

SUMMARY OF SCHOOL FUNDING CONSULTATION AREAS AND KEY RESPONSE ISSUES

1. SUMMARY OF CONSULTATION AREAS

The DfES paper, containing 91 pages, is wide ranging, strategic and technical in nature. The areas included are detailed in paragraphs 1.1 to 1.6.

1.1 Distribution of the Dedicated Schools Grant (DSG) to Local Authorities (LA's)

- Supporting the children, young people and families i.e. Every Child Matters agenda via combined budgets.
- Options for the distribution of the DSG – continue with the 'spend plus' or a return to the previous formula with updated data on deprivation and area cost.
- How best to reflect deprivation in the DSG.
- Potential to move to an Autumn Term pupil count.
- Funding for academies.

1.2 Refinements to the way LA's fund schools

- Changes to the Central Expenditure Limit.
- Reflection of Deprivation Funding in local LA funding formulae.
- Issues regarding the Minimum Funding Guarantee (MFG) for schools.
- Further proposals for the management of schools balances.
- Potential changes to membership of Schools Forums.

1.3 Entitlement to Specialised Diplomas at Key Stage 4 (KS4)

- Proposals for funding via specific grant.
- Options for the delivery of the diplomas and the cost for the provision.

1.4 Early Years Entitlement of the Extension to 15 hours and increased flexibility

- Funding and pupil count approaches for under 5's across the maintained and private, voluntary and independent sectors in supporting children, young people and families.

1.5 There are also minor changes proposed for the School Standards Grant and the School Development Grant

1.6 The document has been widely circulated and has been fully discussed at the Worcestershire Schools Forum (WSF) and a number of practitioner groups. The views of the LA concur with those of the WSF in all areas apart for two minor aspects detailed below.

2. KEY RESPONSE ISSUES

2.1 General Comments

- The response should detail comments on the specific consultation issues raised by the DfES. However in line with previous Cabinet decisions, it also provides the opportunity to again make the case for more fairer and equitable funding for both Worcestershire and its comparator LA's. The Cabinet Member for Children and

Young People is an executive member of the f40 group of LA's and has played a key role in the detailed discussions within that forum. The main issue to be sought from any changes is to secure a Fairer Funding settlement for our services funded from the DSG by narrowing the gap between the top and bottom funded authorities.

- Predictability and stability are both important and any change must consider these principles.
- There is a recognition of the need for variations in funding between LA's but not to the current extent, which has widened further over the current 2-year budget period. There is a need to narrow considerably the differential funding gap between LA's.
- Despite this low funding position the Council and schools in Worcestershire are still required to implement the increasing array of national policy initiatives.

2.2 Dedicated Schools Grant (DSG)

- Although not ideal, the spend plus model is the only way to protect the historic funding position of Worcestershire, low funded and previously spending above the Schools Formula Spending Share (SFSS), in making education a priority. It is recognised that the continued use of a spend plus model is not sustainable in the long term.
- The use of any DSG headroom for Ministerial priorities above the base amount should be used to narrow the ever-increasing funding gap between LA's and not to support those LA's who took the decision to spend lower than the SFSS.
- The previous SFSS funding model was flawed and created a wide range of funding per pupil. Before there can be a return to this formula model there needs to be a fundamental and full review that requires the basic per-pupil entitlement to be fully costed and funded prior to any 'top ups' for deprivation and area cost.
- There is too much reliance on whole LA deprivation measures in the national funding model and there needs to be recognition of significant deprivation i.e. 'pockets of deprivation' within LA's in the DSG national methodology.
- There is some merit in top slicing the DSG nationally for exceptional, unexpected additional needs. However, this would need to be very clearly defined, the amount retained relatively small and a guarantee given that unused funds would be added to the DSG for the following year.

2.3 Funding for Schools

- There needs to be sufficient headroom between the MFG and the DSG minimum increase to enable local formula issues to be implemented and fully funded. However in a low funded LA the MFG has the potential to significantly restrain the local funding formula and so its requirement by the DfES is questioned. The assessment of cost pressures feeding into the MFG should take account of efficiency savings. This proposal is not supported by the WSF.

- The resource allocated for deprivation within the schools local formula is totally dependent upon the DSG quantum available and low funded LA's are constrained on any targeting by the total level of resource.
- There is a need to look at funding streams and how the 'multiplier effect' linked to whole LA deprivation measures targets resources at high performing schools in already well-funded LA's. This needs to include both revenue and capital, where particularly on the latter this is very much skewed towards better-funded LA's in urban areas.
- There are already robust processes in place in Worcestershire for the management of surplus balances. There is some merit to the DfES proposal for a levy on schools balances, which would be recycled for wider use by schools. This proposal is not supported by the WSF.

2.4 Specialised Diplomas in KS4

- This extremely challenging initiative, whether resourced through specific grant or the DSG, needs to be fully funded by the DfES.
- The assumption that these diplomas will be self-funding once established, is incorrect, particularly in rural areas where the transport issues are significant, and for schools where the take-up is likely to be low.

2.5 Early Years Funding

- Any changes for children, young people and families need to be fully funded and introduced over an appropriate time scale.