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Submitted to **Schools national funding formula**

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Introduction

A Name

First name::

Elaine

Last name::

Appleby

B Email address

Email address:

elaine.appleby@northtyneside.gov.uk

C Response type

Please select your role from the list below::

Other

Please select your organisation type from the list below::

Other

Organisation name::

North Tyneside Schools Forum

Local authority area::

North Tyneside

D Would you like your response to be confidential?

No

Please give your reason for confidentiality::

Principles for a reformed funding system

1 Do you agree with our proposed principles for the funding system?

Yes

Please provide any further comments::

The principles are all worthy and it is hard not to agree with the intentions as set out. However, the challenge will be whether these principles can all be delivered at the same time (eg a simple formula that is fair on a national level). Further, before concluding fully, we will need to see the detail about how the transition will be managed. This will be especially relevant for schools facing reductions to their per pupil amounts as their cost base, especially in the short term, will often be the same or more expensive (e.g. changes in National Insurance etc).

The changes could also have a significant impact on the delivery of services, such as school improvement, where the local decision – involving Schools Forum – has been taken to work in a collaborative way. