

TITLE OF REPORT: Schools National Funding Formula – Stage 2 Consultation

Purpose of the Report

1. To bring to Schools Forums attention the stage 2 consultation on the proposed schools national funding formula. This report builds on reports presented in March and April 2016 and January 2017.

Background

2. The Department for Education (DfE) launched a second stage consultation on 14 December 2016 relating to implementation of a mainstream schools national funding formula (NFF), and the creation of a central schools services block for local authorities. The consultation closes 22 March 2017.
3. This “stage two” consultation includes details regarding:-
 - The DfE’s overall approach to a NFF
 - The proposed detailed formula design
 - The implications for individual schools of the application of a NFF based on 2016/17 data
 - The timetable of implementation of the NFF for schools
 - The proposals for a central schools services block

Below is a link to all the consultation documents.

<https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/>

Proposal

4. Schools Forum reviews discusses and amends as required the attached draft consultation document (appendix 1), and decides if Schools Forum would like to respond to the consultation.

Recommendations

5. Schools Forum notes the contents of the report and the draft consultation response and decides if a consultation response should be submitted on behalf of Gateshead Schools Forum.

For the following reasons:-

To enable Schools Forum to have an input into the consultation into the NFF,
and to put forward their collective views.

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Appendix1

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?

Yes

No

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

Whilst we would agree that stability is good for schools, the documentation provided does not give a clear rationale for the use of the LA averages. Although individual school information has been provided, the information on the area cost adjustment has not been provided. We are also concerned about the reduction base rate on our primary schools as our primary schools with lower levels of deprivation all see a reduction in funding.

Another concern is the impact of flat cash since 2010/11 and the impact this is having on schools. This has been made worse by reductions in local authority funding for vulnerable children and will be further impacted due to the removal of the general element of the Education Services Grant from September 2017.

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.

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:

Whilst Gateshead's ratio is at 1:1.27 is not far from the average of 1:1.29, due to the large values in place, a 2% movement in favour to the secondary sector will have a significant effect on primary schools. In Gateshead we have on average smaller primary schools and fewer larger secondary schools which has an impact on the primary secondary ratio. This local organisation of schools is not taken into account using a national average. The primary secondary ratio does not take into account funding allocated via the MFG and this can be misleading, as the actual funding ratio can be much different after taking this funding into consideration.

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).

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:

As mentioned above, in Gateshead we have on average smaller primary schools, which impacts on the allocation of funding on school led factors. Without the capital to rebuild and amalgamate schools this pattern will not change significantly with the implementation of a national funding formula. Another consideration is that not all LAs have PFI schools, this is another school led cost that is not related to pupil numbers. Rates are another school led factor that is outside the control of schools and the formula. The proposed changes in NNDR will have an impact on school led funding which again is not linked to pupil numbers and basing this on historic cost going forward is flawed. Another issue with NNDR is that Academies can claim to have their NNDR funded at actual cost via the DfE, but maintained schools do not have this option.
There should be local discretion on the primary secondary ratio within parameters so that the ratio can reflect the local area demographics and school organisation.

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.

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:

Gateshead's current formula is in line with national average. The removal of funding from the primary base rate into deprivation for Gateshead schools will have a detrimental impact on primary lesser deprived schools which are already facing financial issues due to flat cash since 2010/11 and very little deprivation funding. There also does not seem to be a rational for the increase in additional needs funding.

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

Deprivation - pupil based at 5.5%

Deprivation - pupil based at 5.5% Allocate a higher proportion

Deprivation - pupil based at 5.5% The proportion is about right

Deprivation - pupil based at 5.5% Allocate a lower proportion

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

It is very difficult to express an opinion as the documentation does not present any evidence for the proportions proposed.

Deprivation - area based at 3.9%

Deprivation - area based at 3.9% Allocate a higher proportion

Deprivation - area based at 3.9% The proportion is about right

Deprivation - area based at 3.9% Allocate a lower proportion

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

It is very difficult to express an opinion as the documentation does not present any evidence for the proportions proposed.

Low prior attainment at 7.5%

Low prior attainment at 7.5% Allocate a higher proportion

Low prior attainment at 7.5% The proportion is about right

Low prior attainment at 7.5% Allocate a lower proportion

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

Again it is very difficult to express an opinion due to the lack of evidence in the documentation and the changing measures for prior attainment. Low prior attainment in the primary sector can also be subjective and therefore there can be a perverse incentive.

English as an additional language at 1.2%

English as an additional language at 1.2% Allocate a higher proportion

English as an additional language at 1.2% The proportion is about right

English as an additional language at 1.2% Allocate a lower proportion

Please explain your reasoning and any further evidence we should take into account:
We agree with the rationale to provide a higher value for secondary EAL pupils compared to primary, however it is very difficult again to express an opinion on the proportion of the total budget to allocate to EAL, especially in the light of the new data being collected on the level of English language proficiency.

The weightings are a proportion of the total schools budget.

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:

This factor is currently used in Gateshead and is significant for a number of primary schools due to the amount of social housing in the schools catchment area. This factor would be difficult to capture in a national formula as local knowledge can be a crucial for one of instances of mobility due to housing demolition, localised flooding or refuge housing.

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.

Primary

Primary Allocate a higher amount

Primary This is about the right amount

Primary Allocate a lower amount

Allocate a higher amount

This is about the right amount

Allocate a lower amount

Secondary

Secondary Allocate a higher amount

Secondary This is about the right amount

Secondary Allocate a lower amount

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

The current allocations in Gateshead are £115,000 for primary schools and secondary schools £140,000. The more significant reduction in the secondary allocation should be offset by the increases in the basic entitlement even for our smaller secondary schools.

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.

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:

Not currently part of our formula.

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

Local flexibility is required to fund growth to ensure that the LA can meet its responsibilities for planning of school places. There can be instances where schools can de-stabilise the local area by taking too many pupils and making other local schools unviable, and other instances where schools are required to take a one of additional year group.

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).

Yes

No

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

A floor is agreed with in principle to protect schools from sudden funding drops.

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.

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:

It is difficult to form an opinion as to the level of the floor as the rationale behind the proposed 3% is not known.

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?

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:

The funding for growing schools should take this into account.

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:

This provides continuity for schools.

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

Comments:

We are concerned that the per pupil values will be set in the summer before the actual data sets based on the October census are known. Depending on the relative proportions of the primary and secondary sectors this could create funding pressures which will not allow the national factor values to be set at a local level.

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:

There is no link between the central block and deprivation.

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:

This should at least be in line with MFG, but it is also difficult to respond to this question without clarity around LA responsibilities.

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

Comments:

Further consideration needs to be given to historic commitments especially premature retirement costs which only reduce with the reduction in beneficiaries.