

Appendix A**Schools National Funding Formula Consultation Stage 2 - Closing Date 22nd March 2017**

[Additions to the responses are highlighted throughout]

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:

Cambridgeshire Schools Forum still strongly believes the national funding formula proposals are unfair and the DfE have not struck the right balance between fairness and stability. The main reasons why we consider the proposals to be unfair are set out below and expanded on elsewhere in our consultation response:

- a) The level of funding for Education nationally is insufficient which is resulting in the redistribution of funding rather than funding Education at a proper and sufficient level.
- b) 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.
- c) Linked to (b) 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 potentially creating double funding within the system.
- d) The continued use of national averages in the funding formula compound the levels of underfunding, unfairness and previous local decisions, which is the very thing the national formula proposes to do.
- e) The funding floor proposed further locks in the historical unfairness in previous funding levels for years to come and is in no way fair.
- f) The proposed level of the lump sum at £110k is too rigid and does not reflect the varying costs to schools of different sizes.
- g) The proposed sparsity factor is too rigid and does not necessarily reflect the need for small necessary schools within a community.
- h) A level of local flexibility in the allocation of funding should be maintained to provide Schools Forum the ability to support those schools that are affected by locally unique circumstances.

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.) However the proposed 3% funding floor “locks” in some of the historical differences for those schools which have been overfunded 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.

If the funding formula to be implemented is deemed fair it should be applied to all schools on a consistent basis, accepting that it may result in some schools seeing reduced funding over a period of several years.

Where schools have been underfunded for a number of years we strongly propose that any increases in funding are accelerated and applied in full from 2018-19.

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, which is fine and long overdue, but without some clarity on what level of service the money can purchase, there is a danger that the new system does not take us much further forward.

It is disappointing to see the continued use of averages, which reflect what LA's 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.

The DfE should undertake analysis to ascertain the true cost of operating a school to ensure the proposed funding rates are sufficient.

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)

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

Difficult to answer any of the Yes/No options above. Cambridgeshire Schools Forum are of the view that the primary to secondary ratio is not a meaningful measure as it does not take into consideration numerous variables such as number and size of schools.

We do recognise a need for a differential in funding between primary and secondary funding. However, 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).

Consideration should also be given to differential primary rates to reflect differences for reception, KS1 and KS2 pupils. These differentials would recognise class size legislation and increasing exam costs in primary schools.

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:

In principle, yes. However the balance between the factors must result in adequate funding for all schools regardless of size and location. The interaction with the lump sum and sparsity factor is therefore key to ensure 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 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 potentially need to travel significant distances to access school places.

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 at appropriate levels. Where schools attract relatively low levels of additional needs funding there needs to be confidence that basic funding is sufficient to cover costs. The additional needs funding should be as the name suggests, additional.

The Cambridgeshire Schools Forum consider there to be significant amount of funding through other grants and funding streams which are not taken into account at all. These include the Pupil Premium Grant and other targeted funding as well as the new Opportunity Funds that are being created for certain parts of the country. A more holistic review of the funding available may lead to a different approach with the balance between basic funding and additional need funding being more sustainable taking in to account the comments we have made about being able to meet the basic running costs of a school.

In addition such a large weighting towards additional needs factors is likely to create difficulties for schools in being able to plan their finances with any certainty into the medium term because of the volatility and changes in the data sets. This could lead to a short term approach to financial management which is more reactive and arguably detrimental and inefficient compared to a medium term financial plan / strategy based on a more certain level of funding.

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:

See answer to Q4 above. Cambridgeshire Schools Forum is concerned about the potential double funding of deprivation through pupil premium as explained in question 4. Clarity is required between the differences as to what the deprivation funding in the main funding formula and pupil premium are supposed to support.

DRAFT

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:

See answer to Q4 above. Cambridgeshire Schools Forum is concerned about the potential double funding of deprivation through pupil premium **as explained in question 4**. Clarity is required between the differences as to what the deprivation funding in the main funding formula and pupil premium are supposed to support.

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:

See answer to Q4 above. Concerns have previously been raised 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 undermines confidence when using to allocate funding.

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:

See answer to Q4 above. 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.

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? (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.

Not currently a factor within the Cambridgeshire formula due to concerns over quality of national datasets. As such, despite only accounting for 0.1% of the overall pupil-led factors we are concerned over the proposed approach to use historic spend. However we do recognise that for some schools this is an issue that results in significant additional costs. Where this is linked to specific circumstances, such military families there might be an opportunity to link to the Service Children Pupil Premium and increase the allocation via this funding route.

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:

Cambridgeshire Schools Forum would challenge the use of the same funding rates across both the primary and secondary sectors. A more sensitive approach could be to link the level of the lump sum to the size of school rather than / or as well as sector. **This could be through a tapered or banded approach to ensure small essential schools remain viable.**

The lump sum is vital to support the operation of all schools, especially small schools. As such our view is 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. 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:

Although we strongly support the use of such a factor we do not feel the current DfE proposal adequately reflects the need for small schools in some areas.

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.

Importantly, schools also act as a social community hub in an area and are not just stand-alone institutions. Small schools (whether primary or secondary) need to be supported not only to maintain standards but also to preserve, in an efficient manner, their benefit to the community around them.

If the sparsity factor is not adequate, there will be a movement to the closure of small schools with social consequences for communities and financial consequences for the transportation of pupils.

We would strongly support local flexibility to be given around the usage of school-led funding factors (lump sum, sparsity etc), with agreement from Schools Forum, to mitigate some of the local circumstances a one-size fits all national formula cannot address.

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 would support a fundamental review of how growth in existing schools and new schools are 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, but if there were national funding rates based on set criteria it would remove 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:

As set out in response to Q1 the proposed 3% funding floor “locks” in historical differences for those schools which have been overfunded for several decades **and therefore cannot be agreed within a fair formula**. 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 level.

If a floor is to be implemented there needs to be the ability to apply disapplication's 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:

See above.

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 need to ensure their funding is not artificially inflated and that there is the ability to apply disapplication's 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:

Cambridgeshire Schools Forum are of the view that 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?**

The guidance does not provide details on the future role of Schools Forum. We would therefore request clarity as to what the role of Forum will be beyond 2018-19.

We would also ask whether consideration has been given to aligning the funding years for maintained schools and academies, whether that be to a fiscal or academic year, a consistent approach would be welcomed.

The proposals are dismissive of the removal of the Education Services Grant funding stream, which will impact on academies, which could create issues where such schools are also losers under the formula proposals.

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 Cambridgeshire is not an LA which is likely to see reductions in the school services block funding. However the proposals appear to give reasonable levels of protection which should allow LA's 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. Clarity is required as to how this will be taken into consideration against a move towards a hard national funding formula for schools i.e. if funding is moved into the schools block in 2018-19 is there a danger it will be “lost” when the hard funding rates are introduced from 2019-20?

The consultation states that the department will “set out our long-term intention for funding released from historic commitments at a later point.” - we would request this guidance as early as possible as it is likely to influence Schools Forum decisions on where best to recycle this funding as and when it becomes available.

Finally we would also urge the DfE to consider the continuation of certain pooled arrangements from within the central schools service block where they are the benefit of all schools (maintained and academies) across the LA. In much the same way as the national copyright licences there are opportunities to broker similar arrangements for all schools which removes a considerable amount of administration costs.

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?

--