

<b>Committee:</b>	Schools Forum
<b>Meeting Date:</b>	5 May 2016
<b>Title:</b>	Consultation on Schools and High Needs Funding Reform
<b>Author:</b>	Fiona Heath – Schools Funding Policy Manager
<b>Decision making / consultative / information:</b>	Information

What is the Forum being asked to decide?

1. There are no decisions to be made as the paper is for information only.

Reason for recommendation

2. There is no recommendation as the paper provides information on the responses submitted to both the consultation on the “schools national funding formula” and “high needs funding formula and other reforms”.

Alternative options

3. There are no options as the paper is for information only.

Who will be affected by this decision?

4. Although the paper is not decision making, all schools, high needs providers, the children of Suffolk and the local authority will be affected by the outcome of the respective consultations.

## **Main body of the Report**

### **Introduction**

5. The Government published two consultation documents on 7 March; the “Schools national funding formula- stage one” and “High needs funding formula and other reforms – stage one”.
6. The consultation on a national funding formula for early years has been delayed until later in the year.
7. Both of these consultations are running in parallel and each of the respective consultations has two stages. The first stage is to agree the principles that support a fairer system of funding and the building blocks for respective national formulae and the data that would be used in the proposed formula factors. In addition, views are sought on the proposed changes to the way high needs funding supports institutions.

8. The second stage will consider the weightings/rates of the formula factors, the impact for local authorities and schools and the transitional protection. This stage of the consultation will be key in determining how Suffolk will be funded in future years. We are concerned that the consultation in principle should not be separated from the details of the actual funding, and will be less meaningful as a result.

## Responses

### The local authority response

9. The local authority (LA) submitted a response to both the schools and high needs consultations and these are attached in Annex A and B.
10. In addition, a high level response in respect of both of the consultations was included. In summary, the consultations were welcomed on the basis that the LA believe that it is right to move to a transparent and open way of funding provision based on need and there is no reason why a pupil in Suffolk should, as they do at present, attract less funding than one with the same need in other authorities. Suffolk County Council is a member of the F40 group of low funded authorities that have campaigned for fairer funding for some time.
11. The LA believes that the formula factors proposed for schools are broadly right, and are a reasonable measure of need.
12. However, the LA has a number of significant concerns about the consultation.
13. The LA does not believe it is right that children and young people with SEN and complex needs should have to wait over five years for a fair funding settlement. During this time their educational opportunities will continue to be restricted.
14. Ring-fencing the allocation for mainstream schools at current levels locks in current patterns of spend that do not reflect changing needs, for example the growing number of children on the autistic spectrum or with behavioural problems. The LA needs the flexibility to continue to move funds between blocks with the agreement of the Schools Forum.
15. All three blocks of DSG are interdependent and should be consulted on simultaneously, the LA does not understand the rationale for splitting the consultation into two, or for excluding early years funding and provision in its entirety.
16. The proposals to create a new fourth block to fund LA costs risks reducing funding to a level that will not enable the LA to carry out statutory functions, this needs to be better aligned with changes to LA functions as set out in the white paper 'Educational excellence everywhere'.

17. The proposals appear to be based on the assumption that all schools are academies or will become academies quickly. In Suffolk over 250 maintained schools remain and we will need some form of transitional arrangements until 2022 when the last become academies.
18. There are some significant gaps in the proposals, transitional arrangements are unclear, it is not explained how underspend and overspends on these blocks will be managed or what will happen with deficits on conversion of schools to academy status.
19. A copy of a paper expanding on these concerns was presented to the Children and Young People Directorate Management Team. A copy is attached in Annex C.

#### Schools Forum responses

20. The Schools Forum responses were formulated and agreed following two different meetings of a cross section of representatives of the Schools Forum on 31 March and 11 April. A general consensus of opinion was achieved across both meetings and the agreed responses to the schools and high needs consultations are attached in Annex D & E.

#### F40 responses

21. The F40 responses to both of the consultations are also attached in Annex F and Annex G.

#### Other

22. In addition to the responses submitted by the LA and Schools Forum, key stakeholders including all schools, high needs providers, governors, representative groups and trade unions were encouraged to respond individually to the consultations.

#### Next steps

23. The second stage will consider the weightings/rates of the formula factors, the impact for local authorities and schools and the transitional protection. Therefore, this stage of the consultation will be key in determining how Suffolk will be funded in future years.
24. The DfE has stated that the responses to stage 1 of the respective consultations will influence stage 2 of the consultations and the timings, but there is not yet a clear indication of when stage 2 will be published.
25. Schools Forum will need to consider how best a Schools Forum response to the respective stage 2 consultations can be coordinated and managed.

## **Annex A: High Needs Funding Formula and Other Reforms - Government Consultation – Stage One**

### **Response from Suffolk County Council**

1. Do you agree with our proposed principles for the funding system?

Yes – in principle but more detail about the funding and timing of the proposals is needed to be confident and must take in to account the increasing demand

2. Do you agree that the majority of high needs funding should be distributed to local authorities rather than directly to schools and other institutions?

Yes – with the caveat that high needs must be adequately funded.

3. Do you agree that the high needs formula should be based on proxy measures of need, not the assessed needs of children and young people?

Yes – but the proxy measures do need to be of good quality, appropriate and meet the needs of those with high needs that are high functioning to support the objective that all children reach their full potential - more information is needed to respond with confidence.

4. Do you agree with the basic factors proposed for a new high needs formula to distribute funding to local authorities?

No - It is a very serious concern that the basic factors reflect the current provision model and that using 2016-17 allocations locks in a low level of resource in low funded authorities. Furthermore, this does not take in to account actual expenditure which is very different from budget. The national high needs funding formula, based on need, must be introduced quickly and simultaneously with the implementation of the school national funding formula as there is an inextricable link in supporting vulnerable learners.

5. We are not proposing to make any changes to the distribution of funding for hospital education, but welcome views as we continue working with representatives of this sector on the way forward.

A national rate charged for hospital education is required as the charges vary significantly (from £400/week to £600/day). The funding should not be based on current spending levels as the expenditure is too volatile.

6. Which methodology for the area cost adjustment do you support?

An area cost adjustment is supported but more detail is needed to enable a response in respect of the preferred options.

7. Do you agree that we should include a proportion of 2016-17 spending in the formula allocations of funding for high needs?

No – using 2016-17 allocations locks in a low level of resource in low funded authorities. Furthermore, this does not take in to account actual expenditure which is very different from budget. The national high needs funding formula, based on need, must be introduced quickly and simultaneously with the implementation of the school national funding formula as there is an inextricable link in supporting vulnerable learners.

8. Do you agree with our proposal to protect local authorities' high needs funding through an overall minimum funding guarantee?

Yes - A minimum funding guarantee should be used to protect local authorities' high needs funding instead of the inclusion of historic spend in the formula. Both are not required. Additionally, the funding of the MFG cannot be at the detriment of increasing the funding for low funded authorities.

9. Given the importance of schools' decisions about what kind of support is most appropriate for their pupils with SEN, working in partnership with parents, we welcome views on what should be covered in any national guidelines on what schools offer for their pupils with SEN and disabilities.

We recognise provision across the country is different and welcome national guidelines to provide some structure.

10. We are proposing that mainstream schools with special units receive per pupil amounts based on a pupil count that includes pupils in the units, plus funding of £6,000 for each of the places in the unit; rather than £10,000 per place. Do you agree with the proposed change to the funding of special units in mainstream schools?

Yes – we believe £10,000 per place is too high.

11. We therefore welcome, in response to this consultation, examples of local authorities that are using centrally retained funding in a strategic way to overcome barriers to integration and inclusion. We would be particularly interested in examples of where this funding has been allocated on an “invest-to-save” basis, achieving reductions in high needs spending over the longer term. We would like to publish any good examples received.

The proposed ringfencing of the schools block will not provide an incentive to overcome barriers to integration and inclusion. We aim to keep pupils in mainstream settings rather than special settings and use high needs block funding to facilitate this objective e.g. County Inclusive Resource (an inreach/outreach service supporting pupils in mainstream schools who have a diagnosis of ASD), In Year Fair Access Panel (to secure engagement from school leads to secure solutions for vulnerable learners locally through a multi agency response therefore reducing the need for permanent exclusions and costly out of county placements), Assessment Centre

(pilot scheme where multi agency assessment for vulnerable learners is used to determine the best possible options to meet needs).

12. We welcome examples of where centrally retained funding is used to support schools that are particularly inclusive and have a high proportion of pupils with particular types of SEN, or a disproportionate number of pupils with high needs.

High needs funding is used to provide specialist equipment to schools, a specialist learning support scheme in partnership with health to support the inclusion of young people with very complex health needs in mainstream and special schools, dyslexia outreach service, county wide moderate learning difficulty outreach service, targeted support for mainstream schools to support inclusion.

13. Do you agree that independent special schools should be given the opportunity to receive place funding directly from the EFA with the balance in the form of top-up funding from local authorities?

Yes – only with the caveat that local authorities can choose what to commission locally to support the local model of provision; not irrespective of need.

14. We welcome views on the outline and principles of the proposed changes to post-16 place funding (noting that the intended approach for post-16 mainstream institutions which have smaller proportions or numbers of students with high needs, differs from the approach for those with larger proportions or numbers), and on how specialist provision in FE colleges might be identified and designated.

We need to be responsive to the needs of individuals year on year and within the year and therefore need adequate growth funding available to respond to this. In addition to the use of historic data, Local Authorities should be able to use projected growth data to influence an uplift on total growth funding.

## Annex B:

### Response ID ANON-TEB1-7CNT-8

Submitted to **Schools national funding formula**

Submitted on **2016-04-15 14:15:05**

#### Introduction

##### A Name

**First name::**

Fiona

**Last name::**

Heath

##### B Email address

**Email address:**

fiona.heath@suffolk.gov.uk

##### C Response type

**Please select your role from the list below::**

Local authority representative

**Please select your organisation type from the list below::**

Local authority

**Organisation name::**

Suffolk County Council

**Local authority area::**

Suffolk

##### D Would you like your response to be confidential?

No

**Please give your reason for confidentiality::**

#### Principles for a reformed funding system

##### 1 Do you agree with our proposed principles for the funding system?

Yes

**Please provide any further comments::**

In principle but we need more clarification which will not be available until stage 2 of the consultation.

Summary of the response to the both the Schools national funding formula and the High Needs funding consultations

There is much that we welcome in this consultation;

- We believe that it is right to move to a transparent and open way of funding provision based on need. We have long been a member of the F40 group of low funded authorities that have campaigned for this
- We believe that there is no reason why a pupil in Suffolk should, as they do at present, attract less funding than one with the same need in other authorities.
- We believe that the formula factors proposed for schools are broadly right, and are a reasonable measure of need.

However we also have a number of significant concerns about the consultation;

- We do not believe it is right that children and young people with SEN and complex needs should have to wait over five years for a fair funding settlement. During this time their educational opportunities will continue to be restricted.
- We believe that ring-fencing the allocation for mainstream schools at current levels locks in current patterns of spend that do not reflect changing needs, for example the growing number of children on the autistic spectrum or with behavioural problems. We therefore need the flexibility to continue to move funds between blocks with the agreement of the Schools Forum.
- We believe that all three blocks of DSG are interdependent and should be consulted on simultaneously, we see no rationale for splitting the consultation into two, or for excluding early years funding and provision in its entirety.
- The proposals to create a new fourth block to fund LA costs risks reducing funding to a level that will not enable us to carry out our statutory functions, this need to be better aligned with changes to LA functions as set out in the white paper 'Educational Excellence Everywhere'.
- The proposals appear to be based on the assumption that all schools are academies or will become academies quickly. In Suffolk over 250 maintained schools remain and we will need some form of transitional arrangements until 2022 when the last become academies.
- There are some significant gaps in the proposals, transitional arrangements are unclear and we do not know how underspend and overspend on these blocks will be managed or what will happen with deficits on conversion to academy status.

## The structure of the funding system

**2 Do you agree with our proposal to move to a school-level national funding formula in 2019-20, removing the requirement for local authorities to set a local formula?**

No

**Please provide any further comments::**

The current proposals could lead to inadequate funding for high needs and until, this is resolved, the ability to allocate funding between blocks to support vulnerable learners is imperative.

### Building block A: per-pupil costs

**3 Do you agree that the basic amount of funding for each pupil should be different at primary, key stage 3 and key stage 4?**

Yes

**Please provide any further comments::**

But reception funding should be included too.

### Building block B: additional needs factors

**4a Do you agree that we should include a deprivation factor?**

Yes

**4b Which measures for the deprivation factor do you support?**

Pupil- and area-level

**Please provide any further comments::**

**5 Do you agree we should include a low prior attainment factor?**

No

**Please provide any further comments::**

A new measure is required that better reflects SEN.

**6a Do you agree that we should include a factor for English as an additional language?**

Yes

**Please provide any further comments::**

**6b Do you agree that we should use the EAL3 indicator (pupils registered at any point during the previous 3 years as having English as an additional language)?**

Yes

**Please provide any further comments::**

### Building block C: school costs

**7 Do you agree that we should include a lump sum factor?**

Yes

**Please provide any further comments:**

It needs to be a significant size to protect small schools (at least £100k) in the medium term. Ideally a model of MAT of secondary with primary feeder schools would resolve this issue for small schools in the longer term.

**8 Do you agree that we should include a sparsity factor?**

Yes

**Please provide any further comments::**

In addition to a lump sum to protect small schools funding. There is a lack of transparency in the current calculation.

## Building block C: other school costs

### 9 Do you agree that we should include a business rates factor?

Yes

#### Please provide any further comments::

In the interim, until business rates are devolved and the majority of schools become academies. When this happens, we would hope that the DfE will support the view that the LA should not be financially worse off as a result of a national policy of academisation whereby the business rates charitable relief for academies will reduce LA income and our ability to provide funding for non DSG services.

### 10 Do you agree that we should include a split sites factor?

Yes

#### Please provide any further comments::

More discretion is needed to fund split site costs.

### 11 Do you agree that we should include a private finance initiative factor?

No

#### Please provide any further comments::

### 12 Do you agree that we should include an exceptional premises circumstances factor?

Yes

#### Please provide any further comments::

Local flexibility is needed e.g. rents, until schools become academies.

### 13 Do you agree that we should allocate funding to local authorities in 2017-18 and 2018-19 based on historic spend for these factors?

#### Yes/No - Business rates:

No

#### Yes/No - Split sites:

No

#### Yes/No - Private finance initiative:

No

#### Yes/No - Other exceptional circumstances:

No

#### Please provide any further comments::

A low funded authority will be a low spending authority and the historic spend does not reflect costs in Suffolk.

## Building block C: growth

### 14 Do you agree that we should include a growth factor?

Yes

#### Please provide any further comments::

To address issues due to lagged funding.

### 15 Do you agree that we should allocate funding for growth to local authorities in 2017-18 and 2018-19 based on historic spend?

No

#### Please provide any further comments::

The allocation should be based on real pupil growth as pupil numbers may be volatile.

## Building block D: geographic costs

### 16a Do you agree that we should include an area cost adjustment?

Yes

### 16b Which methodology for the area cost adjustment do you support?

Not Answered

**Please provide any further comments::**

More detail is needed to enable a response.

### **Factors not included in the formula**

**17 Do you agree that we should target support for looked-after children and those who have left care via adoption, special guardianship or a care arrangements order through the pupil premium plus, rather than include a looked-after children factor in the national funding formula?**

Yes

**Please provide any further comments::**

**18 Do you agree that we should not include a factor for mobility?**

Yes

**Please provide any further comments::**

**19 Do you agree that we should remove the post-16 factor from 2017-18?**

Yes

**Please provide any further comments::**

### **Transition to the reformed funding system**

**20 Do you agree with our proposal to require local authorities to distribute all of their schools block allocation to schools from 2017-18?**

No

**Please provide any further comments::**

Because the proposals for funding vulnerable learners are unclear and it is proposed to base funding on historical spend; this will significantly detrimentally affect the provision for vulnerable learners in Suffolk.

**21 Do you believe that it would be helpful for local areas to have flexibility to set a local minimum funding guarantee?**

No

**Please provide any further comments::**

It is problematic to set a local MFG without knowing the end date of the implementation.

### **Funding remaining with local authorities**

**22 Do you agree that we should fund local authorities' ongoing responsibilities as set out in the consultation according to a per-pupil formula?**

No

**Please provide any further comments::**

We need to see an explicit link between the changing of statutory responsibilities and the Educational Excellence Everywhere white paper. Clarity is required about the funding during the proposed transition period as it proposed that funding will be reduced before the transition period is complete.

**23 Do you agree that we should fund local authorities' ongoing historic commitments based on case-specific information to be collected from local authorities?**

Yes

**Please provide any further comments::**

If not, there will be a significant detrimental impact in Suffolk on CAMHS provision, our Early Help teams and our virtual school because the LA would be unable to run these services as they are funded through the DSG.

### **The education services grant**

**24 Are there other duties funded from the education services grant that could be removed from the system?**

**Please provide your comments::**

We anticipate the reduced ESG funding and the proposed timescales will be inadequate to meet the requirements of the White Paper; the transition proposals are

inadequate and require more thought.

**25 Do you agree with our proposal to allow local authorities to retain some of their maintained schools' DSG centrally – in agreement with the maintained schools in the schools forum – to fund the duties they carry out for maintained schools?**

No

**Please provide any further comments::**

Block 4 needs to be funded adequately. There is a gap with the proposal to end LA's responsibility for school improvement in 2017 and the White Paper which sets out a vision for all schools to become academies by 2022 – this needs to be clarified.

### **Equality analysis**

**26 Please provide any comments on the equality analysis.**

**Please provide any further comments::**

The changing demand and increased complexity of demand of high needs pupils needs to be incorporated.

## ANNEX C



### CHILDREN AND YOUNG PEOPLE'S SERVICES DIRECTORATE MANAGEMENT TEAM

<b>SUBJECT:</b>	Consultation on the "schools national funding formula" and "high needs funding formula and other reforms"
<b>AUTHOR:</b>	Fiona Heath
<b>DATE:</b>	30 March 2016
<b>PURPOSE:</b>	Information, and to shape future discussions

#### SUMMARY OF MAIN POINTS:

Whilst we welcome the overall approach of funding reform and believe that it will bring more funds into Suffolk schools, we have the following concerns.

- The DSG blocks are interdependent and should be consulted on simultaneously.
- The proposals will not resolve, in a timely manner, the fact that Suffolk is a low funded authority, particularly for high needs.
- The proposed formulae will embed the current local allocation of DSG between blocks which does not reflect the need, particularly for high needs.
- Improving and reorganising the provision will not be sufficient to address the increased complexity and demand, and subsequent financial pressures of the high needs block.
- There will be further cost pressures placed on the LA as a result of the reduction to ESG and the introduction of a central schools block. It is not clear yet how this is linked to any reduction in responsibilities.

#### RECOMMENDATIONS

The LA responds to the DfE expressing the fundamental concerns outlined in this report about each of the respective consultations by the deadline of 17 April 2016.

#### DETAILS

[Introduction](#)

The Government published two consultation documents on 7 March; the “Schools national funding formula- stage one” and “High needs funding formula and other reforms – stage one”.

The consultation on a national funding formula for early years has been delayed until later in the year.

