

Response to the Consultation on School Funding Arrangements 2007-8
Report of the Director of Children Schools and Families

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1. Purpose of the Report

- 1.1 To consider the outcomes of the consultation with members of the Forum on proposals contained in the November 2006 consultation on School Funding Arrangements 2007/8 (the Consultation).

2. Background

- 2.1 The Consultation, which closed 22nd December 2006, covered 24 proposals. This paper examines the outcomes to proposal 7-24 which are summarised under the following headings:-

Proposed changes to school funding arrangements

- a) Additional Funding (Primary schools)
 - Extension to the Infant class size allowance*
 - Primary lump sum allowance & new small schools supplement*
 - Increase in Age weighted pupil unit values*
- b) Split site allowance for secondary schools
- c) Simplifications to the Funding formulae
 - Cognitive Ability tests results*
 - Additional social deprivation funding*
- d) Pay progression Funding 2007-8
 - Supply teacher threshold costs*
 - Secondary UPS2 costs*
 - Secondary threshold 2007-8*
 - Threshold for other schools 2007-8*
- e) Place numbers in Special Schools

Proposed changes to the scheme for financing schools

- f) Controls on surplus balances
 - Normal maximum balance*
 - Standards Fund balances*
 - Balances held for specific purposes*
 - Timing of balance clawback*
 - Use of funds clawed back*
 - Separate fund for voluntary aided schools*
 - Appeals process*

3. Responses

- 3.1 There has been a good response to this consultation. By the end of business on 22nd December 2006, responses had been received from 157 respondents (30% of schools) and are included in this analysis. This was an increase of 89% on the 83 responses received to last year's consultation on changes to schools funding. An analysis of responses is attached in Appendix A. A summary of comments is available in Appendix B. A detailed listing of comments is available from the author.
- 3.2 Schools were broadly in agreement with all of the proposals with closer results for:-
- Proposal 11 – Cognitive ability tests
 - Proposal 13 – Supply teachers threshold costs (concerns amongst Special schools sector)
 - Proposal 14 – Secondary UPS2 costs
 - Proposal 22 – Use of claw back funds (concerns amongst Special schools)
- 3.3 The following paragraphs outline the responses to the individual proposals.

4. Primary Additional Funding

- 4.1 This section of the Consultation asked for the views of schools on the following proposals relating to the allocation of the anticipated additional funding of £2M in 2007/8. The majority of schools were in agreement with these proposals.
- Extension to the Infant Class Size allowance – 90% in agreement
 - Primary lump sum allowance and new small schools supplement – 92% in agreement
 - Increase in age weighted Pupil unit values – 99% in agreement

5. Split Site Allowance – Secondary schools

- 5.1 A strong majority of respondents agreed with the proposals to change the secondary split site allowance. 87% of respondents agreed with the proposal including 82% of the secondary sector.

6. Simplifications to the Funding Formulae

6.1 *Cognitive ability test (CAT) results*

The discontinuation of CAT results was proposed in the funding formulae, the funding formula. Overall 68% of respondents agreed with this proposal with 61% agreeing to it within the Secondary sector.

Some respondents commented that the change would not recognise needs where pupils had not taken SATs, e.g. where they had been educated in an independent primary school. Whilst this affects a small number of pupils across the county, the Authority recognises that the impact on a newly established school could be disproportionate. The authority allows for the impact of planned changes to pupil numbers by making funding adjustments where a Prescribed Alteration has been implemented, or where the Authority has requested a variation to normal admissions arrangements. The Authority will consider similar adjustments to AEN formula allocations where such alterations are taking place.

Others were concerned that SATs do not give an adequate assessment of needs. This proposal related only to the use of CAT scores for funding purposes. The Authority will continue to support schools who wish to use CAT scores for internal assessment purposes as at present.

6.2 *Additional Social Deprivation*

A strong majority of respondents agreed with the proposal to amend the formulae to provide additional social deprivation funding with 87% of respondents agreeing to the proposal.

7. Pay Progression Funding 2007-8

7.1 *Supply teachers threshold costs*

There was strong agreement from respondents (79%) that the funding for supply teachers threshold costs in all schools should be transferred to the teaching components of AWPU and AEN allocations, or place values in Special schools.

There was a much closer outcome amongst Special schools on this question. Objectors to this proposal from the Special school sector preferred all schools to get the same amount per pupil or base the funding allocation on the number of teachers eligible for pay progression. The view of the Authority is that the weighted place value attempts to reflect, amongst other factors, the teaching staff ratio for

different types of places. Weighted place value is therefore the appropriate basis on which to distribute funding for UPS3 progressions.

