

**REGULATORY AND OTHER COMMITTEE REPORT**

<b>NAME OF COMMITTEE:</b>	Schools' Forum
<b>DATE OF MEETING:</b>	13/10/10
<b>SUBJECT:</b>	Government consultation on school funding 2011/12: Introducing a pupil premium
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<b>IS THE REPORT EXEMPT?</b>	No
<b>IS REPORT CONFIDENTIAL?</b>	No

**SUMMARY**

On 26<sup>th</sup> July 2010, the Secretary of State launched the Consultation on school funding 2011/12: Introducing a pupil premium. The consultation period closes on 18<sup>th</sup> October 2010.

The purpose of this report is to seek the Schools Forum's views prior to a response being submitted.

**DISCUSSION**

A copy of the DfE' consultation documents can be accessed via:

[www.education.gov.uk/consultations/](http://www.education.gov.uk/consultations/)

A copy of the 43 page document is available at:

<http://www.education.gov.uk/consultations/downloadableDocs/School%20Funding%20Consultation%20Document.pdf>

A copy of the Ministerial Statement is attached at Appendix 1.

A list of the consultation questions is attached at Appendix 2.

Without wishing to influence the Schools Forum's response, officer comments have been added to the questions in Appendix 2, to help the Schools Forum debate the issues and reach a view.

<b>RECOMMENDATIONS</b>
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The Schools Forum is asked to:

1. Note the content of this report and the consultation document.
2. Decide whether to respond to the consultation exercise and, if so, to outline its views on each of the questions, for inclusion in that response.

<b>BACKGROUND PAPERS</b>
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The following reports were relied upon in the writing of this report.

<b>PAPER TYPE</b>	<b>TITLE</b>	<b>DATE</b>	<b>ACCESSIBILITY</b>
DfE' document	Consultation on school funding 2011/12: Introducing a pupil premium	26 July 2010	<a href="http://www.education.gov.uk/consultations/downloadableDocs/School%20Funding%20Consultation%20Document.pdf">http://www.education.gov.uk/consultations/downloadableDocs/School%20Funding%20Consultation%20Document.pdf</a>

<b>APPENDICES</b>
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Appendix 1 – Ministerial Statement  
 Appendix 2 – Consultation questions and officer comments

26 July 2010

## Written Ministerial Statement

### School Funding

Today I have launched a consultation on our proposals for school funding in 2011-12, including more detailed proposals for a pupil premium as announced in the document *The Coalition: our programme for government*.

A good education is the key to improving young people's life chances so that they go on into adulthood with the skills and confidence for success. This is particularly important for pupils from a deprived background yet it is these pupils that are being let down the most by the school system.

Over the past decade, the gulf in achievement between the rich and the poor has widened, while the attainment gap between fee-paying schools and state schools has doubled. Just two out of 57 countries now have a wider attainment gap between the highest and lowest achieving pupils.

Young children who are in the bottom 20 per cent of attainment in the Early Years Foundation Stage Profile are six times more likely to be in the bottom 20 per cent at Key Stage 1 than their peers. For disadvantaged pupils, a gap opens at KS1 and increases over time. Pupils entitled to free school meals (FSM) are only as third as likely to achieve five good GCSEs as their peers.

These gaps persist through to higher education. A pupil who has been entitled to FSM is less than half as likely to go on to study at university as their peers. In the last year for which we have data, out of a cohort of 600,000 pupils, 80,000 pupils were eligible for free school meals. And of those, just 45 made it to Oxbridge.

Addressing this disparity is a top priority of the coalition government and it is for this reason that we are implementing a pupil premium, to ensure that extra funding is targeted at those deprived pupils that most need it.

The coalition document specified that this will be 'a significant premium for disadvantaged children from outside the schools budget'. The consultation sets out our proposed methodology for allocating the premium, including options on the best deprivation indicator to use. This money will not be ring fenced at school level as I believe that schools are in the best position to decide how the premium should be used to support their pupils.

We are also using this consultation to set out our proposals for possible additional support for service children, as set out in *The Coalition: our programme for government*. Furthermore, I have included proposals for additional support for Looked After Children, who have consistently low attainment but are often not picked up by deprivation indicators and so wouldn't benefit from the pupil premium.

The consultation document also outlines our intentions for school funding for 2011-12. We will continue with the current methodology for the distribution of school funding to allow for a clear and transparent introduction of the pupil premium. But we also recognise that the funding system could be more reflective of pupil characteristics and so we intend to review the system for funding schools beyond 2011-12.

In addition, from April 2011 we will require all local authorities to implement the Early Years Single Funding Formula, in order to improve fairness and transparency in the system and to support diversity of provision.

Copies of this publication will be available in the Libraries of both Houses.

## Consultation Questions and Officer comments

### Questions

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

Yes. A system which delivers the same level of funding to pupils in similar areas of deprivation is clearly fair in principle. However, there is a lack of detail within the consultation document to indicate how the DfE will determine current levels of funding. Will that be based on the DSG per pupil funding in each LA (which varies significantly), or some element of it and, if so, which element? It is not clear whether this would favour Lincolnshire. We know that shire counties receive less Dedicated Schools Grant (DSG) per pupil than most other LAs, but that may not be used as the basis for calculating how much funding Lincolnshire should receive through the pupil premium. The Government may instead use the notional deprivation element of the DSG that was published three or four years ago, as the starting point for the calculation. So, whilst the proposals seem fair in principle, it is not clear what impact this would have in Lincolnshire, as compared to an alternative approach.

Whilst it appears appropriate to give schools the flexibility to determine how best to use the pupil premium for individual pupils, there needs to be a clear accountability framework to ensure that the additional funding is used effectively in schools to narrow the gap. The proposed publication of data will be important, and early clarification on how performance will be measured is likely to influence which pupils schools target the additional resource at.

