

Consultation on a modified distribution method for the Dedicated Schools Grant (DSG) for 2006-07 and 2007-08

Consultation Response Form

The closing date for this consultation is: 30 September 2005
Your comments must reach us by that date.

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

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

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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 Fax: 01928 794 311

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

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

<input type="checkbox"/> Local Authority	<input type="checkbox"/> Schools Forum	<input type="checkbox"/> Teacher Union
<input type="checkbox"/> Governor Association	<input type="checkbox"/> Headteacher Association	<input type="checkbox"/> School
<input type="checkbox"/> Headteacher	<input type="checkbox"/> Bursar	<input type="checkbox"/> Governor
<input type="checkbox"/> Teacher	<input type="checkbox"/> Parent	<input checked="" type="checkbox"/> Other

If other, please specify:

SIGOMA is a special interest group of 46 Municipal authorities located outside London and is a recognised special interest group within the LGA. Its membership comprises 35 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, facilitated through discussions at meetings and also by drawing directly on members' experience of local government finance.

The consultation document

The consultation document is available at www.teachernet.gov.uk/management/schoolfunding/.

A modified distribution method for the Dedicated Schools Grant (DSG)

Question 1: Do you agree that we should use the modified method of distribution of the Dedicated Schools Grant (DSG) for 2006-07 and 2007-08, with a review of the DSG distribution method in the longer term? (*Paragraphs 4-19 of the consultation document.*)

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

Comments:

SIGOMA has previously voiced concerns over the Government's proposals to remove school funding from the local government finance system and in particular the approach being taken that the new funding system would move away from one based on the identification of need to one based on actual spend.

Such an approach undermines the principles of fairness and equalisation and the ability for local authorities to deliver to local priorities.

The modified method now proposed moves even further away from those principles with funding almost purely being based on authorities spending in 2005/06.

The Government's proposals for the modified method to provide an interim approach until a full review can be undertaken clearly acknowledged that the approach is not adequate and that major concerns still remain over the impact on both school funding and local government finance overall.

Given that the Government has accepted that a review needs to be undertaken and the aim of providing stability and predictability for schools, SIGOMA believes that the Government should seriously consider postponing the implementation of DSG until the review is complete.

If the revised proposal is to be implemented then the use of 2005/06 levels of actual spend to constitute the baseline for all future years schools funding will obviously "lock in" existing inequalities in the funding system and decisions taken on local priorities.

SIGOMA would therefore wish to see further consideration given to how the annual increases are to be distributed in order that a balance can be achieved between protecting historic spend and addressing inequities. This may involve

- Assessing the sufficiency of the school's quantum
- Reducing the level of the uplift (expected to be a minimum increase per pupil of 5%), and
- Allocating the balance of funding on the basis of a formula representing relative need. Such a proposal could better meet the requirements of those high need authorities that also tend to suffer from acute deprivation.

Finally, SIGOMA considers it vital that whatever proposals are implemented the review of the method of distribution for DSG does take place as promised, occurring within the shorter-term. This assessment is crucial to ensuring that LEAs are not being significantly disadvantaged by the implementation of this revised scheme of distribution.

Principles for deciding on the distribution criteria

Question 2: Do you agree with the principles set out in paragraph 11 of the consultation document for deciding on the distribution criteria?

Strongly agree

Agree

Neither agree nor disagree

Disagree

Strongly disagree

Strongly disagree with one principle, but agree with a number of others (please see below for explanation)

Comments:

Under the modified system, DfES is considering the use of a formula for the allocation of funding, but this is to be used to distribute only a small proportion of the total resources available – this is an obvious concern to SIGOMA but our apprehension is compounded by the further proposal that this formula should be constructed so as to reflect specific central government policy aims, such as workforce reform, rather than being based on the methodology currently used to determine relative need - only the latter can ensure a fair and equitable allocation of resources, with grant being awarded to LEAs who are best placed to determine how funding should be spent and targeted.

An additional comment is that any allocation based on political preferences could lead to a degree of turbulence when policy (and the resulting funding distribution) varies from one period to the next. Such fluctuations in resources have to be managed by the LEA, and so DfES would need to ensure that it gave early notification of any intention to alter policy, and also provide an indication of what the change is likely to be to.

Whilst SIGOMA has specific concerns relating to the formulaic approach proposed by DfES, and opposes the criteria relating to specific policy aims, we welcome the principles relating to the transparency of the distribution and the robustness of the data being used.

Question 3: Are there any other principles that you would like to see used to decide the distribution criteria under the modified method of DSG distribution?

Comments:

SIGOMA believes that the majority of the principles suggested (with the exception of one relating to specific policy aims) can be accommodated within the current SFSS.

A number of others principles, that require to be specifically stated by the DfES, are that all LEAs should be adequately funded regardless of the distribution criteria implemented and that each LEA should be provided with a reasonable degree of predictability and stability in terms of the funding to be received.

Types of distribution criteria

Question 4: In addition to the distribution criteria set out in paragraphs 12 to 14 of the consultation document, are there any other general or specific criteria that you think should be considered by the government for the distribution of the DSG for 2006-07 and 2007-08?

Comments:

SIGOMA considers the use of deprivation indicators as vital, as part of the distribution criteria, to assist those authorities with relatively high demands on services. Such indicators are already being used within the sub-blocks of Education FSS, and could be usefully incorporated into the distribution criteria for schools if DfES should choose to go ahead with the modified distribution method for DSG.

However, SIGOMA would again like to express its concern at the allocation of school funding using a system that is not fully based on an assessment of relative need. The example given in the consultation document – an addition of £100m being made to the primary sub-block in 2005/06 – shows what appears to be a crude method of allocation in comparison to the formulae currently employed for grant distribution.

The illustration also gives the impression that funds allocated through the formula, under the modified system, will effectively be ring-fenced, as Para.14 states “there would have been a strong expectation that they (LEAs) would pass (the additional grant) on to their primary schools”. It is apparent that DfES is attempting to balance funding for delivery of national priorities and targets with the financing for LEAs, but having allocation criteria based on specific policy aims interferes with the freedom of LEAs to distribute funding as they see fit. SIGOMA is strongly opposed to the ring-fencing of funds and believes that monies to be allocated should be incorporated into the general grant distribution system, not side-lined for a specific use.

Thank you for taking the time to let us have your views. We do not intend to acknowledge individual responses unless you place an 'X' in the box below.

Please acknowledge this reply

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

Yes No

How to respond and further information

Please send the completed response form to

- Department for Education and Skills
Consultation Unit
Area 1A
Castle View House
East Lane
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WA7 2GJ
- Or fax it to 01928 794113
- Or e-mail it to: SchoolFunding.Consultation@dfes.gsi.gov.uk

If you have any questions

Please e-mail any questions to the School Funding Team at Schoolfunding.Questions@dfes.gsi.gov.uk or call Sara Krikorian on 020 7925 6705.

For further information on school funding, including the consultation document on the modified distribution of the DSG, visit www.teachernet.gov.uk/management/schoolfunding/.