

REPORT TO: Schools Forum
DATE: 22 March 2017
REPORTING OFFICER: Senior Finance Officer, Financial Management Division
SUBJECT: Schools National Funding Formula Government Consultation – Stage 2

1.0 PURPOSE OF REPORT

1.1 To report to the School Forum on the suggested Schools Forum response to the Stage 2 consultation.

2.0 RECOMMENDATION: That the report be noted.

3.0 SUPPORTING INFORMATION

3.1 The Stage 2 consultation was announced by the Department for Education on 14th December 2016 along with indicative schools block budgets.

The consultation closes on 22nd March 2017 and Schools Forum members were offered the opportunity of meeting as a Sub-Group to decide on their responses.

We drafted responses to the questions as attached and circulated these to Schools Forum members asking for comments. Should no comments be received, we will submit as a local authority response.

Attached are the suggested responses.

4.0 POLICY IMPLICATIONS

4.1 None

5.0 OTHER IMPLICATIONS

5.1 None

Page 2 - 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?

Please select only one item

- Yes
- No

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

No

In an area of higher levels of deprivation where historically additional funding was passed to the LA specifically for secondary schools, we are now seeing all our secondary schools losing a significant amount of funding which with other budgetary pressures (i.e. NI, Superannuation, Apprenticeship Levy etc) is causing questions to be raised regarding their financial sustainability and the likely impact on outcomes for pupils which is not what we are about.

The lower than average lump sum is also detrimental to the smaller primary schools who will also struggle financially over the coming years. We do not wish to see any of our smaller schools (specifically two of our academies and a PFI school) becoming unsustainable.

2) Do you support our proposal to set the primary to secondary ratio in line with the current national average?

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.

Please select only one item

- 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)

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

No

See answer above.

3) Do you support our proposal to maximise pupil-led funding?

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).

Please select only one item

- 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:

No

The balance between pupil-led and school-led funding should be kept in line with the current national average. This is because a reduction of the lump sum in particular impacts on a considerable number of schools in Halton where the pupil numbers and cohorts do not fall in line with the Borough and National average.

Page 3 - 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?

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.

Please select only one item

- 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:

Yes

Halton has high levels of deprivation throughout most of the Borough, and we target more funding towards additional educational factors

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

Deprivation - pupil based at 5.5%

Please select only one item

- 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:

The proportion is about right

Deprivation - area based at 3.9%

Please select only one item

- 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:

The proportion is about right

Low prior attainment at 7.5%

Please select only one item

- 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:

The proportion is about right

English as an additional language at 1.2%

Please select only one item

- 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:

The proportion is about right.

In Halton we are only starting to use this factor in 17/18 due to the influx of EAL students to the Borough. However, our schools and academies have asked a question about in-year admissions of pupils with EAL needs and how those costs are being funded.

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

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.

Comments:

Halton has never used this factor as the numbers involved have historically always been very low, however, as per the EAL question above we are expecting to see an increase in pupil numbers not coming through in September. As we don't have data to enable us to model the impact that these pupils will have Halton is unable to make a decision at this point in time.

Page 4 - 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?

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.

Please select only one item

Primary

- Allocate a higher amount
- This is about the right amount
- Allocate a lower amount

Allocate a higher amount

Small schools and relatively small schools with low levels of deprivation will suffer due to this reduction in the lump sum figure. If the primary / secondary ratio is kept at the national average then it would make sense for the lump sum to be at the national average also. We have to acknowledge that schools have a set amount of fixed costs no matter how many pupils or the additional educational needs of those pupils and these costs are not always covered by other school led factors.

Secondary

Please select only one item

- Allocate a higher amount
- This is about the right amount
- Allocate a lower amount

Allocate a higher amount

If the primary / secondary ratio is kept at the national average then it would make sense for the lump sum to be at the national average also. We have to acknowledge that schools have a set amount of fixed costs no matter how many pupils or the additional educational needs of those pupils and these costs are not always covered by other school led factors.

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

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

Please select only one item

- Allocate a higher amount
- This is about the right amount
- Allocate a lower amount

Allocate a lower amount

Halton does not believe that this factor is beneficial across the country. It would appear from what we have heard from other LA's that the funding does not seem to be targeted at the schools that would appear to be the most eligible.

Secondary

Please select only one item

- Allocate a higher amount
- This about the right amount
- Allocate a lower amount

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

Allocate a lower amount

Halton does not believe that this factor is beneficial across the country. It would appear from what we have heard from other LA's that the funding does not seem to be targeted at the schools that would appear to be the most eligible.

9) Do you agree that lagged pupil growth data would provide an effective basis for the growth factor in the longer term?

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.

Comments:

Lagged funding disadvantages schools where there is significant growth. In Halton, in the secondary sector in particular, we are seeing large increases in pupil numbers while at the same time the budgets are being cut under the NFF proposals. Schools will struggle to provide for the additional pupils.

Page 5 - funding floor

10) Do you agree with the principle of a funding floor?

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).

Please select only one item

- Yes
- No

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

Yes

As it will protect individual school budgets

11) Do you support our proposal to set the funding floor at minus 3%?

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

Please select only one item

- 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:

Yes

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?

Please select only one item

- 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:

Yes

We agree otherwise this would overfund new schools for years to come.

Page 6 - 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.

Please select only one item

- 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:

Yes

Page 7 - further considerations

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

Comments:

Despite extensive efforts to resolve this inequity, schools in the North West region are still forced to pay approximately £16M more per year than an equivalent number of schools and pupils in the South East due to the way in which water drainage charges are applied. Until North West schools are funded for these additional costs, or the water companies forced to apply a consistent charge across the country, North West schools and pupils are immediately put at a disadvantage compared to the South East.

Page 8 - central school services block

The following 3 questions are about the central school services block.

Page 9 - central school services block

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

Please select only one item

- 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:

Yes

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?

Please select only one item

- 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:

No

Limit reductions to less than 2.5% per pupil per year

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

Comments:

For smaller LA's with such significant losses to ESG will directly impact on the level of provision to support schools and academies within the borough. As a small authority with high levels of deprivation, the cuts in our central service funding will have a direct impact on the sustainability of some of our key services that work with our most vulnerable children – for example our Education Welfare Services.

Page 10 - equalities analysis

The question below refers to the equalities impact assessment published with the consultation.

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?

Comments:

