfer of funds to academies:

- *Comparability of funding between academies and the maintained schools in their area should be preserved where possible.*

Under the recoupment method pupils attending academies would be included in the calculation of an authority's DSG allocation. The DfES would then replicate the authority's formula to produce a budget share for the school, and recoup this amount of grant by adjusting an authority's DSG payment profile (however, authorities would need to be notified early of the amount that is to be recouped from the DSG to allow them to allocate the balance of the DSG with certainty).

If the current method were used, comparability could be compromised; a local authority with a number of academies may decide to alter its schools formula, giving the justification that some of the factors within the formula are now no longer relevant, or that a better set of factors would more effectively reflect the needs of the remaining secondary schools. It would not then be possible to sensibly compare funding for maintained schools with funding for academies.

- *Recurrent funding for the maintained schools in local authorities with academies should not be adversely affected by the transfer of funding out of DSG*

The recoupment method avoids winners and losers at the local authority level – currently, when a school becomes an academy, the reduction in DSG to the authority could be more (or less) than the budget share that would have been paid to the predecessor school.

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

Strongly agree

X Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

SIGOMA believes the full cost of pupil's who require individually assigned resources should be routed through the DSG and passed to the appropriate provider whether it is an academy or other agency. The new funding system should make funding for this more explicit rather than at present.

The issue of data collection (via Form 8B) is a separate concern, and the need to do so depends on the grant distribution methodology adopted. *If* DfES were to use a wholly-formula base approach to the funding schools, this type of data capture would be unnecessary as a 'higher cost pupils' indicator could be incorporated into the resource distribution methodology.

Undertaking the less favourable approach ("spend plus") requires the collation of information, resulting in an additional administrative burden.

Page 31, para 81

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

Strongly agree

Agree

Neither agree nor disagree

Disagree

X Strongly disagree

Comments:

SIGOMA is of the opinion that any national funding mechanism, such as a formula, should be based on indicators calculated and 'owned' by local authorities, the DfES and other relevant government departments.

Whilst the geographical based indicators may provide data at post-code level, offer a more detailed assessment of deprivation, their disadvantages are significant:

- they are based on data that is not publicly available;
- the methodology underlying their construction is not in the public domain;
- the frequency with which they are updated is not under DfES control; and
- they include some data that is not relevant to education.

Thus, they ***should not*** be used in the distribution of DSG

8 Are there other deprivation indicators that we could consider?

Comments:

Whilst the Index of Multiple Deprivation may not be suitable for use in its entirety, DfES may consider referring to the individual education domain when considering indicators to be used. The individual domains, of which there are 7, are currently being updated by a review group so as to take account of instances where indicators no longer exist (and so cannot be updated) or where better indicators of deprivation are now in existence.

DfES may also consider the deprivation indicators that make up the Children's Personal Social Services Relative Needs Formula (RNF), as used in the local government grant distribution system.

A general comment on indicators is that they should be 'attached' or related to individual pupils, rather than to a school or a local authority. This would also help take account of any change in need resulting from pupil mobility between local authorities.

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

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

If DfES adopts a formula funding approach to the distribution of DSG, then there is no need to target specific pockets of deprivation; indeed, the deprivation that exists within less affected areas will still be allocated a level of funding – if it exists, then this will be shown as being the case by the indicators, but note that the funding allocation received will, of course, be relative to the underlying needs of other authorities.

It will then be for local authorities to adapt their local funding formula according, to ensure deprivation in their own area is properly targeted. Indeed, the consultation document states:

"The primary route for targeting resources towards deprivation must be the proper reflection of existing funding for deprivation in local formulae – and this will continue to remain the Government's central focus".

In our opinion, targeting pockets of deprivation is only necessary under the “spend plus” methodology; this is because this currently used approach has moved away from an objective assessment of need (as per the SFSS) to grant allocations that are based on a 2005/06 baseline and so are increasingly hard to justify, and are partly based on ministerial judgements.

Page 32, para 84

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

Per pupil grant

Threshold based

Comments:

Please see comments above.

Page 33, para 87

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

Strongly agree

Agree

Neither agree nor disagree

X Disagree

Strongly disagree

Comments:

SIGOMA believes that this type of grant seems largely unnecessary if the relative needs of individual local authorities are reflected by the DSG formula funding mechanism. If population changes are so dramatic as to require this sort of funding it seems to suggest that the DSG formula should be updated on an annual basis to keep pace with relative need, but this could compromise the three years worth of funding predictability that the DfES requires to be in place.

