

Schools National Funding Formula Consultation Stage 2

(Closing Date 22nd March 2017)

Overall Approach

- 1. In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance? (Pages 7-15)**

Yes

No

Please explain your reasoning and any further evidence we should take into account:

We welcome the fact that the proposed funding formula indicates a total gain for Central Bedfordshire once the national formula is fully implemented from 2019-20.

However, there are key elements of the government's proposals that we would like to see amended:

- 1. Weakness of evidence for proposals and continued use of averages**
- 2. The proportion of weighting given to AEN rather than basic entitlement**
- 3. The 3% funding floor, which locks in historical differences**
- 4. Quantum and spending cuts**

Weakness of evidence for proposals and continued use of averages

As with the first stage of the consultation, there is still a basic weakness in that there is no commitment to a definition of what the government is actually funding. The emphasis is on redistributing money more fairly.

It is disappointing to see the continued use of averages, which reflect what LAs can currently afford to do, rather than a needs-based model which can evidence that the proposed funding levels are sufficient to cover the required costs of operating schools of different sizes and levels of needs wherever they are in the country.

Without the underlying understanding as to what the government is funding it is difficult to understand the rationale for the basic entitlement compared to the additional needs.

The proportion of weighting given to AEN rather than basic entitlement

Our initial reaction is that too much funding is directed towards deprivation and that when Pupil Premium is also taken into account this could be considered as double funding. Clarity is required between the differences as to what the deprivation funding in the main funding formula and pupil premium are supposed to support.

The 3% funding floor, which locks in historical differences

One of the key principles set out in Stage 1 of the consultation, was that pupils of similar characteristics should attract similar levels of funding wherever they are in the country (allowing for the area cost adjustment). When the funding formula to be implemented is deemed fair, it should be applied to all schools on a consistent basis.

However, the proposed 3% funding floor “locks” in some of the historical differences for those schools which have been better funded for several decades. Equally the cost of this protection limits the redistributive impact and will result in the continuation of different funding levels for pupils across the country. Stability for schools in funding is important, but not at the expense of never reaching a fair formula and outcome

Quantum and spending cuts

Central Bedfordshire understands that this consultation is about finding a fair funding methodology and not (at this time) about the quantum of funding available. But, schools in lower funded areas have been making cuts for well over five years now and have reached the limit of where cuts can be made without significantly reducing standards and outcomes for children. We recognise the work that the DfE has undertaken in supporting schools in making efficiencies, but we are struggling to understand where more cuts can be made by schools in the lowest funded authorities.

The removal of the Education Services Grant (ESG) will have an impact on schools. Academies will have costs which were supported by the ESG which they will need to fund from their General Annual Grant and local authority cuts are likely to lead to additional charges to maintained schools.

The level of revenue funding defines the number of teachers (and therefore the number of pupils per teacher) and education support staff and pastoral care staff and leaders within the school. The additional needs funding should separately add further staff or therapists to the core staff within the school. Without understanding what is being purchased you cannot say that there is room for cuts.

2. Do you support our proposal to set the primary to secondary ratio in line with the current national average? (Pages 16-17)

We have decided that the secondary phase should be funded, overall, at a higher level than primary, after consulting on this in stage one. We are now consulting on how great the difference should be between the phases.

The current national average is 1:1.29, which means that secondary pupils are funded 29% higher overall than primary pupils.

Yes

No – the ratio should be closer (i.e. primary and secondary phases should be funded at more similar levels)

No – the ratio should be wider (i.e. the secondary phase should be funded more than 29% higher than the primary phase)

None of the above

Please explain your reasoning and any further evidence we should take into account:

Central Bedfordshire recognises the need for a differential in funding between primary and secondary schools but comparison to a ratio is an artificial concept. The amounts and relative weightings need to be evidence based with reference to actual costs and factors such as:

- Teaching group sizes.
- Teacher contact time, including an allowance for planning, performance and assessment (PPA).

- Teaching assistant time.
- Absence e.g. sickness, maternity etc.
- Leadership costs.
- Non-class staff costs.
- Resources.
- Exam fees (Key Stage 4 only).

When this has been calculated the ratio will be what it is.

3. Do you support our proposal to maximise pupil-led funding? (Pages 17-18)

We are proposing to maximise the amount of funding allocated to factors that relate directly to pupils and their characteristics, compared to the factors that relate to schools' characteristics. We propose to do this by reducing the lump sum compared to the current national average (see question 7 on the lump sum value).

