

Review of 2013/14 school funding arrangements

The Local Government Association is happy to reply to this consultation. Our replies to the detailed questions are in the consultation response below:

We would make the following key points:

- The review came about after concern from many councils that the new local funding arrangements were having undesirable consequences. We welcome the fact that the Government has instituted the review and hope that this will lead to more flexibility in 2014/15.
- That having been said, there is some concern that the Department seems to be considering introducing yet more rules, or exceptions to the changes instigated in 2013/14, in order to rectify problems that they have themselves designed into the new funding system. Whilst we appreciate that real concerns are being acknowledged by these proposed changes, a nationally imposed set of rules can only become increasing bureaucratic and cumbersome. Indeed, a number of the changes seems to be designed primarily to aid the replication of local formulae at a national level, rather than focusing on how best scarce funding can be targeted locally. Greater freedoms to local authorities to address these issues locally is the best way forward.
- The document starts off by asking if we are moving towards national consistency. It does not ask whether this is or is not desirable. The LGA and many councils and schools forums do not consider that the answer to this question should automatically be in the affirmative if it is at the expense of genuine local choice and decision making.
- One area which is not being consulted upon is the restriction on councils, with the agreement of Schools Forums, to contribute towards early intervention. The Department will allow current commitments to continue at their present level but will not allow increases or new commitments. We call on them to relax this restriction.
- A significant number of member councils consider that what needs reforming is the national system rather than the local system. Although the document reiterates ministers' commitments to move to a national funding formula (which the LGA considers should be at authority rather than individual school level) there is concern that this will

Section 1: Are we moving towards national consistency?

Question 1: Should we set a minimum threshold for the pupil-led factors and, if so, at what level?

We are not in favour of setting a minimum threshold for the pupil-led factors which will further constrain discretion for local authorities and schools forums.

Question 2: On what basis did local authorities decide on the quantum or proportion of funding to target to deprived pupils?

Authorities will answer this question in the light of their own circumstances; the LGA has not carried out a survey. Some will have set it by judgement in the light of other factors such as lump sums, others will have tried to reproduce the proportion targeted in their existing formulae.

Question 3: On what basis did local authorities decide on the per-pupil amounts for the prior attainment factors?

See reply to 2 above

Section 2: Areas of concern and possible changes for 2014-15

Prior Attainment

Question 4: Do you agree that local authorities should continue to use EYFSP data as an attainment-related proxy or should we consider use of a different indicator to identify low cost SEN in primary schools? If so, what indicator?

Local authorities ought to be allowed to use any relevant data source as long as it has the support of the Schools Forum.

Pupil mobility

Question 5: Would it help to allow an additional weighting to be given if a school experiences in-year changes to pupil numbers above a certain threshold? If so, where should this threshold be set?

We have heard concerns that the current mobility measure is not targeted enough so this could be a solution. We have no views about where the threshold should be set. Not all authorities will have used the factor as it is not a significant problem in all authorities. However where it is there is a need for a sensitive measure.

Question 6: In areas with large numbers of small schools, could the problem of having a fixed lump sum be overcome by reducing the relevant AWPU?

Some authorities have done this but they have still found that many small schools are on the minimum funding guarantee. Councils ought to be given a menu of possible options, of which this could be one, but this should not be at the expense of permitting differential lump sums as suggested below.

Question 7: Would having the ability to apply a separate primary and secondary lump sum avoid necessary small schools becoming unviable? If so, how should we deal with middle and all-through schools?

Yes, authorities would welcome the flexibility of being able to return to separate primary and secondary lump sums. Middle and all through schools should not be an obstacle to this; they could receive a weighted lump sum based on the primary and secondary lump sums.

Question 8: We said in June that we would review the level of the lump sum cap (currently £200,000) for 2014-15 in order to establish whether it is the minimum cap needed to ensure the sustainability of necessary small schools. If we continued with one lump sum for both primary and secondary, what would be the minimum level of cap needed to ensure the sustainability of necessary small schools? If we had separate lump sums for primary and secondary, what would be the minimum cap needed for each in order to ensure the sustainability of necessary small schools?

Different authorities will have different views on this question.