If DfES do decide to set-aside a grant for exceptional circumstances then our preference is that this additional funding should come from outside of the system, rather than from a top-slice of DSG.

If, however, DfES does choose to fund via the latter, then we ask that they at least issue an end of year report showing the amount of grant held, allocations made to schools and any balance of any grant outstanding. The balance should be carried forward and incorporated into the overall amount for DSG nationally in the following year and distributed to authorities.

Our final comment is to say that any criteria used to allocate this grant – differentiating schools as ‘exceptional’ - and the actual calculation of the shares to be awarded, should be at the very least transparent and communicated to all schools and LEAs.

CHAPTER 3: SCHOOL FUNDING FROM 2008-09

Page 38, para 99

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

Current method

X Cash comparison

Comments:

In the past, authorities have set key parameters before the start of a financial year, one of these being the split between ISB and the budget for centrally held items (eg: high cost SEN and PRUs).

At present, the CEL increase is restricted to the same percentage increase as the ISB, but recent adjustments and exclusions to the CEL have made its calculation more complicated and harder for local authorities and schools forums (SFs) to understand. Given that SFs now have the power to approve local authority proposals to increase the CEL, we believe that action should be taken to simplify the calculation of the limit.

Of the two options outlined in the consultation, we would support a *minimum* increase being applied to the ISB (rather than a *maximum* increase applied to the CEL) meaning that the ISB will increase by at least the level of the DSG.

However, any increase in the CEL above a given level would have a direct impact on the ability of an authority to increase its ISB in line with cash increases in its share of DSG.

A number of our members are of the opinion that there should be no statutory regulations governing the CEL, given that the split of the schools budget is ultimately approved by the Schools Forum. The view is that the CEL should be a local decision linked to local priorities, whereby after meeting the MFG, the balance should be available for any school related purpose.

Page 41, para 113

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

<input checked="" type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

Under the current methodology, each additional pupil on a school's roll adds a full unit of funding to the Guaranteed Level of Funding (GLF), whereas each pupil less reduces funding at a marginal rate.

We believe that this asymmetry should be removed from the MFG. The current calculation causes anomalies between those schools with rising rolls, and those schools with falling rolls – but on the basis that falling rolls do not reduce fixed costs the same must apply to increasing rolls in terms of increasing fixed costs.

To be equitable, all schools have be applied the same treatment.

Page 42, para 116

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

<input checked="" type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

From 2006/07, local authorities and their SFs have had the power to approve variations to the MFG, provided those changes they do not affect more than 20% of the maintained schools in their area.

We believe that SFs should be able to determine locally any changes to the MFG methodology, and welcome the proposal to move to a 50% threshold. However, SFs should be given the power to agree to changes in the methodology that affect all of their schools.

Page 43, para 116

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

Comments:

As the SF is representative of schools in total the sector split should not be an issue – a SF is a corporate body and decisions should be made on a simple majority.

Page 44, para 122

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

X 1% headroom

Reduce margin

Comments:

Since the MGF was introduced, DfES has always maintained a gap of at least 1% between its level and the basic increase in DSG (or Schools FSS). This has allowed authorities sufficient headroom for increases in items outside the MGF.

We believe there will be an issue of affordability re: funding MFG levels if the 1% headroom does not continue.

In addition, a reasonable margin between the MFG and the DSG is needed to ensure that agreed local changes in the formula to feed through in a timely manner.

Page 45, para 126

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

Strongly agree

X Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

We believe that significant efficiency savings will be required to be delivered in the light of reduced resources in CSR 2007, and as such schools should be subject to the same discipline on achieving efficiencies as the rest of the public sector.

However, DfES needs to be convinced of the expected level of efficiencies still achievable in educational establishments, given that a number of schools may have already gone some way to securing savings generated through, for example, the brokerage of LEA sources services, and by changing suppliers.

Page 45, para 126

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

Strongly agree

X Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

SIGOMA agrees with the above – such action should facilitate the introduction of agreed local changes to the formula and would allow greater flexibility to target funding to local circumstance.

Page 48, para 135

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

Strongly agree

Agree

Neither agree nor disagree

X Disagree

Strongly disagree

Comments:

We agree with the statement that whilst many schools hold surpluses for legitimate reasons, with others the reasons for having large balances are less transparent.

SIGOMA understands the reasons for the introduction of a control mechanism that enables authorities to claw back excessive and uncommitted balances from schools and notes that the surpluses held continue to be significant and rising.