Yes

No - you should further increase pupil-led funding and further reduce school-led funding

No - you should keep the balance between pupil-led and school-led funding in line with the current national average

No - you should increase school-led funding compared to the current national average

Please explain your reasoning and any further evidence we should take into account:

The balance between the factors must result in adequate funding for all schools regardless of size and location. The interaction of the lump sum with the sparsity factor is therefore key to ensuring that any necessary and vital small schools remain sustainable as a result of the revised funding formula. If this is not sufficiently considered the formula could result in necessary small schools closing and local authorities incurring additional costs to transport pupils. Further still, there is the impact on the individual children (and potentially some very young children) that would find themselves having to travel.

As can be seen from the range of lump sums and the use of sparsity currently, each local authority has taken a different attitude to the use of the lump sum and sparsity allocations. This really is an area where one size does not fit all. Some local authorities use a small lump sum allied to strategic use of the sparsity factor to ensure that the schools that they need are viable. Other authorities use a larger lump sum with small sparsity allocations where the current sparsity restrictions do not allow for a more targeted use of sparsity factors

Therefore, at least in the short- to medium-term, Central Bedfordshire considers that the distribution of the lump sum and the sparsity factor could be managed locally in line with local priorities and local authority's sufficiency duties along with the other school-led funding arrangements that will need to be made for split sites and other specific school led costs.

Pupil-Led Factors

We ask respondents to bear in mind with each question on this page that we are redistributing funding. Any money that we put into one factor will have to come from another factor. We have indicated what we think are the right proportions for each factor.

4. Within the total pupil-led funding, do you support our proposal to increase the proportion allocated to the additional needs factors? (Pages 20-21)

Of the total schools block funding, 76% is currently allocated to basic per-pupil funding (AWPU) and 13% is allocated to the additional needs factors (deprivation, low prior attainment and English as an additional language).

The formula will recognise educational disadvantage in its widest sense, including those who are not eligible for the pupil premium but whose families may be only just about managing. It increases the total spent on additional needs factors compared to the funding explicitly directed through these factors in the current system.

We are therefore proposing to increase the proportion of the total schools block funding allocated to additional needs factors to 18%, with 73% allocated to basic per-pupil funding.

Yes

No – allocate a greater proportion to additional needs

No – allocate a lower proportion to additional needs

Please explain your reasoning and any further evidence we should take into account:

It is vital that the basic level of funding allocated to all schools is adequate for the school to staff and operate sufficiently. The additional needs funding should be as the name suggests, additional. If the DfE can clearly evidence that additional funding needs to be targeted at the AEN factors, this should not be at the expense of the basic entitlement funding which is intended to provide a core baseline of funding for all pupils and is imperative to achieving a fair, balanced and equitable funding formula.

5. Do you agree with the proposed weightings for each of the additional needs factors?

Deprivation - pupil based at 5.5% (Pages 21-25)

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

There is a question around the double funding of deprivation through pupil premium. Where schools attract relatively low levels of additional needs funding there needs to be confidence that basic funding is sufficient to cover the costs of running the school. The additional needs funding should be as the name suggests – additional and to support creative additional programmes for pupils, not prop up the funding for the majority of pupils. Clarity is required between the differences as to what the deprivation funding in the main funding formula and pupil premium are supposed to support.

Deprivation - area based at 3.9% (Pages 21-25)

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

Given the known and recent difficulties in revaluing the IDACI indices regularly, it is considered it is better at least in the short- to medium-term, not to use the IDACI model.

Low prior attainment at 7.5% (Pages 25-27)

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

Central Bedfordshire has previously raised concerns about the reliability and consistency of data being used to determine funding allocations under the current system in this area. National changes in assessments have resulted in data volatility which seriously undermines confidence when using to allocate funding.

For these reasons Central Bedfordshire has chosen not to use this factor in its local formulae

English as an additional language at 1.2% (Pages 27-28)

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:

This is less about the proportion and more about who is deemed eligible and for how long. Certain groups may require varying levels of support and due to the 3-year limit some secondary schools will never receive support for EAL pupils.

For these reasons Central Bedfordshire has chosen not to use this factor in its local formulae

6. Do you have any suggestions about potential indicators and data sources we could use to allocate mobility funding in 2019-20 and beyond? (Pages 28-29)

We have decided to include a mobility factor in the national funding formula, following the first stage of consultation. This will be based on historic spend for 2018-19, while we develop a more sophisticated indicator. We would welcome any comments on potential indicators and data sources that could be a better way of allocating mobility funding in future.

Mobility factor needs to provide for two different situations. First, for schools that have a high proportion of service children where whole regiments can be transferred in and out and the mobility factor needs to provide sufficient funding to keep a stable staff in school. Secondly to provide for exceptional turnover of pupils.

The current mobility factor requires a 10% turnover before providing even the smallest payment. Schools with the highest turnover probably require a stepped payment method.

School-Led Factors

We ask respondents to bear in mind with each question on this page that we are redistributing funding. Any money that we put into one factor will have to come from another factor. We have indicated what we think are the right amounts for each factor.

7. Do you agree with the proposed lump sum amount of £110,000 for all schools? (Pages 29-31)

This factor is intended to contribute to the costs that do not vary with pupil numbers, and to give schools (especially small schools) certainty that they will receive a certain amount each year in addition to their pupil-led funding.

Primary

Allocate a higher amount

This is about the right amount

Allocate a lower amount

Secondary

Allocate a higher amount

This is about the right amount

Allocate a lower amount

Please explain your reasoning and any further evidence we should take into account:

The lump sum is vital to support the operation of all schools, especially small schools. As such we believe that the lump sum needs to be considered alongside the basic per pupil funding amount and sparsity funding to ensure that a necessary small school receives a sufficient funding allocation to be able to operate.

The suggested amount is £120,000

The distribution of the lump sum and the sparsity factor could be managed locally in line with local priorities along with the other school led funding arrangements that will need to be made. Schools are not the same and it is reasonable that the school led factors, held in a ring-fenced budget could be locally directed. This is where local knowledge and negotiation are essential and the Schools Forum can provide this.

8. Do you agree with the proposed amounts for sparsity funding of up to £25,000 for primary schools and up to £65,000 for secondary, middle and all-through schools? (Pages 31-33)

We have decided to include a sparsity factor to target extra funding for schools that are small and remote. We are proposing that this would be tapered so that smaller schools receive more funding, up to a maximum of £25,000 for primary schools and £65,000 for secondary schools.

Primary

Allocate a higher amount

This is about the right amount

Allocate a lower amount

Secondary

Allocate a higher amount

This is about the right amount

Allocate a lower amount

Please explain your reasoning and any further evidence we should take into account:

Consideration needs to be given to the interaction between the lump sum and support to small schools which may not be reflected in sparsity alone. Equally the use of the distance criteria as the crow-flies is still too rigid and does not allow for local variables.

We strongly recommend local flexibility around the usage of school-led funding factors (lump sum, sparsity etc.), and we believe this is where Schools Forum can exercise creditable local discretion. This will be a more reliable process than one relying on a one-size fits all national formula.

9. Do you agree that lagged pupil growth data would provide an effective basis for the growth factor in the longer term? (Pages 34-37)

The growth factor will be based on local authorities' historic spend in 2018-19. For the longer-term we intend to develop a more sophisticated measure and in the consultation we suggest the option of using lagged pupil growth data. We will consult on our proposals at a later stage, but would welcome any initial comments on this suggestion now.

The use of lagged pupil growth data appears to be a reasonable interim approach to funding growth. However, we support a fundamental review of how growth in existing schools and new schools is funded. As we move towards a national funding formula there needs to be a consistent approach and guidance to funding growth and new schools. This will undoubtedly require local knowledge and input to ensure that growth is based only on need, otherwise there is the potential for inefficient use of resources. We think that if there were national funding rates based on set criteria it would support some of the additional issues in meeting sufficiency requirements.

Funding Floor

10. Do you agree with the principle of a funding floor? (Pages 37-39)

To ensure stability we propose to put in place a floor that would protect schools from large overall reductions as a result of this formula. This would be in addition to the minimum funding guarantee (see question 13).

Yes

No

Please explain your reasoning and any further evidence we should take into account:

The proposed 3% funding floor “locks” in some of the historical differences for those schools which have been relatively better funded for several decades. Equally the cost of this protection limits the redistributive impact and will result in the continuation of different funding levels for pupils across the country. MFG should be sufficient protection at -1.5% per pupil per year.

The application of a national funding floor does not enable the model to achieve one of the key principles of “fairness” and will only continue to perpetuate the argument for these changes outlined by the DfE of similar schools in different local authorities being funded at different levels.

If a floor is to be implemented, whether in the short or longer term, there needs to be the ability to apply dis-applications to the calculation should school circumstances change, so not to further lock in historical funding which is no longer appropriate.

11. Do you support our proposal to set the funding floor at minus 3%? (Pages 37-39)

This will mean that no school will lose more than 3% of their current per-pupil funding as a result of this formula.

Yes

No – the floor should be lower (i.e. allow losses of more than 3% per pupil)

No – the floor should be higher (i.e. restrict losses to less than 3% per pupil)

Please explain your reasoning and any further evidence we should take into account:

There should not be a funding floor.

The MFG mechanism provides stability to schools and if the NFF identifies schools that have been considerably better funded for many years then this funding should be removed over time and re-distributed accordingly.
MFG should be sufficient protection to allow change over a period of time. This floor locks in past inequities.