Both of these consultations are running in parallel and each of the respective consultations has two stages. The first stage is to agree the principles that support a fairer system of funding and the building blocks for respective national formulae and the data that would be used in the proposed formula factors. In addition, views are sought on the proposed changes to the way high needs funding supports institutions.

The second stage, the timing of which will depend on the responses to the first stage, will consider the weightings/rates of the formula factors, the impact for local authorities and schools and the transitional protection. This stage of the consultation will be key in determining how Suffolk will be funded in future years. We are concerned that the consultation in principle should not be separated from the details of the actual funding, and will be less meaningful as a result.

It has been widely documented that Suffolk County Council is a low funded authority across all three Dedicated School Grant (DSG) blocks i.e. schools, high needs and early years. The plan to introduce fairer funding is therefore supported by the local authority, which is part of the F40 group. The seven principles that underpin the reforms are detailed in the consultation documents. These principles and the formula factors proposed for both consultations are not contentious and can be supported but there are a number of serious and fundamental concerns about the proposals.

## CONCERNS ABOUT THE CONSULTATION APPROACH/METHODOLOGY

### The allocation of funding between all of the blocks needs to be correct before national funding formulae are applied

The current consultations concern the redistribution of the DSG between the schools block (and a schools central block) and high needs block; as stated above the consultation regarding the early years block will not occur until later in the year. The aim is to redistribute the available funding between these blocks and also across the country. The blocks are clearly interdependent and so it is a major concern that the consultations for all the blocks are not being held simultaneously. Responses to the proposals are required in isolation without an understanding or explanation of the implications on the other blocks. It is fundamental that the allocation of DSG between all of the blocks is re-baselined correctly before national formulae are applied to the respective blocks.

It is essential that the allocation between blocks is appropriate before the plan to ring-fence the schools block is implemented. Once the schools block is ring-fenced, all the funding will be passed to schools and there will be no local flexibility i.e. Schools Forum will not be able to decide to move funding from the schools block to support demands on the high needs and/ or early years blocks. This could prove to be a major constraint as current low levels of funding for early years and high needs will be locked into the system.

### The use of current costs/allocations to provide a baseline for the blocks compounds and embeds historical funding issues

The actual 2016-17 “spending on schools, early years, high needs and central services rather than how the government funds the blocks”, will be used as a starting point to “re-baseline” the four blocks for each LA, against which the DfE will calculate the schools and high needs funding allocations through the formulae during 2017-18 and 2018-19. (Schools para 3.5 & 3.6 p45-6).

Although the consultation refers to the “spending” on the respective blocks, the “re-baseline” exercise will be based on the allocation of funding to the respective blocks, as agreed by Schools Forum, not actual spend. There are three major issues that need to be addressed.

Clearly actual spending is very different from the block allocation i.e. budget, particularly in the high needs block and potentially in the central schools block, where costs are demand led. The high needs block is under increasing pressure every year due to increased and more complex demand and as a result, over recent years, it has not been possible to manage the expenditure within the block allocation resulting in an overspend in the high needs block. This overspend has resulted after transferring DSG funding to high needs from the other blocks.

The second issue is that as a low funded authority (across all blocks), expenditure has had to be managed, where possible, meaning that a low funded authority by nature, has had to be a low spending authority and clearly the level of spending may not reflect the need.

Furthermore, the use of "current spending" means that any inherent historic under/over funding of DSG to a LA will be embedded in the future funding formula for a period of time at least. There is no need for a "current spend" factor as any transition protection that may be required to protect historical funding, as a national formula is implemented, will be provided by a Minimum Funding Guarantee (MFG).

The implementation needs to be timely to reduce the perpetuation of current funding levels, particularly for high needs.

The timeline for the full implementation of a schools national funding formula is vague and the consultation states that there will be MFG and a capping mechanism to provide stability whilst achieving the objective of a fair funding system “as quickly as possible” (Schools, para 3.34 p50). It is also proposed that the LA can set a local MFG and cap in 2017-18 and 2018-19 however this is an onerous and difficult task to achieve a useful/beneficial outcome for schools without knowing the planned implementation date when all schools will be funded by a national funding formula.

The high needs consultation acknowledges that the timeline for the implementation of a high needs funding formula will be longer and that 2016-17 planned spending levels/allocations will be used for at least 5 years. This means the proposed needs led formula will not be in place until at least 2022/23.

## SCHOOLS NATIONAL FUNDING FORMULA

The consultation relates to the DSG; pupil premium, pupil premium plus and service premium will continue through a separate pupil premium grant and are unaffected by the proposals.

DSG will continue to be divided into schools, high needs and early years blocks and the proposal is to add a fourth block of DSG, called the “central schools block”.

The key proposals for the schools block include:

- the schools block funding for each LA to be calculated using on a national funding formula for 2017/18 and 2018/19. The allocation for the LA would be subject to a minimum funding guarantee (MFG) or capping by the DfE. The local authority would then distribute the funding according to our local formula. This is termed the “soft” national funding formula.
- the factors currently used by the LA to remain allowable in 2017/18 and 2018/19.
- the schools block allocation from the DfE to be ring-fenced with effect from 2017/18.
- a school level national formula to be introduced from 2019/20. This is termed the “hard” national funding formula. There would be no local flexibility in determining schools funding. MFG or capping to be applied by the DfE so that “in time” a pupil would attract the same funding to their school irrespective of where they are in the country. There does not yet appear to be an end date for the implementation.
- It is proposed that four building blocks will make up the funding formula. These are per pupil costs, additional needs, schools costs and geographic costs. The factors therein are set out in the consultation document in detail but are similar to those currently used by the LA with the addition of a new growth factor to recognise in year growth in pupil numbers and reduce the impact of the lagged system of funding.
- the important role of the lump sum in the funding of small schools is recognised and the consultation asks for feedback about the size of the lump sum to inform proposals for stage 2 of the consultation.
- a significant reduction in the Education Services Grant (ESG).

#### Impact on LA services/responsibilities/roles

#### ESG

The ESG is made up of two elements; a general funding rate (£77 per pupil in 2016-17) for the LA to deliver duties in respect of maintained school pupils and a retained duties rate (£15 per pupil in 2016-17) for LA duties in respect of all pupils. The general funding rate was reduced from £87 per pupil in 2015-16 and it is planned to pay a reduced ESG general funding rate for the first 5 months of 2017-18 and remove the general funding rate from September 2017. This means that the LA will:

- “step back” from running school improvement from the summer term 2017. An announcement will be made at a later date on the future funding to support the delivery of a new strategy for school improvement.
- need to consider the impact on some non-statutory central support services e.g. music services, visual and performing arts, pupil support, outdoor education
- not need to calculate schools budgets from 2019-20.

The reduction in the ESG general funding is planned before the full impact of the required service reforms can be achieved which will place further financial pressures on the LA.

#### Funding statutory duties previously covered by the general funding rate

These statutory education services for maintained schools will have to be funded from other sources once the ESG general funding rate has been removed and it is proposed to amend regulations to enable LA to retain some of the maintained schools DSG. This would need to be agreed by the maintained schools members of Schools Forum and would result in an effective reduction to the core schools funding.

### Funding for ongoing LA functions

It is proposed to create a fourth block of DSG called the “central schools block” which will contain funding for schools central services, historic LA spending commitments on schools and the retained rate of the education services grant. This will be distributed on a simple per pupil formula derived from two funding streams i.e. centrally retained DSG (currently determined by Schools Forum) and the retained element of ESG (currently allocated at £15 per pupil).

The services currently funded from centrally retained funding are:

Child and Adolescent Mental Health Services

Central Support (includes redundancy, corporate landlord responsibilities, licences, legal, school admissions, Schools Forum)

Early Help

Education and Learning

Looked After Children Service

School Support (HN Hub, issuing statements and EHCPs, administration and coordination of CAF/TAC processes)

It should be noted that the funding for other responsibilities such as home to school transport, assessing pupils with SEN and planning and supply of sufficient school places, is outside of the scope of the consultations.

The role, functions and membership of Schools Forum will be reviewed in advance of the introduction of the “hard” formula in 2019-20.

### De-delegation

It is proposed to withdraw de-delegation with effect from 2019-20 which will provide maintained schools with a choice about where to buy the services. The services currently de-delegated are:

Contingencies (Intervention Fund)

Behaviour Support Services

Support to under-performing ethnic groups and bilingual learners

Trade Union time

If the LA wishes to continue to provide these services, it will be on a traded service basis.

Other issues that require consideration/clarification include what will happen if schools have deficits – where will this be funded from? How will academy deficits be funded? Will the LA need to monitor school budgets?

## HIGH NEEDS FUNDING FORMULA AND OTHER REFORMS

The key proposals for the high needs block include:

- a national to local authority funding formula using proxy indicators of need.
- Alternative Provision (AP) is included in the distribution of funding in the national to local funding formula but the consultation does not include any change to the way AP is funded locally.
- there are 5 proposed factors in the high needs funding formula i.e. basic unit of funding, population, health and disability, low attainment and deprivation factors. The proposed factors and data are set out in the consultation document in detail.
- there is a clear focus on service provision to control costs.
- the proposed change is to be carefully phased over a number of years to avoid disruption to education. There does not yet appear to be an end date for the implementation.
- the intention to use 2016-17 planned spending in the formula for at least the first five years will not address the increasing demand on the high needs block in a timely manner.

#### Impact on high needs provision in Suffolk

The high needs consultation acknowledges that the timeline for the implementation of a high needs funding formula is even more protracted than that for schools, and 2016-17 planned spending levels/allocations will be used in the formula for at least 5 years.

The explanation for the long timeline is to ensure the stability for current pupils in their existing provision (for LAs who may have their high needs funding reduced through a national formula). This fails to satisfactorily address the inequalities in funding for low funded authorities and the resultant provision that the LA is able to offer the high needs pupils for a period of at least five years.