However, we disagree with the above proposal:

- Each local authority now has a method of claw back within its local scheme of delegation, and a reasonable amount of time should be given to allow authorities to effectively use this power.
- Given that DfES is looking to move schools towards managing their finances effectively over a multi-year budget period, there may be occasions where balances may need to be in excess of the designated 'threshold' in a given year, so as to achieve the outcomes and improvements for the school over a longer term period.

Also, we have concerns about the inclusion of Standards Fund balances in the calculation of total balances in an Authority. Given the flexibility to spend Standards Fund grants over a 17 month period i.e. April to August inclusive, the inclusion of Standards Fund balances would significantly increase the level of

school balances at the local level. Any move to include Standards Fund balances must take into account the rules for their use at a local level in terms of timing or expenditure and the current practice of schools.

As a final comment, we would add that the proposal to introduce a levy will only serve to recycle balances, and will not in itself reduce the aggregate level of school balances.

Page 49, para 139

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

Strongly agree

X Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

SIGOMA agrees with the above - the proposal:

- Would give schools greater flexibility in choosing suitable representatives for the SF; there is an increasing workload on head teachers, and they need to be encouraged and enabled to delegate some of their responsibilities to other members of the school's leadership team.
- A number of issues on schools funding are complex and having, say, a Bursar as a member of the SF may allow for greater financial expertise for advising and informing the Head Teacher.

As with other members of the SF, a Bursar should receive appropriate guidance and training with regard to the new responsibilities that are to be held.

Page 49, para 142

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

Strongly agree

X Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

At present there is no minimum requirement for non-schools members, but we are inclined to believe that there should be because:

- across the period 2008-11, parts of the schools budget will increasingly become part of the collaborative arrangements for 14-16 year olds, and
- proposals are in place for the development of early years funding

SIGOMA believes that wider representation on the SF should include all parties that have an interest in the schools budget, so as to facilitate discussion and allow effective decisions to be made in prioritising resources for local needs and circumstances.

Page 49, para 142

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

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

The proposal above would allow greater flexibility at local level to ensure appropriate representations are made by all stakeholders to facilitate wider discussions, particularly in meeting the ECM agenda. Yet the majority of funding in the DSG is for schools and schools related issues, so the current 20% may be what would reasonably be expected.

To some extent the proportion of non-school members depends on the status of the SF as a local decision making body and local circumstance.

CHAPTER 4: FUNDING FOR SPECIALISED DIPLOMAS AT 14-16

Page 54, para 157

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

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Given the difference in the pace of introduction that is going to occur between authorities throughout 2008-13, it is both more sensible and more equitable to provide funding through a specific formula grant. Indeed, to do otherwise would compromise the stability that the approach to distributing DSG has been specifically designed to provide – we believe that DfES would find it extremely difficult to guarantee a unit of funding for each of the years of the CSR, given the financial impact and the uncertainty surrounding the ‘when and where’ of diploma roll-outs.

Moreover, funding through a specific grant would:

- allow greater partnership working with the local authority to co-ordinate partnership provision in an integrated way and
- be better able to meet the requirement to pass through a gateway process in order to offer specialised diplomas.

However, we would suggest that the size of the specific grant allocations also be geared towards deprivation in addition to the sparsity and an area cost adjustments that are being suggested for consideration by the consultation document.

Finally, we agree that once provision had become universal, the grant for 14-16 provision should be mainstreamed.

Page 57, para 170

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

Comments:

It is an assumption in all the models outlined that there will be some contribution from schools budgets to the cost of partnership provision, since schools budgets already include funding for a full time education for children at Key Stage 4.

Each of the three models appear to be reasonable options for distributing the funds for 14-19 diplomas, allowing for funding to be either delegated or held centrally dependant upon how the provision of diplomas is delivered.

However, the consultation document states that the “14-19 partnership would be the forum in which the cost of provision would be agreed” and in addition, “the funding pool would be planned by the 14-19 partnership”. It is unclear how the role of the SF would complement that of the 14-19 partnership and how

communications between the two funding forums would be facilitated.
Clarification in relation to these aspects is welcomed.

Page 57, para 170

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

<input checked="" type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

SIGOMA agrees that the choice of option to pursue should be made locally.

Indeed, the provision of diplomas will vary quite significantly between local authorities and the ability to choose will allow the best funding option to be selected dependant upon an authority's local circumstances – to re-iterate, local discretion is the option most likely to result in a workable outcome.

