



North Tyneside Council

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# Briefing note

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**Title of Briefing:** 2016/17 Mainstream school funding formula – consultation responses and notification of final formula

## Background

As part of the consultation process on the mainstream funding formula, the previous Schools Forum meeting received a report setting out the current arrangements for 2015/16 and the initial proposals for 2016/17. Following the last meeting, a consultation document was sent out to interest parties on 17 September with a deadline for responses of 2 October.

This report summarises the responses received along with the final proposals for the 2016/17 formula, which take into account the findings from this consultation process. The formula will be submitted to the DfE using an electronic pro forma by the deadline of 31 October – this will set out all of the key parameters to be used, although it should be noted that there is the possibility of later amendments to values if the outcome of the October 2015 pupil census or the Local Government Finance Settlement (expected late November/early December) lead to a change in overall funding for North Tyneside schools.

## Consultation responses

### *Overall response rate*

As with prior years, this report summarises the responses received by individual question as well as overall comments received. Eight responses were received, one of which was on behalf of two schools. Responses were as follows: two from the primary phase, one from a middle school and six from the secondary phase. This included one response from an Academy.

There was also a discussion at the Governor Briefing event held on 6 October, the findings of which have been reflected in this summary.

### *The individual questions*

The report sets out the responses to each question in the consultation. The original document presented to the previous Schools Forum can be accessed [here](#). It should

be noted that not all of the questions have the same number of responses as some schools only responded on specific matters or gave overall comments.

## **Conclusion**

Following the review of the consultation, it is for the Local Authority to take the final decision on the formula. On the basis of the discussions at Schools Forum and the responses received, the Authority is not minded to revise the proposals made at the meeting on 16 September 2015.

For clarity the following appendix sets out the comments received together with responses and/or updates where appropriate.

## Appendix: Summary of responses

Overall comments:

- [The school] gives its support
- I've read the document and would agree with all the decisions that have been proposed by the forum

Q1: Do you have any comments to make in respect of the overall amount of funds routed through pupil-led factors in North Tyneside?

- We accept the proposal not to alter the North Tyneside formula to hit a specific percentage for 2016-17, however as centrally held funds reduce, we would expect the additionally released funds to be allocated through pupil-led factors (specifically Basic entitlement rates) and therefore the resulting outcome for 2016/17 should be slightly higher than the current 88.84%. **NTC response – noted, this principle will be adopted as the amount to allocated changes year on year.**
- No. The current allocation of 88.84% of the delegated schools block is in line with DfE requirements and within the national boundaries.

Q2: Do you have any comments to make in respect of the basic entitlement rates in North Tyneside?

- We agree no change is necessary – although we would expect the distribution of any additional funds previously centrally retained would be through basic entitlement rates and, unless otherwise specifically agreed at School Forum, the current relationship between key stages should be maintained **NTC response – noted, this principle will be adopted as the amount to allocated changes year on year.**
- No. The rates for Primary, KS3 and KS4 are in line with DfE requirements. However it is acknowledged that any future amendment to the formula factors may impact upon the rates currently provided. We accept that it is fair and equitable that any formula change resulting in the amendment of a rate should be applied across all rates (as phases) as a % reduction / increase. **NTC response – noted, this principle will be adopted as the amount to allocated changes year on year.**
- The percentage allocation for KS4 above the national minimum level is significantly higher than for the other age groups. If the level of funding through basic entitlement needs to be increased or reduced to balance the overall budget, we would request that the funding allocation through basic entitlement **NTC response: agreed, the relative weighting will be maintained.**

Q3: Do you agree with the approach North Tyneside is proposing for allocating funds to support deprivation in 2016-17? If not, please outline as clearly as possible how you think this should be addressed.