The consultation refers to MFG protection of high needs funding for local authorities' where the funding may be reduced but there is no reference to capping funding in local authorities' where high needs funding may increase. This is of considerable concern given the clear focus on remodelling service provision to control costs.

It is clear in both of the consultations that the proposal to manage the demand on high needs cost pressures is for LA to "work with neighbouring authorities, their schools and with parents, to shape special needs provision in their area so that better outcomes for children and young people can be achieved at less cost". (Schools para 3.14 p47) The LA is actively addressing these proposals but it is believed that reshaping the provision alone will not address the full costs associated with increased demand and complexity of the high needs pupils.

Although capital funding is available for expanding current provision and free schools, neither of these options will provide immediate solutions to mitigate the long implementation period of a fairer funding formula and furthermore, additional provision will also require adequate/fair revenue funding (high needs place and top up funding) which, in a low funded authority, will not be addressed for a number of years.

The proposals for funding high needs in early years settings will be consulted on later this year but the consultation confirms that in the meantime the local authority can use high needs & early years funding allocations to provide SEN support. It is very difficult to comment on the high needs proposals without understanding how early years high needs will be funded.

**WHAT OTHER SERVICES ARE INVOLVED AND WHO HAVE YOU CONSULTED?**

All providers of education and the LA are impacted. The following organisations have been asked to respond to the consultation: all schools, including academies, governors, Schools Forum, parents of high needs children, early years consultative group, trade unions.

**HAVE YOU CONSIDERED EQUALITY IMPLICATIONS?** *Is there any impact on protected characteristics under equalities legislation?*

We are concerned about the impact on vulnerable learners who are funded through the high needs block.

**BACKGROUND** *List any previous relevant paperwork, government publications etc with http links where appropriate*

The Government published on 7 March the Schools National Funding Formula Consultation :

[https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula/supporting\\_documents/Schools\\_NFF\\_consultation.pdf](https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula/supporting_documents/Schools_NFF_consultation.pdf)

and the High Needs Funding Formula and Other Reforms Consultation :

[https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform/supporting\\_documents/HighNeedsFundingReform\\_Consultation.pdf](https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform/supporting_documents/HighNeedsFundingReform_Consultation.pdf)

Responses to stages 1 of the consultations are required by 17 April 2016.

**KEY MESSAGES** *Is it appropriate to provide a communications update on this report to CYP? If so please provide briefing.*

The wide ranging implications of the proposals mean that a communications update is appropriate.

**REPORTING BACK** *Will it be necessary to provide a progress / monitoring / outcome report to CYP DMT? If so give details and likely date*

This is the first stage of the consultation for the Schools National Funding Formula Consultation and the High Needs Funding Formula and Other Reforms Consultation respectively. The outcomes for the first stage will help determine the second stage of the respective consultations, which it is expected will be held next term. The consultation on early

years funding will start later in the year but no date has been announced.

## **Annex D: High Needs Funding Formula and Other Reforms - Government Consultation – Stage One**

### **Response from Suffolk Schools Forum representatives.**

1. Do you agree with our proposed principles for the funding system?

Yes – in principle but more detail about the funding and timing of the proposals is needed to be confident

2. Do you agree that the majority of high needs funding should be distributed to local authorities rather than directly to schools and other institutions?

Yes – with the caveat that high needs must be adequately funded. Funding for settings and schools needs to be equitable and transparent.

3. Do you agree that the high needs formula should be based on proxy measures of need, not the assessed needs of children and young people?

Yes – proxy measures may suffice but do need to be of good quality, suitable and appropriate and meet the needs of those with high needs that are high functioning - more information is needed to respond with confidence.

4. Do you agree that the high needs formula should be based on proxy measures of need, not the assessed needs of children and young people?

It is a serious concern that the basic factors reflect the current provision model and that using 2016-17 allocations locks in a low level of resource in low funded authorities. It does not adequately reflect whether the provision is in mainstream or special settings. The use of FSM as a proxy measure has limitations as 68% of SEN pupils are ineligible for FSM.

5. We are not proposing to make any changes to the distribution of funding for hospital education, but welcome views as we continue working with representatives of this sector on the way forward.

A national rate charged for hospital education is required as the charges vary significantly (from £400/week to £600/day). The funding should not be based on current spending levels as the expenditure is too volatile.

6. Which methodology for the area cost adjustment do you support?

An area cost adjustment using the hybrid methodology is supported but more detail is needed.

7. Do you agree that we should include a proportion of 2016-17 spending in the formula allocations of funding for high needs?

No – using 2016-17 allocations locks in a low level of resource in low funded authorities.

8. Do you agree with our proposal to protect local authorities' high needs funding through an overall minimum funding guarantee?

A minimum funding guarantee should be used to protect local authorities' high needs funding instead of the inclusion of historic spend in the formula. Both are not required. Low funded authorities need to be funded adequately even if the funding is capped in the short term.

9. Given the importance of schools' decisions about what kind of support is most appropriate for their pupils with SEN, working in partnership with parents, we welcome views on what should be covered in any national guidelines on what schools offer for their pupils with SEN and disabilities.

We recognise provision across the country is different and welcome national guidelines to provide some structure.

10. We are proposing that mainstream schools with special units receive per pupil amounts based on a pupil count that includes pupils in the units, plus funding of £6,000 for each of the places in the unit; rather than £10,000 per place. Do you agree with the proposed change to the funding of special units in mainstream schools?

Yes – but there should be the opportunity for clawback for unfilled places.

11. We therefore welcome, in response to this consultation, examples of local authorities that are using centrally retained funding in a strategic way to overcome barriers to integration and inclusion. We would be particularly interested in examples of where this funding has been allocated on an "invest-to-save" basis, achieving reductions in high needs spending over the longer term. We would like to publish any good examples received.

The proposed ringfencing of the schools block will not provide an incentive to overcome barriers to integration and inclusion. We aim to keep pupils in mainstream settings rather than special settings and use high needs block funding to facilitate this objective e.g. County Inclusive Resource (an inreach/outreach service supporting pupils in mainstream schools and AP who have a diagnosis of ASD), In Year Fair Access Panel (to secure engagement from school leads to secure solutions for vulnerable learners locally through a multi agency response therefore reducing the need for permanent exclusions and costly out of county placements), Assessment Centre (pilot scheme where multi agency assessment for vulnerable learners is used to determine the best possible options to meet needs).

12. We welcome examples of where centrally retained funding is used to support schools that are particularly inclusive and have a high proportion of pupils with particular types of SEN, or a disproportionate number of pupils with high needs.

High needs funding is used to provide specialist equipment to schools, a specialist learning support scheme in partnership with health to support the inclusion of young people with very complex health needs in mainstream and special schools, dyslexia

outreach service, county wide moderate learning difficulty outreach service, targeted support for small/rural schools that are inclusive.

13. Do you agree that independent special schools should be given the opportunity to receive place funding directly from the EFA with the balance in the form of top-up funding from local authorities?

No – local authorities should have the funding and be able to choose what to commission locally to support the local model of provision.

14. We welcome views on the outline and principles of the proposed changes to post-16 place funding (noting that the intended approach for post-16 mainstream institutions which have smaller proportions or numbers of students with high needs, differs from the approach for those with larger proportions or numbers), and on how specialist provision in FE colleges might be identified and designated.

We need to be responsive to the needs of individuals year on year and within the year and therefore need adequate growth funding available to respond to this. In addition to the use of historic data, Local Authorities should be able to use projected growth data to influence an uplift on total growth funding. Provision in FE colleges is starting to respond to meeting students needs but as yet the range of courses available is insufficient. For some pupils the FE practice of condensing courses to 3 days per week is inadequate as those pupils may need 5 days of provision.

## ANNEX E:

### Response ID ANON-TEB1-75K3-P

Submitted to **Schools national funding formula**

Submitted on **2016-04-15 13:16:15**

#### Introduction

##### A Name

**First name::**

Fiona

**Last name::**

Heath

##### B Email address

**Email address:**

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##### C Response type

**Please select your role from the list below::**

Local authority representative

**Please select your organisation type from the list below::**

Representative body

**Organisation name::**

Suffolk Schools Forum

**Local authority area::**

Suffolk

##### D Would you like your response to be confidential?

No

**Please give your reason for confidentiality::**

#### Principles for a reformed funding system

##### 1 Do you agree with our proposed principles for the funding system?

Yes

**Please provide any further comments::**

In principle, but we need more clarification which will not be available until stage 2 of the consultation.

#### The structure of the funding system

##### 2 Do you agree with our proposal to move to a school-level national funding formula in 2019-20, removing the requirement for local authorities to set a local formula?

No

**Please provide any further comments::**

We agree with a national funding formula to fund local authorities but require clarification of details and confirmation that small rural schools will be adequately recognised in the formula.

#### Building block A: per-pupil costs

##### 3 Do you agree that the basic amount of funding for each pupil should be different at primary, key stage 3 and key stage 4?

Yes

**Please provide any further comments::**

But reception funding should be included too.

## **Building block B: additional needs factors**

### **4a Do you agree that we should include a deprivation factor?**

Yes

### **4b Which measures for the deprivation factor do you support?**

Pupil-level only (current FSM and Ever6 FSM)

#### **Please provide any further comments::**

Pupil level based on eligibility rather than parental applications.

### **5 Do you agree we should include a low prior attainment factor?**

Yes

#### **Please provide any further comments::**

The measure must be transparent and be suitable, robust, and clear to enable consistency.

### **6a Do you agree that we should include a factor for English as an additional language?**

Yes

#### **Please provide any further comments::**

### **6b Do you agree that we should use the EAL3 indicator (pupils registered at any point during the previous 3 years as having English as an additional language)?**

Yes

#### **Please provide any further comments::**

## **Building block C: school costs**

### **7 Do you agree that we should include a lump sum factor?**

Yes

#### **Please provide any further comments:**

It needs to be a significant size to protect small schools (at least £100k).