Page 60, para 176

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

<input type="checkbox"/> Strongly agree	<input checked="" type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

From the 2008/09 academic year, the providers of specialist diplomas outside schools will be funded through the LSC's new funding methodology. This will provide post 16 institutions with a funding stream that is consistent with the rest of their LSC funded provision. However, costs will be influenced by the institutional profile of each post-16 setting, for example, its average class size and the level of deprivation amongst its pupils. This will lead to a mismatch between institutional costs as assessed by the LSC funding methodology and the actual costs of provision for pre-16 pupils. To account for this, it is suggested that a set of basic rates for the partnership element of each diploma be produced, adjusted to take account of area costs and deprivation.

An adoption of the LSC methodology seems reasonable so long as local discretion exists to reflect the varying costs of provision and funding levels received by schools. However, a key area of concern is the issue around the overall affordability of delivering diplomas and the potential impact on the level and quality of education for pupils not taking up such provision.

CHAPTER 5: EARLY YEARS FUNDING

Page 68, para 207

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

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

Currently funding for early years provision provided in maintained settings is part of the local authority's ISB and is distributed through its school funding formula. In addition, local authorities are required to treat under-5 pupils in the same way as over-5 pupils so far as the rest of the local authority formulas is concerned – eg: attracting additional funding according to their SEN or AEN status.

In contrast, funding for non-maintained settings falls into each authority's central expenditure and as such many councils' have a single rate of funding for the whole PVI sector (generally based on the previously provided Nursery Education Grant) and do not differentiate between providers operating in different circumstances eg: those serving highly deprived areas. Funding tends to be based on headcounts taken termly, and is then adjusted to take account of a child leaving a setting or the number of sessions each child has taken up.

We agree with the principle proposed in terms of a review of funding using

'standard factors' even though the outcome (ie: the level of funding per pupil) may vary significantly between settings, and between sectors. Indeed, the PVI sector is likely to have very different cost structures, ranging from playgroups which are almost entirely dependent on local authority funding, to private nurseries, which are largely funded from fee income. Taking account of the different cost structures will allow any differences in per pupil funding to be justified.

We would, however, ask for clarification as to the 'standard factors' to be used in setting the level of funding per pupil for both sectors.

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

Comments:

Assuming the outcome from the consultation is available during the summer, and working groups are established in September, the earliest any meaningful work could be completed in terms of impacting on funding would be for April 2009. However, we are aware that this falls part way through the '3 year budget period' for schools and the CSR.

Regardless of the time of introduction, we would ask that consideration be given to the introduction of a short-term mechanism that could minimize the impact of any significant turbulence resulting from a change in funding levels.

Page 69, para 209

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

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

In maintained settings, an authority's budget for early years' provision is not adjusted to reflect pupil number changes that occur in year. This differs to the current practice applied to the PVI sector, where the termly headcounts that are taken are then used to adjust levels of funding.

SIGOMA agrees that local authorities should use the same methods to calculate pupil numbers on both sectors; the principle appears reasonable, ensuring consistency, and can be seen as the first step in a move towards the collection and use of sessional/hourly data. Indeed, this progression should show that it is more cost effective to fund based on sessions rather than numbers of pupils, and will help early years providers establish the level of flexibility demanded by those who require the provision.

Page 70, para 213

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

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

SIGOMA believes that a single budget calculation point is essential to ensure stability in funding for early years provision in the maintained sector.

Page 70, para 213

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

Places

Termly estimates

Guaranteed Minimum

Other.

Comments:

SIGOMA believes that any proposed method must at the very least provide stability in funding and enable providers of early years education to plan over the longer term. Whilst Option C, a guaranteed minimum level of funding, may be most able to meet this criteria, there are particular issues to be borne in mind:

- the number of PVI providers with which an authority may need to agree minimum pupil number (and subsequent adjustments) may result in a significant administrative burden to the council, with associated cost implications.
- maintained schools will continue to be protected by the MFG, and as such this will limit the totality of resources available for redistribution to PVI establishments
- local authorities will need to establish, with their SF, a contingency that will provide funding in anticipation of higher than expected pupil numbers – such a contingency will offset the Central Expenditure Limit for the local authority.

Whichever option is selected for implementation, DfES must ensure that local discretion and flexibility is inherent within.

Page 72, para 220

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

Strongly agree

X Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

A single 'free entitlement' funding formula, as suggested by DfES, would fund all settings (both maintained and PVI) at the local level. However, it would need to recognise any significant differences within the early years sector and as such we strongly support the use of deprivation factors in the make-up of such a formula.

