

# Moving towards a fairer, more transparent funding system

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# Funding reform – where are we up to?

White Paper  
commitment

**Consult on developing and introducing a clear, transparent and fairer national funding formula based on the needs of pupils, to work alongside the Pupil Premium.**

April consultation

***Consultation on school funding reform: Rationale and principles***  
On the principle of whether and when to introduce funding reform

July consultation

***Consultation on school funding reform: Proposals for a fairer system***  
Setting out two proposals for how the system could be reformed



- Latest consultation closed on 11 October
- We are considering our response

## There are some key decisions remaining for 2012-13

Government has announced that the current funding system will largely remain in place for 2012-13:

- Academy funding system based on minimal change from 2011-12
- Pupil premium eligibility and rate to be announced
- Funding settlement for 12-13 before end of the year – incl any MFG
- LACSEG consultation response and decision

# The context for reform is that resources in schools are tighter than in recent times

## School budgets 2011-15

Flat cash per pupil at national level – taking account of demographic growth

Pupil premium £625m in 2011-12, £1.25bn in 2012-13, rising to £2.5bn by 2014-15

Overall, schools budgets rise nationally by £3.6bn by 2014-15

MFG of -1.5% in 11-12 to ensure stability at a time of change, e.g. in structure of DSG

Changes to 16-19 funding will affect many secondary schools

# Two main proposals, each with benefits and risks

Both main proposals involve linking funding for areas more closely to need, and maintain principle of equivalence between Academies and maintained schools

## LA-level formula

## School-level formula aggregated

### Benefits

- Move to reflect up to date characteristics
- More local flexibility on distribution

- Move towards fairness, with transparency at school level but with limited local flexibility

### Risks

- Lack of transparency for Academies and other schools
- Risk that will lead to lack of equivalence over time

- LA remains co-ordinator of school forum - need to consider safeguards for Academy independence
- Pressure for convergence to formula may limit local flexibility?

# Specific issues to be worked up further following consultation responses

## Make up of formula

- Per pupil element and how to calculated
- Deprivation factor
- EAL
- Area-cost approach

## Roles and responsibilities

- Definition of roles and responsibilities between schools and authorities
- Devolution of DSG funds to maintained schools to be aggregated by choice
- And proposal for national LACSEG rate

## Arrangements for transparency and local flexibility

- Role of school forum – options to improve transparency and fairness of representation
- Transparency of local-level formula – for benefit of schools and accountability, and to enable calculation of Academy budgets
- Limitations on local flexibility to prevent over-complex formulas

## High need pupils and Early Years

- Development of high needs block to meet changing needs
- And further reform to EY funding

# Key areas of controversy in the consultation are focused on the role of the LA

## Role of the LA and Academy status

Key issue of diverging views on role of LA in co-ordinating schools forums

Fears from Academies that will affect independence

LAs see s development of role as a strategic commissioner, but will it work effectively while continuing to maintain schools?

Many see benefits of some local flexibility, but need to balance with safeguards for independence

## Timing for move to new system

At a time of tight budgets, any move will lead to winners and losers

Support for change in this spending period strong, but also for delaying till next spending period

Some elements of reform likely to be needed anyway for system to be sustainable

How can make right arrangements for transition?

## Next steps

Consider responses to consultation – respond end this year/beginning next

Continue to debate key issues on timing and balancing independence/flexibility/transparency

Gather intelligence about issues being faced in areas of low funding

Continue to discuss details with partners

Offer further details on what implementation would look like and make final decision