### **8 Do you agree that we should include a sparsity factor?**

Yes

#### **Please provide any further comments::**

In addition to a lump sum to protect small schools funding. It must be calculated and funded on a national basis to recognise that some counties are more rural and have more schools that may need support through the sparsity factor.

## **Building block C: other school costs**

### **9 Do you agree that we should include a business rates factor?**

Yes

#### **Please provide any further comments::**

A better alternative would be to centralise business rates.

### **10 Do you agree that we should include a split sites factor?**

Yes

#### **Please provide any further comments::**

More discretion is needed to fund split site costs as the funding should be based on actual need.

### **11 Do you agree that we should include a private finance initiative factor?**

No

#### **Please provide any further comments::**

**12 Do you agree that we should include an exceptional premises circumstances factor?**

Yes

**Please provide any further comments::**

Local flexibility is needed e.g. for rents; this funding should be subject to regular review.

**13 Do you agree that we should allocate funding to local authorities in 2017-18 and 2018-19 based on historic spend for these factors?**

**Yes/No - Business rates:**

No

**Yes/No - Split sites:**

No

**Yes/No - Private finance initiative:**

No

**Yes/No - Other exceptional circumstances:**

No

**Please provide any further comments::**

A low funded authority will be a low spending authority and therefore historic spend may not reflect costs for split sites and exceptional circumstances.

### **Building block C: growth**

**14 Do you agree that we should include a growth factor?**

Yes

**Please provide any further comments::**

To address issues due to lagged funding.

**15 Do you agree that we should allocate funding for growth to local authorities in 2017-18 and 2018-19 based on historic spend?**

No

**Please provide any further comments::**

The allocation should be based on real pupil growth as pupil numbers may be volatile.

### **Building block D: geographic costs**

**16a Do you agree that we should include an area cost adjustment?**

Yes

**16b Which methodology for the area cost adjustment do you support?**

hybrid methodology

**Please provide any further comments::**

With a caveat that more detailed information is required.

### **Factors not included in the formula**

**17 Do you agree that we should target support for looked-after children and those who have left care via adoption, special guardianship or a care arrangements order through the pupil premium plus, rather than include a looked-after children factor in the national funding formula?**

No

**Please provide any further comments::**

There are a number of costs that schools incur that are not covered by pupil premium.

**18 Do you agree that we should not include a factor for mobility?**

Yes

**Please provide any further comments::**

**19 Do you agree that we should remove the post-16 factor from 2017-18?**

Yes

**Please provide any further comments::**

Post 16 should be funded adequately through the EFA.

### **Transition to the reformed funding system**

**20 Do you agree with our proposal to require local authorities to distribute all of their schools block allocation to schools from 2017-18?**

No

**Please provide any further comments::**

The funding blocks are interdependent and therefore local discretion on all resources for all pupils and their needs is required.

**21 Do you believe that it would be helpful for local areas to have flexibility to set a local minimum funding guarantee?**

No

**Please provide any further comments::**

It is problematic to set a local MFG without knowing the end date of the implementation.

### **Funding remaining with local authorities**

**22 Do you agree that we should fund local authorities' ongoing responsibilities as set out in the consultation according to a per-pupil formula?**

No

**Please provide any further comments::**

We need to see an explicit link between the changing of statutory responsibilities and the Educational Excellence Everywhere white paper. Clarity is required about the funding during the proposed transition period as it proposed that funding will be reduced before the transition period is complete. In principle, funding on a per pupil basis appears appropriate for the future.

**23 Do you agree that we should fund local authorities' ongoing historic commitments based on case-specific information to be collected from local authorities?**

Yes

**Please provide any further comments::**

Only in genuinely exceptional cases but each case needs to evidence based and subject to scrutiny and be time-bound.

### **The education services grant**

**24 Are there other duties funded from the education services grant that could be removed from the system?**

**Please provide your comments::**

More information is required.

**25 Do you agree with our proposal to allow local authorities to retain some of their maintained schools' DSG centrally – in agreement with the maintained schools in the schools forum – to fund the duties they carry out for maintained schools?**

No

**Please provide any further comments::**

Block 4 needs to be funded adequately.

### **Equality analysis**

**26 Please provide any comments on the equality analysis.**

**Please provide any further comments::**

The changing demand and increased complexity of demand of high needs pupils needs to be incorporated.

# Annex F:

## Response ID ANON-XYDA-G11X-Q

Submitted to **High needs funding reform**

Submitted on **2016-04-14 16:49:54**

### Introduction

#### A Name

**First name::**

Doug

**Last name::**

Allan

#### B Email address

**Email::**

doug@dtw.co.uk

#### C Response type

**Please select your role from the list below::**

Other

**Please select your organisation type from the list below::**

Representative body

**Organisation name::**

f40

**Local authority area::**

N/A

#### D Would you like your response to be confidential?

No

**Please give your reason for confidentiality::**

### Principles for a reformed funding system

#### 1 Do you agree with our proposed principles for the funding system?

Yes

**Please provide any further comments::**

We agree in principle, but the definition of 'fair' has yet to be defined and will not be transparent until the second stage consultation is launched. The weightings that are to be applied to the national funding elements need to enable all schools to educate all pupils as well as enabling them to support pupils with additional needs so that all pupils have the opportunity to achieve their potential: no group should be supported to the detriment of any other.

### Distributing high needs funding to local authorities

#### 2 Do you agree that the majority of high needs funding should be distributed to local authorities rather than directly to schools and other institutions?

Yes

**Please provide any further comments::**

f40 believes that LAs should be the commissioners of high needs places for all of their pupils and, therefore, that place funding should be paid to providers directly by LAs, removing the EFA from this part of the system. Having more than one institution involved in distributing high needs funding to schools is confusing, unnecessary, adds no value and could lead to duplication of payments.

The current process is too rigid and locks in place funding too far in advance of knowing where some learners will actually be.

A mechanism to reflect growth in SEN must be included in the formula.

Additionally f40 believes that there should be a greater national definition of bandings or criteria used for payments to providers.

**3 Do you agree that the high needs formula should be based on proxy measures of need, not the assessed needs of children and young people?**

Yes

**Please provide any further comments::**

f40 does not wish to see any perverse incentives for potential indicators as this would lead to inflation of needs and inflation of costs associated with it. Thus a funding system based on proxy indicators is likely to provide the fairest method.

But the second stage consultation must provide clear evidence of the correlation between proxy measures and all special education needs and also evidence as to how the balance of indicators has been formed into the relative weightings.

**Formula design**

**4 Do you agree with the basic factors proposed for the formula?**

**Yes/No - Basic entitlement:**

Agree

**Yes/No - Population:**

Agree

**Yes/No - Child health:**

Agree

**Yes/No - Child disability:**

Agree

**Yes/No - Low attainment at key stage 2:**

Agree

**Yes/No - Low attainment at key stage 4:**

Agree

**Yes/No - Deprivation - free school meal eligibility:**

Agree

**Yes/No - Deprivation - income deprivation affecting children index:**

Agree

**Yes/No - Adjustments - for "imports/exports":**

Agree

**Please provide any further comments::**

But consideration must be given to an assessment of the growing high needs populations and LA pressures in this area. The High Needs Block has been based upon historical spend for too many years without any account having been taken of the growing numbers of pupils with high needs especially in the post-16 and post-19 sectors.

All LAs are currently experiencing pressure on the High Needs Block and the new formula for high needs must start at a reasonable funding levels rather than a redistribution of current levels.

LAs cannot support pupils with high needs in a fair way without sufficient funding and the ring-fencing of the Schools Block will take away any flexibility to manage the costs. There is concern that the separation of the Schools and High Needs blocks will lead to unintended changes in provision in some areas that may restrict opportunities for some of the most vulnerable children and young people.

The formula needs to continue to take account of ongoing demographic changes in the high needs sector.

The population factor needs to take account of pupils between 2 and 18, but also include those that are high needs up to the age of 25 (to reflect LA responsibilities for these young people).

The data that is currently updated every ten years needs improvement. We must have a mechanism to provide more timely information for that data (e.g. children in poor health). There are also continuing concerns over the IDACI data and the changes that might occur as the data is updated (as occurred with the 2010 to 2015 data update).

As f40 highlighted in its Schools Block consultation response, consideration must be given to the reliability and consistency of the low prior attainment data, to the financial impact of changes to the methodology and application of the factors due to changes in data definitions at the various points in time.

Prior attainment data in the primary phase is about to go through its third change and there are three different data sets currently being used in the primary phase.

For all the factors it is difficult to comment without seeing the proposed balance of the factors in the proposed distribution. This is especially true for AP where

only two factors are proposed.

**5 We are not proposing to make changes to the distribution of funding for hospital education, but would welcome views as we continue working with representatives of this sector on the way forward.**

**Please provide your comments::**

We believe that it is unacceptable to continue to fund LAs for hospital education based on historic spending, and instead the DfE should move to a formulaic needs-led approach like the rest of high needs, with transitional protection over three years for any reductions in funding.

**6 Which methodology for the area cost adjustment do you support?**

hybrid methodology

**Please provide any further comments::**

## **Managing a smooth transition**

**7 Do you agree that we should include a proportion of 2016-17 spending in the formula allocations of funding for high needs?**

Not Answered

**Please provide any further comments::**

f40 considers that there should be only one protection, but until we see how it will operate it is difficult to tell whether it would be better to have MFG or historic spending.

What is the length of time of this transition – this needs to be planned otherwise how can you see the end target?

