

NATIONAL FUNDING FORMULA: UPDATE

To: Cambridgeshire Schools Forum
Date: 17th March 2017
From: Jon Lee – Head of Integrated Finance Services

1.0 INTRODUCTION

- 1.1 Schools Forum previously received a report on the Department for Education (DfE) consultations for the Schools National Funding Formula and High Needs Funding reform at the January 2017 meeting. This report provides a short update on the work that has been undertaken in respect of the consultation response.
- 1.2 Schools Forum are asked to endorse and make any further comments for consideration on the proposed Cambridgeshire Schools Forum response before the response is submitted on the 22nd March 2017. It should be noted that the local authority will be responding separately to the proposals and individual schools should be encouraged to respond by Schools Forum representatives.
- 1.3 Appendices A and B provide the proposed response from the Cambridgeshire Schools Forum which also reflects feedback received at the January meeting and subsequent additions and changes to the responses (highlighted in the draft response documents).

2.0 NATIONAL FUNDING FORMULA PROPOSALS

- 2.1 As previously reported whilst Cambridgeshire as a whole does receive an increase in funding of £6.3m (2%) in 2019/20 when compared to current 2016/17 baseline figures there is a redistribution of funding between schools in Cambridgeshire. This redistribution therefore makes it incredibly difficult to support the DfE proposals given the historic levels of underfunding that Cambridgeshire schools have endured. The table below provides the summary position for Cambridgeshire by phase.

DFE Illustrative Data	Schools Gaining	Value of Funding Gain £m	Schools Losing	Value of Funding (Loss) £m	Net Funding Gain / (Loss) £m
PRIMARY SCHOOLS	124	3.725	69	(0.599)	3.126
SECONDARY SCHOOLS	25	3.277	6	(0.136)	3.141
TOTAL	149	7.002	75	(0.735)	6.267

- 2.3 As previously reported the potential redistributions between schools are due to proposed formula factors within the National Formula Factor which uses lower lump sums and basic per pupil values than Cambridgeshire's current local 2016-17 formula, but higher allocations for prior-attainment, deprivation and English as an Additional Language (EAL). The proposed national formula also includes a sparsity factor, but only 20 schools (17 primary and 3 secondary) appear to qualify under the nationally set criteria.
- 2.4 The proposed formula for High Needs Funding is different in that the DfE proposals do not set out a national funding formula for how High Needs settings will be funded; rather, the proposals relate to the way in which the High Needs Block allocation that comes to Cambridgeshire would be calculated. The proposals as consulted on provide no additional funding for Cambridgeshire's High Needs Block. There is the promise in the consultation that no local authority would lose

funding from the proposal and Cambridgeshire would actually receive £3.4m of protection to bring the allocation up to the 0% funding floor, that is a position of no funding loss. This is a significant issue for Cambridgeshire given the demand pressures that exist in respect of High Needs pupils both in number and complexity.

3.0 CONSULTATIONS RESPONSES

3.1 The table below sets out the work that has been undertaken to inform the Cambridgeshire Schools Forum consultation responses:

11 January 2017 - Schools Forum Working Group Meeting	Discussions around the details of the DfE proposals and formulation of initial themes and areas for further consideration.
Schools Forum Representative from the Primary and Secondary sector.	Work undertaken by Primary and Secondary sectors with a view to establish the core staffing costs of running a Primary and Secondary school respectively. This was based on the concern that too much emphasis in the DfE proposals is being given to additional factors leaving many schools in the situation of not having sufficient funding to operate.
19, 24 and 26 January – Governor Briefings	Presentation on the National Funding Formula proposals to Governors to raise awareness and highlight the key issues.
27 January – Schools Forum Meeting	Feedback from the Working Group discussions and further debate regarding the proposals.
17 February – MP Briefing	Schools and Schools Forum representatives supported by Officers met with Lucy Frazer MP to outline the impact for Cambridgeshire schools.
24 February – Special Heads Meeting	Meeting with Special School Head to discuss the impact of High Needs proposals. Special School Heads to provide feedback by 15 March to help inform the final submission.
24 February – MP Briefing	Schools and Schools Forum representatives supported by Officers met with Heidi Allen MP and Daniel Zeichner MP to outline the impact for Cambridgeshire schools.
6 March – DfE Meeting (F40)	F40 officer meeting with DfE Funding Policy Unit to discuss proposals.
13, 15 and 16 March – CPH Breakfast Briefings	Presentation on the National Funding Formula proposals to Primary Heads to raise awareness and highlight the key issues.
17 March – Schools Forum Meeting	Finalise consultation response

- 3.2 The draft consultation responses from the work undertaken are provided in Appendices A and B, with a summary of the key points set out below:
- a) Although we welcome the overall uplift in funding for Cambridgeshire and some Cambridgeshire schools, the potential reductions in funding for smaller schools (primary and secondary) is concerning.
 - b) The fact that the level of funding for Education is insufficient nationally which is resulting in the redistribution of funding rather than funding Education at a proper and sufficient level.
 - c) There is a lack of evidence to show that the basic level of funding the proposed formula allocates (excluding additional needs factors) would be sufficient to operate schools of varying sizes.
 - d) Linked to (c) the level of funding being targeted to additional factors is greater than the current Cambridgeshire funding formula exacerbating the inability to meet the standard running costs of a school. This should also be seen in the context of other funding streams available to support pupils from deprived backgrounds such as the pupil premium grant.
 - e) The continued use of national averages in the funding formula which compound the levels of underfunding, unfairness and previous local decisions.
 - f) The funding floor proposed locks in the historical unfairness in previous funding levels for years to come.
 - g) The proposed level of the lump sums (£110,000 to primary and secondary schools) is too rigid and does not reflect the varying costs to schools of different sizes.
 - h) The proposed sparsity factor is too rigid and does not necessarily reflect the need for small necessary schools within a community.
 - i) Growth funding still requires further consideration, with a consistent approach for funding growth and new schools across the country.
 - j) Given the existing pressures on the High Needs Block further analysis is being undertaken to try and understand why the current Cambridgeshire cohort does not appear to correlate to the proposed national proxy indicators.
- 3.2 The next steps will be to submit the consultation responses for the Schools Forum. There is then the need to begin to plan for the 2018/19 schools budgets and the 'soft' formula and what that means for Cambridgeshire schools. There is a decision to be made as to whether the funding formula for 2018/19 begins to or moves as fully to the national funding formula as possible, if at all. This will be dependent on the outcome from the Stage 2 consultation and how the DfE position the final formula. This will be kept under review, however discussions will need to begin in good time to ensure the approach adopted can be fully understood and the implications assessed.
- 4.0 ACTIONS**
- 4.1 ***Members of Schools Forum are asked to note the work that has been undertaken since the January 2017 meeting and to make any final comments for consideration on the proposed Schools Forum response to the consultations.***

Further Information

Full details of the consultation materials can be accessed at the links below:

Schools National Funding Formula Stage 2

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

High Needs Funding Reform Stage 2

<https://consult.education.gov.uk/funding-policy-unit/high-needs-funding-reform-2/>