

To: - Headteachers and Chairs of All Schools
Worcestershire Association of Governors
Trade Union Local Representatives

Date: 1st September 2010

Our ref: AMcH/SF 2011-12

Dear Colleague,

CONSULTATION ON SCHOOL FUNDING 2011-12:
INTRODUCING A PUPIL PREMIUM

The purpose of this letter is to advise on further issues in respect of school funding from April 2011.

On 26th July 2010 the DfE issued a further school funding consultation document for 2011-12. The details are available on: -

<http://www.education.gov.uk/consultations/>

A summary of the document is provided in the attached Appendix.

The main key aspects are: -

- The introduction of a pupil premium from September 2011 to be funded from outside the Dedicated Schools Grant (DSG) to support disadvantaged pupils.
- Confirmation of the need to introduce an Early Years Single Funding Formula from April 2011.
- The retention of the "spend plus" methodology for the national allocation of the DSG for 2011-12.
- Some mainstreaming of specific grants into the DSG from 2011-12.

The consultation closes on 18th October 2010 and the DfE are aware that this includes the summer break but have advised they are unable to extend the deadline for responses as there needs to be sufficient time for the calculation of local authority and school budgets.

The DfE intend to give indicative DSG allocations for 2011-12 to LA's and to announce the level of the pupil premium for each LA, in November or early December, following the Comprehensive Spending Review announcement on 20th October 2010.

In terms of funding for 2012-13 onwards, 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. The DfE will work with key partners to consider how best to bring this about.

All these issues will be considered by the Worcestershire Schools Forum (WSF) at its scheduled meeting on 8th October 2010.

If there are any issues you want to be raised within the consultation response then please e-mail me accordingly.

In addition, I would encourage you to respond in order to support the continued case for Fairer Funding for Worcestershire Schools from 2011.

With very best wishes,

Yours sincerely

A handwritten signature in black ink that reads "A. McHale". The signature is written in a cursive style and is followed by a long, horizontal, slightly upward-sloping line that extends to the right.

Andy McHale
Service Manager
Funding and Business Development

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APPENDIX A

CONSULTATION ON SCHOOL FUNDING 2011-12: INTRODUCING A PUPIL PREMIUM 26th JULY 2010 SUMMARY OF THE DOCUMENT

The full document is available on: -

<http://www.education.gov.uk/consultations/>

An **executive summary** of the key issues is listed below with further details on some of the aspects in Annex A: -

Pupil Premium

This is to support disadvantaged pupils, who continue to underachieve compared with their peers. The aspects are: -

- It will be introduced in September 2011.
- It will be funded 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.
- 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.
- The DfE are seeking views on the indicator to determine which pupils should attract the premium.
- Looked After Children (LAC), who generally have poor attainment, will be covered by the pupil premium using a separate process via LA's since deprivation indicators do not generally pick them up accurately.
- The Government will explore the scope for extending the pupil premium to include Service children.

Funding Arrangements for 2011-12

The DfE contend that 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.

Early Years

- LA's which are yet to do so will need to implement an Early Years Single Funding Formula from April 2011.

Reception to 11

- 2011-12 will retain the current system for allocating the DSG, based on the "spend-plus" methodology.
- There will be mainstreaming of relevant grants into the DSG but allowing LA's to use previous levels of grant as a factor in their local formulae to support stability in funding at school level.
- Purpose is to give stability and clarity in funding and to ensure the transparent introduction of the pupil premium.
- The DfE will allow LA's 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.
- The DfE intend to give indicative DSG allocations for 2011-12 to LA's and to announce the level of the pupil premium for each LA, in November or early December, following the Comprehensive Spending Review announcement on 20 October 2010.
- 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.

Funding 2012-13 onwards

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. The DfE will work with key partners to consider how best to bring this about.

Consultation

26 July to 18 October - 12 weeks to include: -

- 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.

- Whether to remove the current cash floor provisions which protect authorities with falling pupil rolls.
- The DfE will also work with partners to review the methodology for funding academies from 2011-12.

Andy McHale
Service Manager
Funding and Business Development
September 2010

FURTHER DETAILS OF THE KEY ASPECTS

A. INTRODUCING A PUPIL PREMIUM FOR DISADVANTAGED PUPILS

1. Funding for the Premium

- This will be via additional resources from outside the Schools Budget.
- The level will be subject to the spending review considerations.

2. Method of Distributing the Premium

- This will be from a separate grant outside the DSG available from September 2011.
- It will be paid to LA's based upon the figures from the previous January Census with the requirement on LA's to pass it on in full using specific defined per pupil amounts for every relevant pupil from R to Yr11.
- In the longer term the intention is that it will be the main mechanism for allocating deprivation funding to schools a part of a new formula.