**8 Do you agree with our proposal to protect local authorities' funding through an overall minimum funding guarantee?**

Yes

**Please provide any further comments::**

f40 considers that there should be only one protection but until we see how it will operate it is difficult to tell whether it would be better to have MFG or historic spending. Until we see how much historic spend is included we cannot see the effect of the MFG.

## **Changes to the way high needs funding supports mainstream schools**

**9 We welcome views on what should be covered in any national guidelines on what schools offer for their pupils with special educational needs and disabilities.**

**Please provide any comments::**

- Inclusivity and a strong expectation that schools will take pupils in and not divert them elsewhere.
- To have regard for funding decisions that they make both in school and what the impact of those decisions is on other budgets in the system.
- What good practice looks like and how they should achieve it. (i.e. not just a teaching assistant at the back of the class!).

f40 believes that this type of question should have been asked as part of the ISOS research.

**10 Do you agree with the proposed changes to the funding of special units in mainstream schools?**

Agree

**Please provide any further comments::**

It has been a source of confusion, but it is also likely to lead to a reduction in budget for schools unless the primary AWPU is more than £4,000. And for the older pupils it is likely that they will receive more than a special school place.

**11 We welcome examples of local authorities that are using centrally-retained funding in a strategic way to overcome barriers to integration and inclusion.**

**Please provide any comments::**

Again, f40 considers that this type of question should have been asked as part of the ISOS research.

We anticipate that individual LAs will provide local answers to this question.

**12 We welcome examples of where centrally-retained funding is used to support schools that are very inclusive and have a high proportion of pupils with particular types of special education needs, or a disproportionate number of pupils with high needs.**

**Please provide any comments::**

Again, f40 believes that this type of question should have been asked as part of the ISOS research.

We anticipate that individual LAs provide local answers to this question.

## **Changes to the way high needs funding supports independent special schools**

**13 Do you agree that independent special schools should be given the opportunity to receive place funding directly from the Education Funding Agency with the balance in the form of top-up funding from local authorities?**

Not Answered

**Please provide any further comments::**

As already stated in our response to Question 2, f40 considers that all place funding should be paid by the relevant LA and not by the EFA. If independent special schools wish to receive place funding this can be paid by the LA, after appropriate base transfer of funds from the EFA to the LA.

f40 agrees to the principle of independent special schools receiving place funding as long as there is a publicly available list of where places have been paid for so that commissioning LAs do not have to spend time arguing as to whether £10k must be reduced from the fees, or not, with the provider.

Also, it must be clear that if all the places paid for have been taken up in that provider's school, the next LA placing a pupil is then not liable for paying £10k in addition to the top up fees.

There must be clear processes in place to ensure that this is not used as an excuse to increase fees. In fact, f40 believes that it would be better to have mechanisms in place that would ensure value for money and efficiency.

## **Changes to the way high needs funding supports post-16 providers**

**14 We welcome views on the outline and principles of the proposed changes to post-16 place funding and on how specialist provision in further education colleges might be identified and designated.**

**Please provide any comments::**

Again, f40 believes that this type of question should have been asked as part of the ISOS research.

We anticipate that individual LAs provide local answers to this question.

We await further information in the Stage 2 consultation.

## **Equality analysis**

**15 We welcome comments on the equalities impact assessment.**

**Please provide any further comments::**

We have no additional comment.

## Annex G:

### Response ID ANON-TEB1-7BWS-F

Submitted to **Schools national funding formula**

Submitted on **2016-04-14 16:36:14**

#### Introduction

##### A Name

**First name::**

Doug

**Last name::**

Allan

##### B Email address

**Email address:**

doug@dtw.co.uk

##### C Response type

**Please select your role from the list below::**

Other

**Please select your organisation type from the list below::**

Representative body

**Organisation name::**

f40

**Local authority area::**

N/A

##### D Would you like your response to be confidential?

No

**Please give your reason for confidentiality::**

#### Principles for a reformed funding system

##### 1 Do you agree with our proposed principles for the funding system?

Yes

**Please provide any further comments::**

In advance of responding to specific questions, f40 wishes to make the following statements:

- f40 welcomes the introduction of a redistributive approach to funding schools so that schools and their pupils receive similar levels of funding nationally. This has been the sole purpose of f40's twenty year fair funding campaign.
- This response builds upon the f40 narrative and formula previously sent to the Department for Education (DfE) and should be considered part of our response to this first stage consultation.
- f40 disagrees with the hard formula approach and the ring-fencing of the Schools Block separately from the other blocks in the DSG because this works against the concept of local flexibility in the management of some formula elements for schools.
- As ADCS has pointed out, funding directed via MATs will not necessarily result in funding to individual schools being consistent. They will pool and redistribute funding reflecting the MAT's business priorities. Yet this form of local flexibility is exactly what the DfE is attempting to stop by excluding LAs and schools (through the local Forum) from involvement in school funding arrangements.
- Until the DfE publishes the second part of the consultation, it is not possible to see whether the proposals meet the principles.
- There is currently no published evidence base to any of the proposals and f40 would like to see the detailed evidence that backs up these proposals. Having engaged with the DfE over formula arrangements, f40 would like to see its proposals included within the second stage proposals.
- We would like to remind the DfE that the Dedicated Schools Grant was not created in a vacuum: it was simply a way of describing LA budgets at a time when there was not a specific schools grant. Certain LA budgets were then described as the 'Schools Budget' – some of them with more justification than others – and this found itself being transformed into the DSG. Not all of this was delegated to schools but some was spent centrally in a more cost-efficient and service-effective way on needs across each LA authority and its schools. As LAs initially received the same level of DSG as the former LA budgets, there was no overall funding issue at first. However, as rules have tightened on this expenditure, this has caused more of a problem and, specifically, the general tone of the DfE about LAs holding this money back from schools, is an example of over-simplification which is not helpful.
- The £390m that was added to the baseline in 2015-16 was, in f40's view, allocated via a flawed methodology, in particular by being based solely on the Schools Block of the DSG. f40 maintains its strong advice that any transitional protection arrangements implemented in future are reviewed in terms of the total DSG (i.e.

all three blocks).

- This consultation is being conducted in a very tight timeframe which includes the Easter holidays for schools. This makes full engagement with schools and the

schools forums extremely difficult. Without much more detail and certainty it is very difficult to plan for the implementation of the proposals for 2017-18 and it is therefore very important that the release of the second stage consultation must be timely to allow for full responses which can be completed prior to the summer holidays.

- The DfE has created national arrangements for the 'easy' elements of funding formula – the pupil-led parts – but left LAs with the difficult issue of premises and worse are proposing to fund these based on historic costs. Currently the LA manages these elements first and distributes the remaining funding to all schools.
- The difficult part includes the PFI costs, joint use costs, split sites, pupil growth and rates, and how to effectively manage small less economic, but necessary schools. Without the flexibility to manage these costs first, either schools will be out of pocket or the LA will be, depending upon how the regulations are written. Neither arrangement is satisfactory or fair.
- Ring-fencing the Schools Block will leave no incentive for schools to be inclusive. Funding will not alter if they take or leave a child with SEN, this will place extra pressure on the High Needs Block, which can currently be managed by moving money between blocks if necessary.
- All funding streams should be considered together within the proposals including Post-16, High Needs, Pupil Premium, Early Years and any other existing grants.

Now, specifically in response to Question 1

We generally agree with the proposed principles for the funding system, but the definition of 'fair' has yet to be defined and will not be transparent until the second consultation is launched. The weightings that are to be applied to the national funding formula elements need to enable all schools to educate all pupils as well as enabling them to support pupils with additional needs so that all pupils have the opportunity to achieve their potential; neither group should be supported to the detriment of the other.

This means that the basic entitlement and lump sum need to be based on overt costs of education, not on the amount left over when other sums have been distributed. This was the underlying fault with the historic basis of the current system and the new system needs to address this comprehensively.

The principle of 'fair' funding is set against the DfE assertion that funding to schools should be the same across the country. However, any potential distribution to MATs is likely to provide different funding to schools and is no different from the current system of distribution to LAs, therefore the DfE appears to be setting itself up to fail its stated principles.

Looking at principle 4 – 'A funding system that gets funding straight to schools' – f40 does not consider that this principle is being met – by the current proposals and is too simplistic. We agree that as much funding as possible should go to schools, at similar levels, but in practice this must take account of local circumstances. As the proposals stand, funding for some parts of the system will go direct to schools, but there will still be a considerable element that doesn't go direct (especially in the 'soft' years). Paragraph 2.49 suggests that the DfE would like to formalise other school factors and explore how to do it, but does not provide assurance that this will happen in 2019-20. If, as looks likely at present, a significant part of the system for schools (which includes high cost pupils' costs) does not go direct to schools, f40 does not see why all the funding cannot be directed by the LA to distribute along with its Schools Forum.

## The structure of the funding system

### 2 Do you agree with our proposal to move to a school-level national funding formula in 2019-20, removing the requirement for local authorities to set a local formula?

No

#### Please provide any further comments::

The f40 model is based on a principle of funding via an evidence based formula to a local area and allowing schools, through the Schools Forum, to then choose how to allocate to meet their needs. A national funding formula where the amount a school receives at the basic level and is the same across all schools in the country looks attractive on paper, but in reality the amounts that schools will receive will be (and should be) different because of area costs and school/site specific costs. It follows that funding per pupil across schools will be different whether there is a school-led funding formula or local authority-led funding formula, so the DfE will still need to explain these differences and LAs would be important to this process.

The method for distribution should still be determined by the local authority. The concept that funding for all schools is predominantly the same is welcomed, but f40 believes that the amounts that are given to schools are better distributed by reference to local drivers and priorities.