12. Do you agree that for new or growing schools (i.e. schools that are still filling up and do not have pupils in all year groups yet) the funding floor should be applied to the per-pupil funding they would have received if they were at full capacity? (Page 43)

Yes

No

We believe that, to treat growing schools fairly, the funding floor should take account of the fact that these schools have not yet filled all their year groups.

Please explain your reasoning and any further evidence we should take into account:

Agree that new/growing schools may require additional protection, but there is a need to ensure their funding is not artificially inflated and that there is the ability to apply dis-applications to the MFG should school circumstances change.

Transition

13. Do you support our proposal to continue the minimum funding guarantee at minus 1.5%?

The minimum funding guarantee protects schools against reductions of more than a certain percentage per pupil each year. We are proposing to continue the minimum funding guarantee at minus 1.5% per pupil per year.

Yes

No – the minimum funding guarantee should be lower (i.e. allow losses of more than 1.5% per pupil in any year)

No – the minimum funding guarantee should be higher (i.e. restrict losses to less than 1.5% per pupil in any year)

Please explain your reasoning and any further evidence we should take into account:

The continuing -1.5% per pupil MFG provides sufficient protection to schools on an ongoing basis.

Further Considerations

14. Are there further considerations we should be taking into account about the proposed schools national funding formula?

Education Services Grant (ESG)

The removal of the ESG will have an impact on all schools, whether maintained or academy. Academies will have costs which were supported by the ESG which they will need to fund from their General Annual Grant and local authority cuts are likely to lead to additional charges to maintained schools. This is another cost which schools across the country will have to bear without additional resources.

Movement between blocks

In the past there was discretion to move funding between the blocks with the agreement of the Schools Forum. When the High Needs Block becomes stand-alone the only method available for LAs will be to reduce funding for top-ups for mainstream schools, resource provision, special schools and alternative. The answer to this is either to increase the funding into the HNB to ensure that it is adequate for pupils that need the most help (which it currently isn't, nor is it planned to be), or to enable schools via their Schools Forum to allow movement between Schools and High Needs.

Schools Forum and Local Expertise

There is no clarity in the consultation about the ongoing purpose of the Schools Forum. The members of Schools Forums and locally elected Councillors have a considerable number of combined years of experience of the management of schools and education. They work in the local area and understand the needs of their communities. This is a huge resource of local expertise about what works locally and supports children locally. By moving to a funding formula managed from the centre, this local expertise could be lost.

Capacity of EfA to consider local issues

Following on from above, we question the ability and capacity of the Education Funding Agency to be able to properly consider all the data it uses and to work with schools to apply the necessary local knowledge to a national funding formula. This is what LAs do all the time in the management of their local formula. It is difficult enough to manage at a local level: doing so at a national level will be a considerable challenge. An example of this is that the EFA currently send local authorities lists of data as part of the APT process. This is the type of work the EFA will need to look at in future and we doubt that they have the capacity or local understanding to do this type of work).

Central School Services Block (Pages 66-72)

15. Do you agree that we should allocate 10% of funding through a deprivation factor in the central school services block?

Yes

No - a higher proportion should be allocated to the deprivation factor

No - a lower proportion should be allocated to the deprivation factor

No - there should not be a deprivation factor

Please explain your reasoning and any further evidence we should take into account:

The principle to allocate a proportion of the central school services block through a deprivation factor to reflect particular central services, such as education welfare services, appears reasonable.

16. Do you support our proposal to limit reductions on local authorities' central school services block funding to 2.5% per pupil in 2018-19 and in 2019-20?

Yes

No - allow losses of more than 2.5% per pupil per year

No - limit reductions to less than 2.5% per pupil per year

Please explain your reasoning and any further evidence we should take into account:

Based on the illustrative data, the range of winner and losers is varied, due to individual circumstances and historic local decisions. However, the proposals appear to give reasonable levels of protection which should allow LAs to realign services in a timely manner.

17. Are there further considerations we should be taking into account about the proposed central school services block formula?

Paragraph 5.22 refers to the ability of the LA to recycle money that is no longer needed for historic commitments into schools, high needs or early years in 2018-19. Central Bedfordshire does not have historical commitment.

The consultation states that the department will "set out our long-term intention for funding released from historic commitments at a later point". Local Authorities should not be protected if funds have been held, against regulations, for invalid historical commitments.

Equalities Analysis

18. Is there any evidence relating to the 8 protected characteristics identified in the Equality Act 2010 that is not included in the equalities impact assessment and that we should take into account?

Central Bedfordshire has nothing to add to this section