

Consultation on School Funding 2011-12: Introducing a Pupil Premium

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General

CIPFA welcomes the opportunity to comment on the Government's proposals for distributing funding for schools in 2011-12, the options for how the Government's policy to introduce a pupil premium for disadvantaged pupils should operate and our views on the overall funding methodology for next year.

CIPFA welcomes too the priority given to the per pupil premium.

However the indication that there is likely to be a new distribution method for Dedicated Schools Grant (DSG) from 2012/13 onwards is not helpful to medium term planning by schools and local authorities. An announcement of a three or four year national total for DSG following the Spending Review announcement in October 2010 will be less useful if the distribution to local authorities is only known for 2011/12.

We would urge that any changes to area cost adjustment for DSG should be the subject of further consultation as part of the wider changes to DSG distribution.

CIPFA looks forward to working with the DfE on technical issues arising during the consultation period.

However, CIPFA is disappointed that the Government is not proceeding with one outcome of the original consultation by replacing outdated current methodology of *spend plus* for funding Local Authorities in respect of schools, as there is a need to reflect the more up to date needs of Local Authorities. CIPFA understands the Government's reasons for this, given its long term view for funding all pupils in England to the same extent, apart from Area Cost Adjustment (ACA) over a period of time.

Having said this, CIPFA is concerned that two areas of funding considered by the Formula Review Group (FRG) which affect schools should be taken into account in designing a new formula - CIPFA does not expect that should be complex - namely:

- Funding of pupils with low incidence and high cost Special Educational Needs which will affect LAs differentially; and
- Funding for pupils in rural areas such as North Yorkshire, Cornwall, Dorset and Norfolk: the FRG did look at a number of options and the consultation seems to favour the narrow definition which will direct funding to those more sparse areas.

CIPFA, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance and therefore it is not appropriate for us to comment on all aspects of the consultation questions. Our detailed comments, below, focus on the financial and funding aspects raised in the consultation.

Introducing a pupil premium for disadvantaged pupils

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

In CIPFA's view, where possible, funding should reflect the needs of the pupils in a particular area.

There are some aspects of the proposals that we do not fully understand and we would welcome some clarification. For example, it appears that the pupil premium will contain an Area Cost Adjustment that is different from the one currently used to underpin the spend-plus methodology. In our view, consistency and stability are important and therefore it would be preferable for the ACA to remain unchanged.

The paper indicates that longer term, there will be a new formula for DSG. In CIPFA's view, if a different ACA is proposed as part of developing such a formula, there should be a full consultation on the proposals, giving an opportunity to bring the ACA for the pupil premium in line with any DSG changes. Until then, we think the ACA for the pupil premium should be that used within the existing DSG for developments during 2008-2011.

On the issue of using the Pupil Premium to "level up" deprivation funding, in CIPFA's view there is a risk that this approach could actually worsen the attainment gap by paying more to less deprived Local Authorities - and less to those with the highest deprivation. If this is added to the delay in the needs-based DSG review, the overall approach could continue to skew funding and provide protection to those with lower needs.

A further issue is that of pupils being educated in one local authority area while residing in another. We appreciate that it is difficult to collate deprivation/Free School Meals data for pupils being educated in other authorities' schools; this will be a challenge in allocating monies for the 'Pupil Premium'.

We do not understand the logic behind the exclusion of special school pupils from the premium.

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

Tick FSM ever – 3 years

The indicator that best fits the needs of pupils and which is collectable, transparent and timely.

We do not support Acorn or Mosaic because as far as we are aware, no correlation has been proved with educational attainment. Whereas the FSM is well established as a linked factor, and accepted by the majority of schools as an appropriate measure for deprivation funding.

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

Tick yes

In CIPFA's view, they should be included in the Pupil Premium mechanism because of the poor average attainment levels of Looked After Children.

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?

Any system that is developed should be transparent, not complex and timely (unlike the current recoupment arrangements for pupils with SEN who are educated outside the resident LA - it can take up to two years for accounts to be settled in respect of pupils with SEN).

In CIPFA's view, the practical arrangements would work best if the system were to be based on funding the educating authority (rather than the caring authority).

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

Tick no

Evidence (eg in the consultation document itself) suggests that the answer to this is no; there are other ways to distribute funding to LAs with large concentrations of Service

Children and attainment is not the main issue for these children.

If however it is decided to include additional support for Service children within the pupil premium mechanism, we suggest that thought might need to be given to a different rate.

Methodology for allocating school funding for 2011-12

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?

Tick actual take-up

We believe that the actual take up should be used for DSG allocation.

Protection for LAs with less than 90% take up would go against the principle of the money following the child.

We think it is important for suitable arrangements to be put in place for mainstreaming the current Standards Fund for the Extended Flexible Entitlement to Early Years Education or else for retaining it as a separate grant.

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

Tick not sure

While CIPFA supports the principle that funding should be allocated on basis of actual counts and double-counting should be avoided, we understand that dual subsidiary registrations for pupils at Pupil Referral Units are relatively low in number (and therefore double counting would not have a disproportionate impact on the distribution of funding). Removing them from the calculation for DSG might create a perverse disincentive for schools to test out flexible arrangements for pupils who are at risk of exclusion.

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

Tick yes

We believe additional support to be necessary as large movements of pupils arising from Service movements can have a significant adverse impact at individual school level.

See also previous points

Do you support our proposals for home educated pupils?

Tick not sure

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

Tick Not sure

Clearly there will be winners and losers either way.

Have you any further comments?

See under general