By removing local decision making from the formula any incentives that currently exists within the system for schools to work together for the benefit of pupils in the system, is also removed. If the amount that schools receive is automatic, schools will become more competitive and start to act to the detriment of the weakest and most vulnerable pupils. For example, if schools know that it makes no difference to the amount of funding they receive, they could choose to be less inclusive. Currently LAs can reduce the amount that goes through schools to support the pupils that schools cannot or choose not to support and who have to be placed in expensive provision; there is a benefit for schools to work for the benefit of all pupils in the LA area. By guaranteeing the amount of funding that a school receives, there is no incentive to take difficult pupils thus putting further pressure on an already pressurised High Needs Block with no accountability by schools as to how that helps children in the area.

We are also concerned that once the values in the formula have been set, there is no mechanism for review or for schools to feedback how they are working. The values cannot be fixed and simply left untouched for years at a time. The differing priorities of Government as to the priorities for schools will have an impact on the funding levels and these need to be regularly considered.

f40 wonders if the DfE or EFA has really understood the cost and complexity of directly managing the school funding arrangements for the whole school system. We have significant reservations about the ability of the EFA to accurately distribute funding to approximately 23,000 schools in time to enable schools to set budgets. We are not convinced that the EFA would be competent to answer the inevitable multiple questions from individual schools, which will be largely based on local circumstances. Given feedback from academies on your response times (and we have multiple examples of LAs supporting academies to answer questions that are strictly the business of the EFA) and in times of reducing staff levels in the EFA we are extremely concerned about the capacity of this to be done centrally.

The issues above also raise the question of whether TUPE will apply to LA staff who currently undertake school funding roles.

### **Building block A: per-pupil costs**

#### **3 Do you agree that the basic amount of funding for each pupil should be different at primary, key stage 3 and key stage 4?**

Yes

##### **Please provide any further comments::**

Funding for the different values needs to be based upon evidence and a clear rationale for the amounts chosen. We would therefore recommend that consideration is given to the work that f40 has already undertaken on this and which has already been shared with the DfE. However, in line with our previous responses it would be better if there were some local flexibility to meet the needs of pupils at different ages in line with the local schools forum views.

### **Building block B: additional needs factors**

#### **4a Do you agree that we should include a deprivation factor?**

Yes

#### **4b Which measures for the deprivation factor do you support?**

Pupil-level only (current FSM and Ever6 FSM)

##### **Please provide any further comments::**

Funding for the different values needs to be based upon evidence and a clear rationale for the amounts chosen. We would therefore recommend that consideration is given to the work that f40 has already undertaken on this and which has already been shared with the DfE. We support Ever6 FSM.

f40 maintains that Pupil Premium should be included within the new formula and to support that suggestion considers that there is a need to bring together necessary information about income levels held by all government departments in order to remove the need for parent applications.

Bringing Pupil Premium into the funding formula would enable a holistic view of deprivation and remove potential double funding for the same needs.

If two funding streams are to remain, there needs to be clear explanation of the expected outcomes for both streams.

The data changes need to be smoothed to remove the cliff edges of funding, especially if IDACI is used. The importance of this was highlighted by many unintended outcomes experienced in the recent IDACI updating.

#### **5 Do you agree we should include a low prior attainment factor?**

Yes

##### **Please provide any further comments::**

Funding for the different values needs to be based upon evidence and a clear rationale for the amounts chosen. We would therefore recommend that consideration is given to the work that f40 has already undertaken on this and which has already been shared with the DfE.

The changes that are taking place to the Key Stage 2 SATS and to the reception baseline tests (including the variability of the different approved tests themselves) could have a huge impact on the number of pupils that either achieve or don't achieve the expected levels in both tests. There needs to be appropriate analysis of the tests to ensure that the results do not either dilute or underestimate the needs of schools. It is this sort of analysis that LAs do locally that the DfE/EFA will need to take responsibility for moving forwards. We question whether the EFA is close enough to the ground to anticipate these sorts of changes and take appropriate action within a national funding system.

#### **6a Do you agree that we should include a factor for English as an additional language?**

Yes

##### **Please provide any further comments::**

Funding for the different values needs to be based upon evidence and a clear rationale for the amounts chosen. We would therefore recommend that consideration is given to the work that f40 has already undertaken on this and which has already been shared with the DfE.

#### **6b Do you agree that we should use the EAL3 indicator (pupils registered at any point during the previous 3 years as having English as an additional language)?**

Yes

**Please provide any further comments::**

f40 questions whether it takes two years or three years to successfully acquire English to enable learning. EAL3 should be used as an indicator if the evidence (as distinct from LA practice in funding), suggests that it takes three years. Otherwise EAL2 should be used.

**Building block C: school costs**

**7 Do you agree that we should include a lump sum factor?**

No

**Please provide any further comments:**

Funding for the different values needs to be based upon evidence and a clear rationale for the amounts chosen. We would therefore recommend that consideration is given to the work that f40 has already undertaken on this and which has already been shared with the DfE.

There does need to be a separate lump sum for both primary and secondary phases.

The f40 model aims to meet the basic costs of a 'normal minimum' school size – defined as 60 pupils for a primary school and 600 pupils for a secondary school. We acknowledge that there are schools of below these sizes in many authorities; our expectation is that the additional cost of such schools in rural areas is covered by sparsity or as a work round, split sites. Where sparsity is not an issue, our view is that the funding model should not subsidise uneconomic provision.

There is an interaction between the lump sum and small schools which may not be reflected in sparsity alone.

**8 Do you agree that we should include a sparsity factor?**

Yes

**Please provide any further comments::**

In principle, but this needs to be clearly related to the lump sum and the assumptions on minimum size of school. When the factor was introduced three years ago, f40 discussed with the DfE the need to find a better method of defining sparsity and there was agreement that the measure does not work well for rural schools. It does not work well because without additional capital it is not possible to rationalise the school estate to support the sparse school method. Even asking two near schools to work in partnership (without formal structural changes) may not reduce the costs to such an extent that small rural schools remain viable. If near schools amalgamate there is probably the need for a split site factor to replace some of the lost lump sum, but the proposals for payment to LAs of funds for split sites leaves absolutely no incentive for the LA to suggest schools go down this route. Clearly, LAs will not be able to afford it (and the lump sum from the closing school cannot be recycled locally. (Also see answer to question 10). Academies and MATs may help in this regard, but they still need sufficient funding to deliver education across large geographical areas.

And yet, astonishingly, here we are three years later with the DfE proposing exactly the same method without having undertaken any research into this or suggested alternative methods. How this measure is used will lead to unintended closures of schools through funding strangulation and poor opportunities for pupils in those schools, which could lead to more children being bussed miles to school each day just because the funding system is not supporting the school estate effectively.

Importantly, schools also act as a social community hub in an area and are not just stand-alone institutions. Small schools need to be supported not only to maintain standards but also to preserve, in an efficient manner, their benefit to the community around them.

**Building block C: other school costs**

**9 Do you agree that we should include a business rates factor?**

No

**Please provide any further comments::**

No, given that rates add no value to the education of pupils, they cannot be formularised and that they are hugely different dependent on the charitable status of the school, it would be better if they were removed from the education system altogether.

However, if Business Rates are to be part of the school funding formula, f40 assumes that the EFA will also manage the complicated and often painful adjustment process.

**10 Do you agree that we should include a split sites factor?**

Yes

**Please provide any further comments::**

If a national formula is to be in place, the EFA will need to create clear, solid criteria for split sites and administer and these over time.

Recognition must be given to schools with genuinely split sites and ideally this will be part of local discretion and not part of the national funding formula. It would be almost impossible to fund these nationally taking into consideration the range of local circumstances and, therefore, it should be part of local discretionary arrangements.

If split site arrangements are funded nationally they must be regularly reviewed as they can be subject to huge change over short periods (e.g. a new building may close a site or change the need for the split site – will the EFA be able to keep up with this?)

**11 Do you agree that we should include a private finance initiative factor?**

Yes

**Please provide any further comments::**

f40 believes it is essential and must reflect actual costs. LAs costs must continue to be shared with DSG on a permanent basis regardless of the changes to regulations for national funding formula. To remove the link from the school funding system is to backtrack completely from the arrangements made when the PFIs were set up. This is a major moving of the goalposts and has the potential to leave LAs with huge costs and/or debts. See also response to Question 13.

**12 Do you agree that we should include an exceptional premises circumstances factor?**

Yes

**Please provide any further comments::**

If a national formula is to be in place, the EFA will need to create clear, solid criteria for exceptional premises circumstances and administer these over time.

But, recognition must be given to schools with exceptional premises circumstances and this should be part of local discretion and not part of the national funding formula. It will be almost impossible to fund these nationally taking into consideration the range of local circumstances and, therefore, should be part of local discretionary arrangements.

As would appear to be clear from the exceptional circumstance requests that have already been made by LAs nationally, these cover such a range of circumstance as to be impossible to formalise. Circumstances change and are subject to considerable local knowledge which is likely to be lessened as schools become academies and arm's length from the LA. The LAs ability to keep track of these will diminish as the amount of soft information from school improvement teams or other services about schools that is available in the LA diminishes.

**13 Do you agree that we should allocate funding to local authorities in 2017-18 and 2018-19 based on historic spend for these factors?**

**Yes/No - Business rates:**

No

**Yes/No - Split sites:**

No

**Yes/No - Private finance initiative:**

No

**Yes/No - Other exceptional circumstances:**

No

**Please provide any further comments::**

These must be on actual cost basis (and must be refreshed annually).

Historic costs do not meet the requirement of schools or the LA. Many PFI contracts and other exceptional circumstances arrangements are linked to national inflation indices and, therefore, to provide only historic costs will not provide the school with sufficient funds to meet the payment.

Business Rates, similarly, generally increasing year on year and so if funding is provided to the LA based on historic costs, schools will not receive actual funding but a reduced funding. This needs to be linked to the academy rates mechanism whereby EFA pays actuals based on receipt of the bill. It would not be reasonable, and would probably be open to challenge, for maintained schools not to receive actual funding, but for academies to be fully reimbursed. Also where rates are revalued this can be taken into consideration completely. See also response to Question 9.