Question 9: Would using a school-level sparsity measure to target a single lump sum, based on distance between pupils and their second nearest school, avoid necessary small rural schools becoming unviable?

Yes, a sparsity measure could provide a way of targeting.

Question 10: What average distance threshold would be appropriate?

We have no views on this but it should be set at a level to make the measure effective. One authority suggests it should be from 7 to 10 miles for a primary school and 20 miles for a secondary school, but authorities should be allowed to choose in the light of their circumstances

Question 11: If we had a sparsity measure, would it still be necessary to have a lump sum in order to ensure that necessary schools remain viable? Why? What is the interaction between the two?

Authorities should have discretion to choose . We do not see this as an either/or; some authorities might see both as appropriate.

Question 12: What alternative sparsity measures could we use to identify necessary small schools in rural areas?

We have no views on this question.

Question 13: Would the ability for both schools to retain their lump sums for one or two years after amalgamation create a greater incentive to merge?

Yes, authorities should be able to use measures such as this in order to incentivise mergers.

Targeting funding to deprived pupils

Question 14: If you think local authorities will be unable to use the allowable deprivation indicators in order to prevent significant losses to schools with a high proportion of deprived pupils, why do you think that is the case?

Authorities will have their own views on this but it is likely to relate to the new factors dictated by DfE which allow less targeting. One authority reports they had a deprivation top-up for the highest FSM % rates; this is no longer permitted.

Service Children

Question 15: Do you have any evidence that service children (once we account for deprivation, mobility and pastoral care through the Pupil Premium) require additional funding in order to achieve as well as non-service children?

Authorities will wish to submit evidence on this; the LGA has heard this raised as a concern by a number of authorities.

Other groups of pupils

Question 16: Have the 2013-14 reforms prevented local authorities from targeting funding to groups of pupils that need additional support? If so, which?

Authorities will provide evidence on this. Some would like to be able to allocate EAL funding on the basis of attainment, as was previously the case.

Schools with falling rolls

Question 17: In cases where a population bulge is imminent, what is preventing good and necessary schools from staying open?

Authorities will have their views on this, but lack of certainty of funding seems to be a key reason. In some cases secondary schools may be disadvantaged by the new funding formulae and therefore be likely to be on the MFG for the foreseeable future. In addition for 11-18 schools the reduction of funding from the EFA for sixth forms creates an additional pressure

Question 18: Are there any other circumstances in which falling rolls are unavoidable in the short term?

This could happen in an area where free schools have been allowed to open irrespective of whether existing schools cater for demand.

Section 3: Options for adjusting high needs funding in 2014-15 and beyond

Question 19: Would a formula factor that indicates those pupils who receive top-up funding be a useful addition to help deal with the funding of high needs?

Authorities might find this useful, either as a factor or for trend analysis. But given the fact that these pupils move through the school system there could be instability if too much was distributed on this basis.

Question 20: To address the variation in base funding between neighbouring local authorities, how fast should local authorities be required to move towards the £6,000 threshold? Should it be made a requirement from 2014-15?

This should be a matter for agreement between authorities regionally.

Question 21: Should the Department play an active role in spreading good practice and model contracts/service level agreements?

Both the DfE and LGA have been collaborating to share good practice (for example on model contracts / SLAs for non-maintained special schools and this should continue. We would like to see resources put into sector led improvement using the existing structures.

Question 22: Do you have ideas about how the pre and post-16 high needs systems might be brought closer together?

This needs a thorough review. There has been concern that bringing post 16 arrangements into the DSG on a capped basis in some cases has led to pressure on the pre-16 budget.

Section 4: Schools Forums

Question 23: Do you think that Schools Forums are operating more democratically and transparently? If not, what further measures could the Department take in order to improve this?

Schools Forums are operating democratically and transparently, this can be seen by the study that the LGA commissioned from the National Foundation for Educational Research in 2012

<http://www.nfer.ac.uk/nfer/publications/LGSF01/LGSF01.pdf>

They now provide a location for representatives of maintained schools and academies to discuss with the authority the allocation of local formula funding. Busy heads and governors will not welcome further national prescription which limits their ability to choose factors which relate to local circumstances.

At the same time, schools forums should not be given any power over expenditure which is the responsibility of the authority and for which members should be held to account through the ballot box.