- Do we know if recent statistics regarding FSM Ever or IDACI have increased or decreased due to factors such as the Universal free school meal entitlement in primary schools, or recent tax/benefit changes?  
If we are unsure of this then we can not be sure that changes in the value of these measures are a true reflection of the increase or decrease in underlying deprivation. The relative distribution of these values should however continue to reflect the approximate relative distribution of deprivation across the borough. It may therefore be necessary to consider maintaining the overall quantum of funds required to support deprivation at its 2015-16 value of £9.405m by changing the per pupil rates for each deprivation factor.  
We aren't advocating one means or another, just wanting to make sure this has been considered. **NTC response –in discussions with the Schools Research and Intelligence team there was a small drop off in key stage 1 pupils applying for Free School Meals (eg for pupil premium purposes) following the introduction of the universal free school meal entitlement, but this was not significant and there was no direct evidence that the new entitlement was driving the change. Further comfort that this is a reasonable driver is the fact that the wider IDACI factor is also used. On this basis, no change is proposed although this area will be reviewed in future years to ensure that there is no unintended consequence of the universal free school meals entitlement.**
- Yes
- I'm not sure how these elements of the deprivation funding are calculated **NTC response: the IDACI measure is calculated nationally. Further guidance is available at: <http://www.education.gov.uk/cgi-bin/inyourarea/idaci.pl>**
- Agree in principle however **should** the overall quantum of funds required to support deprivation be higher than the £9.464m allocated, then the per pupil rates should be reviewed as the allocation for deprivation is currently higher than the national average and therefore any additional funding allocation would only increase the variance further. **NTC response – noted although on balance of the consultation process, the proposed approach to maintain the per pupil level through adjustments to the basic entitlement will be maintained.**
- We agree with the approach taken but would be interested to see if there is any evidence that schools with higher levels of deprivation funding also have higher levels of surplus balances **NTC response: no evidence is available at present but this will be considered when we are reviewing surplus balances in the future.**

Q4: Do you think North Tyneside should introduce factor to provide additional funding to support looked after children?

- No. We are content that we have the LAC Pupil Premium.
- No
- No
- No. Adequate provision is provided via the Pupil Premium to support looked after children.

Q5: Do you agree with the continuation of the mobility factor in 2016-17?

- Yes, at the same value and basis as 2015-16.
- Yes
- Yes
- If school numbers need to increase by 10% in year to qualify, do any schools in NTC receive funding? **NTC response: in the 2014/15 funding equivalent to 41.76 pupils was applied which is 0.01% of total funding allocation.**
- What measures of support would be in place to support schools who suddenly have to deal with an influx of refugees or other new starters who do not speak much English and may be having to deal with massive traumas, bereavements etc? **NTC response: the mobility factor is a permitted departure from the use of the October census data. Further reallocation of budgets is not permissible through the Dedicated Schools Grant (DSG) allocation, so any wider support would need to be considered at a Council level, rather than solely an education funding level.**
- Yes with no change to the £250 rate per child.

Q6: Do you agree with the approach North Tyneside is proposing for allocating funds to support low cost high incidence SEN in 2016-17? If not, could you please outline as clearly as possible how you think this should be addressed?

- Yes, agreed, however it is noted that the total allocation through this factor is just 2.6% of resources in North Tyneside compared to 4.4% as a national average. It would have been possible to increase this allocation of £2.845m by a further £600k pa in 2015/16 if the transfer of funds to High need SEN had not been required.  
We hope the balance of the distribution of funds between High need SEN and low cost high incidence SEN should become clearer for future years following the SEN review work.
- Yes
- Yes
- Yes. The funding mechanism for low cost high need SEN should continue as per 2015-16.

Q7: Do you agree with the proposal to keep the lump sum the same as in the prior year i.e. all phases of school receive the same £0.150m per annum as a lump sum? If not, please state as clearly as possible what changes you would like to see to the lump sum.

- Yes, agreed
- Yes
- Should lump sum be allocated according to phase and student numbers? **NTC response: there has not been an appetite to amend the approach whereby all schools in the borough receive the same level irrespective of phase. In terms of pupil numbers, this factor focuses on a lump sum rather than being based on size of school, so the use of pupil numbers is not considered appropriate.**
- Yes

- No. The lump sum figure should be allocated per phase and give consideration to building condition. Secondary sites are larger with a significantly higher footfall. They are more expensive to maintain, typically operate over a longer period (hours per day, weeks per year) and as a consequence have much higher operating costs. This should be reflected more transparently within the formula. In addition, the reduction in devolved formula capital has significantly restricted the school's capacity to complete essential works to maintain and improve buildings without significant investment from the DSG. As the gap between building condition and reduced capital investment continues to increase, the pressure on main school budget to support building works is becoming increasingly challenging, reducing the school's capacity to allocate sufficient resources elsewhere whilst still leaving the school unable to address all building condition items. **NTC response: the comments are noted but on balance this view is not reflected in other comments. Further, the DfE guidance does not make provision to take into account factors such as building quality. Therefore this suggestion is not being actioned for the 2016/17 formula.**

Q8: Do you agree that the principle of the PFI funding arrangement should be maintained? If not, who do you think should bear the cost of the additional PFI charge?