A long term and efficient solution needs to be found to deal with a range of local circumstances that cannot be managed nationally. This lends itself to a locally managed schools soft formula as outlined by f40 in its proposals.

**Building block C: growth**

**14 Do you agree that we should include a growth factor?**

Yes

**Please provide any further comments::**

**15 Do you agree that we should allocate funding for growth to local authorities in 2017-18 and 2018-19 based on historic spend?**

No

**Please provide any further comments::**

For the first two years it is important to reflect actual growth rather than historic growth. It is incongruous that future funding requirements for unknown growth are based on past funding.

From 2019-20 onwards there needs to be a mechanism to cover all types of future growth including infant class size legislation, falling rolls, new school start up and dis-economy costs and temporary and permanent expansions, including the revenue costs of resources for these places. This needs to be linked to the LA

statutory responsibility to ensure the sufficiency of school places in a strategic and economic fashion. Without these levers and mechanisms LAs will be unable to fulfil their responsibilities for school places.

## **Building block D: geographic costs**

### **16a Do you agree that we should include an area cost adjustment?**

Yes

### **16b Which methodology for the area cost adjustment do you support?**

hybrid methodology

#### **Please provide any further comments::**

But it would be helpful if the higher housing costs associated with living in a high cost low wage area (second homes driving up housing costs) which have an impact on teacher recruitment could be worked into it.

We are concerned about how the hybrid will be applied when there are no national pay scales as more academies are part of the arrangements.

We need more detail about how the ACA will be applied: is it individual to the school or generic for the LA area. The current anomalies of schools on opposite sides of a road receiving different funding won't be solved by an ACA that is too broad.

## **Factors not included in the formula**

### **17 Do you agree that we should target support for looked-after children and those who have left care via adoption, special guardianship or a care arrangements order through the pupil premium plus, rather than include a looked-after children factor in the national funding formula?**

Yes

#### **Please provide any further comments::**

This is inconsistent with retaining the Pupil Premium and the deprivation element of the formula.

F40 is concerned about how the amount will be removed from LAs.

Funding for the different values needs to be based upon evidence and a clear rationale for the amounts chosen. The f40 preferred method would be to allow local discretion for Schools Forums to allocate funds to this if it chooses.

### **18 Do you agree that we should not include a factor for mobility?**

Yes

#### **Please provide any further comments::**

f40 is broadly in agreement with this other than for service children and traveller children. Funding for their needs must be based upon evidence and a clear rationale.

f40's preferred method would be to allow local discretion for Schools Forums to allocate funds to this if it chooses. If the mobility factor is to be removed, then funding for mobility should be linked to the service children Pupil Premium instead (if Pupil Premium remains beyond 2019-20). See also the answer to Question 19 about having two factors for the same purpose.

### **19 Do you agree that we should remove the post-16 factor from 2017-18?**

Yes

#### **Please provide any further comments::**

## **Transition to the reformed funding system**

### **20 Do you agree with our proposal to require local authorities to distribute all of their schools block allocation to schools from 2017-18?**

No

#### **Please provide any further comments::**

f40 is extremely unhappy with this proposal and would advocate a soft formula reflecting local needs and accountability for the longer term.

f40 believes that the DfE has again completely missed the point that there is a solid interaction between the High Needs Block and the Schools Block. The costs to the High Needs Block are based in part on the arrangements that the LA, with its schools, has for high needs pupils (Special Schools, RP etc.).

The move towards a formula for the High Needs Block is anticipated to be lengthy and substantively based on historic costs and does not match up with the

timing of changes to the Schools Block. By treating the blocks in isolation leaves vulnerable children open to an education based on cost efficiencies rather than the most appropriate provision for the individual and is likely to drive the High Needs costs up without any impact on the schools that are driving them up.

Where schools and LA work together for the child and to make a range of provision for children, the flexibilities between the blocks can be utilised towards the best arrangements for all children including, for example, the provision of new special school academies to provide efficiency in high needs places

To split the High Needs Block from the Schools Block in this way puts all the pressure into the High Needs Block with no relief valves left in the system. In the long term this will not be to the benefit of any vulnerable children that need help.

As stated in Question 2 there are no incentives for schools to be inclusive by splitting the High Needs Block from the Schools Block and f40 believes there must be flexibility to move funding between the blocks (including the Early Years Block) as required and agreed with the Schools Forum.

**21 Do you believe that it would be helpful for local areas to have flexibility to set a local minimum funding guarantee?**

Yes

**Please provide any further comments::**

But the reference to several years of transition in the consultation document is worrying. The document recognises that cost pressures affect schools differently according to their ability to make efficiencies, which is related to how well funded they are. For low funded schools their ability to make the required efficiencies is constrained by the low funding and the longer this situation continues, the harder it is for those schools to provide a well-rounded education for their pupils.

f40 would like to know how this will be applied to existing academies. Transitional protections for academies must be removed very quickly; there are now no reasons for additional transition funding for academies. As stated in f40's proposal narrative this can be used to support the funding for schools that will have an exceptional movement in funding.

**Funding remaining with local authorities**

**22 Do you agree that we should fund local authorities' ongoing responsibilities as set out in the consultation according to a per-pupil formula?**

No

**Please provide any further comments::**

f40 would prefer to see a full description of ongoing functions before attempting to answer this question. We are concerned that not all the responsibilities will cease to the extent that this consultation assumes they will.

Until all schools are academies, LAs could end up with the most vulnerable schools left and those schools won't have the funding to pay for school improvement (for example). We think there will be higher costs to LAs as a result of removal of soft intelligence systems. There will be a fixed element of cost until the last school is converted and LAs will still need to pay schools and account (book keep) for schools monies (for example).

Maintained schools will not be provided with transitional funding for the lost ESG in the way that academies are likely to be and this is not equitable.

Even if all the proposals in this consultation and the White Paper occur, LAs will still get embroiled in complaints and questions from parents and the media even if school funding isn't the LAs responsibility (as part of local democracy and accountability). This will have a cost – including a reputational cost for both the LA and the DfE.

From 2017 onwards, when LAs will no longer have statutory responsibilities for school improvement, any school converting to a sponsored academy with a deficit will be the responsibility of the DfE and f40 strongly believes that deficits will at that point become the responsibility of the DfE/EFA and cannot be left with the LA.

If the DfE insists on funding LA responsibilities according to a funding formula, then the amount must be based on a realistic estimates of LA costs and potentially at differing amounts dependent upon the costs in the system in the first place.

**23 Do you agree that we should fund local authorities' ongoing historic commitments based on case-specific information to be collected from local authorities?**

Yes

**Please provide any further comments::**

There is an expectation in the consultation document that historic costs will unwind over time, but given that for many LAs PRC costs are based upon the life expectancy of a former employee, his/her spouse and in some cases their children, this could be an extremely long unwind period.

Schools Forums may have agreed a set of ongoing local arrangements (including staff costs) which will be difficult to unwind. These decisions have been made locally and in consultation with schools, so why is the DfE overriding these local decisions? Costs of redundancy made as a result of the DfE's decisions should be payable by the DfE.

f40 also considers that these types of arrangements should not cease and subject to local agreement should be allowed to continue and new ones should be allowed to start if required.

## The education services grant

### 24 Are there other duties funded from the education services grant that could be removed from the system?

**Please provide your comments::**

f40 would need more information to be able to answer this question. What changes does the DfE have in mind? There is not enough information to answer this even within the White Paper Educational Excellence Everywhere.

f40 believes all statutory responsibilities should be sufficiently resourced. Sufficient resources includes funding for the costs to transferring all schools to academies, and funding the costs of closing services associated with maintained schools, including redundancy costs and any ongoing PRC costs that arise as a direct result of these proposed changes. Currently the LA can hold a small miscellaneous budget from the DSG to support school costs; there is no mention of how these costs are to be managed in future.

Many of the roles that are currently undertaken by local authority staff will continue into the future to be undertaken by the EFA and there are therefore TUPE implications for these proposals for LA staff. We anticipate hearing from the DfE shortly as to how staff will be notified of these arrangements.

It is assumed that in future the DfE/EFA will pick up the costs of any closing schools along with the duties associated with closing schools such as retention of school records (pupil and accounting) for the statutory periods, clearance and cost efficient disposal of furniture and equipment (protection of public monies), safeguarding processes associated with closing schools.

### 25 Do you agree with our proposal to allow local authorities to retain some of their maintained schools' DSG centrally – in agreement with the maintained schools in the schools forum – to fund the duties they carry out for maintained schools?

Yes

**Please provide any further comments::**

Although our response is Yes, our inclination is to disagree with this concept, because it appears to be moving the costs from LAs to maintained schools without transitional protection. This is not the same for academies who will have protection on the loss of ESG.

However, if this route is to be followed, then the flexibility to request funding from the Schools Forum for these duties is needed.

We cannot realistically make a full judgement on this until we see the proposals and the detail about how this might work.

Further, there are other elements of pooled funding, such as trade union facilities budgets, free school meal eligibility checking arrangements etc., all contingencies which are far more effective when provided centrally and are valued by schools (including in some cases academies who also buy into these arrangements). These arrangements cannot be dismantled quickly and it is not to the benefit of schools to dismantle all of them. How can these arrangements be continued?

## Equality analysis

### 26 Please provide any comments on the equality analysis.

**Please provide any further comments::**

As stated in the main consultation responses, the impact of ring-fencing the Schools Block separately from the High Needs Block could have an impact on pupils who are disabled or have other SEN. There needs to be more research on how the ring-fencing interacts with the ways that LAs are currently organised for high needs pupils and with the levers on funding for support to these pupils, where such levers are removed.