7.2 *Secondary UPS2 costs*

The majority of respondents agreed that the resources identified for UPS2 progressions in Secondary schools should be transferred into the formula from April 2007. However, when reviewing the responses of the Secondary sector alone, this reduced to 51% in favour of this proposal with 49% against. Comments from some respondents indicated concerns that funding would be based on pupil numbers and not the number of teachers on UPS2, exposing schools to unfunded costs.

There is a clear expectation from the DfES that we move to a formula basis for Pay Progression Grants by 2008-9. This proposal seeks to move towards this by the transfer of UPS2 funding into the formula for the transitional year 2007-8.

7.3 *Secondary threshold 2007-8*

There was strong agreement (79%) that threshold progressions for secondary and middle schools should be funded from 2007-8 based on the fte teachers on the upper pay scale as recorded on PLASC returns in January 2007.

7.4 *Threshold for other schools*

For primary, nursery and special schools, 94% of respondents agreed with the proposal to make an initial funding for Threshold progressions based on fte teachers on the upper pay scale as recorded on PLASC returns in January 2007. This should be followed by an exercise to identify schools in these sectors with a valid claim for extra support for these costs.

8. Place Numbers in Special schools

- 8.1 83% of respondents, including 71% of special schools respondents, agreed with the proposed number of funded places in special schools for 2007-8 as set out in the table on page 21 of the Consultation document. There was some concern about whether funding this growth would reduce the funding available for other Special schools. This will not be the case. It is anticipated that the increase will be mainly covered by extra recoupment income.

9. Proposed Changes to the Scheme for Financing Schools – Controls on Surplus Balances

There was broad agreement with the proposals for the control of surplus balances although there was less consensus on the question of the use of clawed back balances.

9.1 *Normal maximum balance*

Respondents agreed that the normal maximum balance should be set at 5% of school budget share plus 5% of Schools Standards Grant plus £20,000 for all schools, with 80% of respondents agreeing to this proposal.

9.2 *Standards Fund balances*

There was a large majority on favour of allowing an automatic exceptional item for a standards fund balance calculated as follows:

- 5% of the School Development Grant (exc. Specialist school funding)
- $\frac{5}{17}$ of any specialist school funding
- Any Standards Funds allocations transferred to school bank accounts by the Authority in January, February or March.

There was strong agreement across all sectors with 88% of all respondents agreed with this proposal.

9.3 *Balances held for specific purposes*

There was strong agreement (93% of respondents) that schools should be allowed to hold exceptional balances for the purposes of:

- Projects which are clearly identified and assigned.
- Consortia balances
- Funds to avoid staff redundancies in respect of a temporary fall in roll or during reorganisations.

9.4 *Timing of clawback*

The timetable contained in proposal 21 was agreed to by 81% of respondents.

9.5 *Use of clawed back funds*

75% of responses were in approval of the proposal to use clawed back funds to provide additional funds for the schools capital programme of the council. This reduced to 57% of special schools with 3 of the 7 respondents from this sector proposing that funds clawed back from special schools should stay within this sector.

The capital programme is based on the Asset Management Plan which sets out the relative priorities of capital schemes across all schools, rather than by sector. It would not be feasible to develop such arrangements for one sector of schools.

9.6. *Separate fund for Voluntary aided (VA) schools*

A strong majority (82%) agreed that balances clawed back from VA schools should be held separately and added to the Local authority Co-ordinated Voluntary Aided Programme of Capital expenditure (LCVAP).

9.7 *Appeal process*

Schools were in strong agreement, with 93% agreeing with the proposal that any appeals by a school should be made to a panel containing three members from the following:

- - A member of the Schools Forum
 - Head of School Effectiveness for the relevant sector
 - Group Internal Auditor
 - School Funding Manager

9.8 The arrangements on the clawback mechanism differ from those within the DFES directed scheme. It is expected that Schools Forum will be given powers to agree changes to the Scheme for Financing Schools with effect from April 2006. Given this we propose that the arrangements should be enacted in accordance with the Consultation subject to the formal ratification of the Schools Forum in April.

10. Conclusions

This paper examined the responses to proposal 7-24 of the November 2006 consultation on School Funding proposals for 2007-8. The Schools Forum's endorsement is sought for these proposals.