- Yes, agreed
- Yes
- Would the building of four new schools impact on this? **NTC response: the PFI factor in use in NTC relates to the PFI schemes entered into several years ago, the funding of which was included in the education budgets prior to the new funding arrangements that came in from 2013/14. The new schools currently underway are not funded in the same way (they are direct funding agreements with the Education Funding Agency (EFA)) so do not impact on this factor.**
- Agree in principle. The four schools included in the PFI scheme should pay the additional PFI charge. It should not be taken from the funding pot allocated to all schools.

Q9: Do you agree with maintaining the level of funding for schools with falling rolls at £0.250m?

- Yes, agreed
- Yes - but might need to review the model once school forum is clear about costs purely associated with falling rolls.
- As a school who benefited from this funding I would like to see it maintained as it is very difficult to make staffing changes at a rate to match this issue given the 5/12, 7/12 school year vs financial year.
- Criteria applied in previous years have prevented schools with an Ofsted grading 3 or 4 from applying for financial support via this fund. We would ask that the criteria be reviewed to consider allowing all schools to apply where a fall in roll can be attributed to a temporary change in the local demographic.

In addition any sizeable underspend should be redistributed to schools via the local formula and a reduction in the top slice considered for the following year where there is evidence of historic underspend. **NTC response: whilst the concern around the rating of schools is noted, this criteria is stipulated by the EFA and therefore cannot be changed. In relation to any underspend, the rules from the EFA allow for the carry forward for the same purpose in future years or adding it to the overall funding to be applied through the formula. 2014/15 was the first year of this factor being used and the sub-group of Schools Forum considered it appropriate to allocate the full amount. For 2015/16 the same principle will be applied, which hopefully provides comfort to all schools that governance arrangements are adequate.**

Q10: Do you have any comments in respect of the proposals for EAL, sparsity, split sites, rates, high needs funding and MFG proposed for 2016-17?

- We agree there should be no change to these for 2016/17. We welcome the review around all SEN provision across the borough. We want to ensure all young people are appropriately supported throughout their education. As such any continuation of the transfer of funds to High need SEN from the main School budget, or Early years budget – both of which are under financial pressure in themselves - must be fully evidenced and justified.
- The current methodology is appropriate.

Q11: Is there anything more that you think can be done to improve the transparency of the Schools Forum and improve engagement with schools, regarding school funding?

- No. We think the idea of additional training for current, or future, Schools Forum members will be very helpful.
- Yes and I agree we should share best practice and knowledge. Christina [Ponting] has contacted me and wants to discuss how this can be achieved through the governor reps on the Forum. Which I am more than happy to support.
- Schools' Forum is a relatively public arena in terms of the openness to meetings and of documents discussed. I am delighted to know that there will be some training as a new member to Forum as it is taking me some time to adjust to the wide ranging scope the body has in its decision making. While wanting to contribute I am also conscious of needing greater confidence in my role and the logistics of how things run. The other, more general, point that I wanted to make on funding is around the national funding agenda and the anticipated changes that may come after the next spending review. Is this uncertainty we feel NT would gain from or may we end up with a reduction in our per-pupil funding? Has any risk analysis of this taken place? **NTC response: at present indications are that per pupil funding levels will continue at their current level. As part of the medium term financial planning undertaken by Council officers, future funding levels are considered, although as the DSG is a ring fenced fund it would not fall within the Council's remit to alter the funding available.**

- It is important that Governors are aware of the work and decisions of Schools Forum, which has not always been the case. **NTC response: noted – this matter is on the agenda for the Governor Briefing on 6 October 2015 to ensure that the Governor representatives are aware of the need to feedback to colleagues.**