It would be helpful for the DfE to clarify the timescale involved, in light of the reference to implementing the pupil premium over time.

The inclusion of an Area Cost Adjustment will not benefit shire counties but may, nevertheless, be appropriate where costs are significantly higher. To assess whether costs are likely to be significantly higher, the DfE will need to make assumptions about how schools are likely to use the pupil premium. Labour costs may be higher in London, but other costs may not be.

Details of the funding available through the pupil premium should be published as soon as possible to enable schools to plan effectively.

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

The use of free school meal data could lead to inequalities in LAs where, due to the lack of hot meal provision in previous years, the number of pupils eligible is under reported. Also, under reporting arises at secondary school, due to a reluctance on the part of some children and their families to claim free school meals due to the stigma often attached to claiming them. This could disadvantage schools and pupils.

The LA's analysis of the information presented by the DfE suggests that there is no material benefit from using any one of the free school meals measures highlighted. It appears that Lincolnshire's numbers are broadly in line with most shire counties and, not surprisingly, much lower than unitaries and London Boroughs.

Statistics may show that over time, there is little movement of children in and out of deprivation, but the proposed use of the "Ever" free school meals measure over six years may well address the problem of eligible pupils not registering for free school meals in secondary schools.

The use of Out of Work tax Credit may be more accurate, but it does not appear suitable in that it deals with areas averaging 1,500 people and the current data is five years old. As indicated in the report, ACORN and MOSAIC (this is more open to inaccuracy and misinterpretation) have similar issues and Lincolnshire does not currently use this data for funding purposes. Furthermore, the future of tax credits is unknown and so it may be unwise to use that.

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

Yes. Narrowing the gap for Looked After Children warrants additional investment and again, an accountability framework is needed to help ensure that there is an appropriate impact.

The level of attainment for Looked After Children is low in Lincolnshire and it seems appropriate to target resources at this group. Whilst there may be some potential problems with under reporting, efforts can be made to resolve those and that does not diminish the need for investment. The LA may wish to look at how any new funding through the pupil premium dovetails with funding already distributed to LAC through special educational needs factors, etc.

### **What are your views on the operation of the Looked After Children element of the pupil premium? In particular, how might the funding arrangements work at local authority level for pupils educated outside of the local authority with caring responsibility?**

To safeguard this provision, an appropriate solution must be found to ensure that the costs incurred by a LAs schools for LAC are appropriately met, regardless of where they reside. Lincolnshire is a net importer of LAC and it should be funded appropriately if these children's needs are to be met. Clarity is required on how in-year transfers will be made. Consideration could be given to developing a recoupment type model with clear guidance for all LAs to follow, if funding cannot be targeted correctly at the outset.

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

The LA already operates a formula factor for high turnover of pupils which provides funding to a small number of schools each year including, historically, those most affected by significant changes at military bases. It is not clear whether the application of the pupil premium to service children would benefit Lincolnshire. Also, it is not clear how service children are defined for this purpose; many parents are employed by the RAF in Lincolnshire, but they may not be subject to regular moves or have issues that need responding to via the pupil premium. Again, it will be important to ensure that there is an accountability framework, so that resource targeted in this way is shown to have the desired impact.

### **Should the pupil count for three year olds used to allocate DSG for 2011-12 reflect actual take up or continue to reflect a minimum of 90% participation where lower?**

Lincolnshire currently has a take up above 90%. All LAs should be funded on actual take up and there should be no continued subsidy of those LAs that, for whatever reasons, are unable to reach that level.

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

It is not clear whether Lincolnshire has more or less dually registered pupils than other LAs (the loss to Lincolnshire is estimated to be £0.313m, prior to redistribution of funds back through the DSG) and therefore whether it would gain or lose if the DfE decides not to fund such pupils. In principle, it seems sensible to fund pupils only once. Indeed, under current arrangements, LAs could seek to increase their funding by dually registering pupils at the time of the January count. However, a more practical implication of the proposed change is the possible dispute between schools and PRUs close to the January count, as to where pupils should be registered. How schools respond to this issue could have implications for individual pupils and this risk ought to be recognised with clear DfE' guidance given to LAs on the treatment and recording of such pupils for funding purposes.

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

Subject to Government plans for the armed forces following the Comprehensive Spending Review, Lincolnshire is unlikely to qualify for additional funding due to the movement of large numbers of

personnel and their children. All LAs are faced with different pressures and there appears to be no strong case for making provision for this particular issue over any other.

**Do you support our proposals for home educated pupils?**

The consultation document does not make clear whether some LAs experience a much higher level of home tuition than others. Unless there is a significant variation, then it would appear to be unnecessary to further complicate LA school funding arrangements to cater for this, especially if the proposed allocation is a modest figure.

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

Lincolnshire has not witnessed a significant drop in numbers on roll and so has not benefitted from the cash floor arrangement. At school level, pupils numbers are usually predictable with a fair degree of accuracy. Therefore, further protection at that level is not necessary. However, as the DSG funds central budgets too, it may not be possible to predict the total school population with the same degree of accuracy and so downsizing those budgets and services may be more difficult. Nevertheless, the scale of that does not appear to be at a level where protection is needed through a cash floor mechanism.

Where a cash floor is likely to be much more necessary, is in respect of academies. Projecting the number of academies going forward is extremely difficult and reducing at short notice central services could prove extremely challenging to some LAs where the number of new academies is high. Although the DfE has promised that the top slicing of LA budgets will be subject to consultation, the need for a cash floor or some form of transitional arrangement may be extremely important to safeguard services to maintained schools. Lincolnshire welcomes the proposed consultation on funding for academies and free schools and is currently looking to offer the same opportunities to all schools; this may involve the delegation of all, or parts of some services.