Whilst we support the idea of a single formula in principle, it seems that such an approach will require a detailed examination of PVI providers cost structures, which may not prove to be easily achievable.

Despite this concern, DfES must ensure that any formula emerging is able to meet the relative needs of all authorities whatever their local circumstances.

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

Comments:

SIGOMA foresees a number of issues that would need to be addressed before a successful implementation of a single formula can be introduced. These are briefly:

- the fact that multi-year school budgets are now being set for the period 2008-11; to introduce changes part way through this cycle could introduce instability into the schools funding process
- Logistical issues surrounding the collection of data from PVI's (also referred to in Question 32)
- Formula development and modelling requirements ie: the treatment of 3 year olds in maintained settings compared to PVI's where staffing ratios are legitimately different.
- Consultation with relevant parties eg: schools, PVI providers, Schools Forum etc.

We therefore believe that a practical timetable for implementation should be at least 3 years, with the earliest start date being April 2011.

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

Comments:

SIGOMA agrees that it is vital that non-school members make a contribution in ensuring that SFs continue to address the ECM agenda. Wider representation, possibly to include representatives from SEN and Social Care, would allow more detailed discussion on this agenda and ensure joined up thinking within the local authority.

The DfES may also consider running a series of SF training events in autumn 2007 (as it has done in the past) re: the Forum's role in relation to the ECM agenda.

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

<input type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input checked="" type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

The DfES's proposal is to identify the total national amount of funding for early years provision that exists within the DSG, then use a formula to disaggregate by local authority, so as to give an indication of the amount of early years funding available in each area.

Whilst this would provide a useful benchmark and promote discussion around the distribution of funding, how the quantum of resources is used at a local level will probably be different across all authorities and so care needs to be taken to ensure that this is recognized when comparing funding levels. Indeed, this reflects the belief that local authorities should be able to target overall resources in line with local priorities through consultation with their SF.

As a final point, the question posed seems to suggest the earmarking or ring-fencing of early years funding. SIGOMA would like to state that we would strongly oppose such an action as it removes local discretion to set funding to meet local needs.

CHAPTER 6: SPECIFIC GRANTS

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

<input checked="" type="checkbox"/> Strongly agree	<input type="checkbox"/> Agree	<input type="checkbox"/> Neither agree nor disagree
<input type="checkbox"/> Disagree	<input type="checkbox"/> Strongly disagree	

Comments:

SIGOMA agrees with the above.

The DfES proposal to merge the 2 grants will require the implementation of a cash floor, at an estimated cost of £30m – this will limit the level of turbulence to be experienced by a number of schools, and we would support this course of action. However, we would ask that the protection mechanism be in place for only a short period of time, so that the full level of funding resulting from a revised formula can be achieved relatively quickly.

Page 79, para 245

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

Cash (0%)

X Below 0% DfES

Comments:

Currently, the SDG is mainly distributed on the basis of the allocation from the previous year, increased by the level of MGF. However, there are a number of different elements of the grant eg: specialist schools, which are allocated according to a variety of formulae.

We support the DfES proposal to move the whole of the quantum of SDG towards allocation via a formula, and are especially pleased that the formula to be used will have a strong focus on deprivation.

Of the 2 options above, SIGOMA would prefer a floor slightly below 0%; this would allow for greater change to feed through into the SDG allocation and thus enable a local authority to target resources *at current needs* - at present, the SDG formula targets resources based upon a schools baseline SDG funding as at 2005/06, thus reflecting a schools needs at that *historic point in time*.

Page 79, para 247

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

Strongly agree

X Agree

Neither agree nor disagree

Disagree

Strongly disagree

Comments:

The system proposed would result in payments being made to Academies by DfES, on a formula determined by DfES.

Whilst we agree with this move in principle, the basis of the transfer needs to be transparent and we would like there to be full consultation on any proposed formula, with a view to understanding the impact to be had on a local authority's funding allocation.

39 Do you have any other comments about the consultation?

Comments:

We would expect any financial modelling (and associated exemplifications) undertaken by DfES to be distributed on a timely basis to all local authorities providing an education service.

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

Comments:

Again, financial modelling and exemplifications would have assisted in the understanding of some of the questions.

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 X

Here at the Department for Education and Skills we carry out our research on many different topics and consultations. As your views are valuable to us, would it be alright if we were to contact you again from time to time either for research or to send through consultation documents?

XYes No

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

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

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

Thank you for taking time to respond to this consultation.

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

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

Send by e-mail to: schoolfunding.consultation@dfes.gsi.gov.uk