3. How the Premium is Calculated for Each LA Area

- It is proposed that the amount over time will be the same around the country subject to the ACA on a 'hybrid approach'.
- It is further proposed to provide higher funding for schools with deprived pupils in areas that currently receive lower levels of funding.

4. The Deprivation Indicator for the Pupil Premium

The options are: -

- Free School Meal (FSM) Eligibility – annual or a trend over time.
- Working Tax Credit (WTC) Indicator.
- ACORN or MOSIAC.

On FSM: -

Advantages	Disadvantages
Targets Individual Pupils	Relies on parental registration and claim
Recognised and understood	Cultural barriers
Based on pupil characteristics	Size of cohort declines as pupils get older
Readily available	Resistance to its validity
Historic information available	
Updated annually	

On WTC: -

Advantages	Disadvantages
Picks up families above FSM threshold	No historic data set Area based not representing family circumstances

On ACORN or MOSIAC: -

Advantages	Disadvantages
Based upon a wider range of data including census and commercial information Types and groups are labelled Better discrimination for less severely deprived groups Increasingly used by public sector Good predictor of GCSE performance	Classification of areas rather than a direct index Post code data but input data is on larger areas Commercial products so precise data and inputs are not public General measure that may not match for education Will need further development to use as a deprivation index

5. Looked After Children (LAC)

- Suggested needs further consideration as such pupils have low attainment but pupils are very often not from deprived backgrounds.
- The DfE propose to consider an alternative method to ensure LAC are covered by the pupil premium.
- Funding is proposed to be allocated to the LA which looks after the child and is responsible for maintaining and reviewing their care plan rather than the LA where the pupil is educated.
- Eligibility will be limited to pupils in care for more than 6 months with the data source being the annual LAC return not the schools annual census.

6. Service Children

- The DfE are to explore the scope to extend coverage of the pupil premium to provide additional funding for children on the annual census classed as being a service child.

Consultation Questions: -

Do you agree it is right to give a higher pupil premium to areas that currently receive less per pupil funding?

What is your preferred deprivation indicator for allocating the pupil premium?

Do you agree the coverage of the pupil premium should include Looked After Children?

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?

Do you think the coverage of the pupil premium should be extended to include additional support for Service children?

B. METHODOLOGY FOR ALLOCATING SCHOOL FUNDING FOR 2011-12

1. General Issues

- The current methodology for allocating DSG the 'spend plus' method will continue for 2011-12.
- No proposals to change the relative per pupil distribution between LA's.
- Intension to mainstream relevant grants into the DSG to include at least: -
 - School Development Grant (SDG)
 - School Standards Grant (SSG)
 - School Standards Grant (Personalisation) ((SSG(P))
- LA's to be allowed to have previous grant levels as allowable local formula factors.

2. Early Years

- Require all LA's to implement a new Single Funding Formula from April 2011.

3. ACA

- The current ACA will remain for 2011-12 but a resolution on the issue is still programmed for the longer term.

4. Academies and Free Schools

- Work will continue on the methodology of funding Academies from 2011-12 onwards including the calculation of the LA LACSEG.

5. Pupil Counts for 3 Year Olds

- Considering whether to fund all LA's on the basis of actual take up instead of the existing 90% participation floor.

6. PRU Dual and Subsidiary Registrations

- Considering whether to cease to provide DSG for the dual subsidiary registrations from April 2011.

7. Service Children

- Proposal to allow LA's affected by Armed Forces movements to make a claim for such additional pupils to be counted for DSG purposes.

8. Home Educated Pupils

- Proposal to allow LA's to claim 10% of a unit of funding to provide services for such pupils.

9. Minimum Funding Guarantee (MFG)

- This will be retained for 2011-12 but the level has to be confirmed and it could be negative.
- The intention is to introduce a more flexible system less dependent upon historic funding levels to allow the local formula to operate more effectively.
- It will apply to a baseline incorporating DSG plus mainstreamed grants.
- Any pupil premium will be in addition to the MFG.

10. Cash Floor

- Proposal of not having such a floor which is currently used to protect LA's from falling numbers.

Consultation Questions: -

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?

Should the pupil count used to allocate DSG for 2011-12 continue to reflect dual subsidiary registrations for pupils at Pupil Referral Units?

Do you support our proposals for additional support for schools catering for Service children?

Do you support our proposals for home educated pupils?

Do you think that there should be a cash floor at local authority level in 2011-12?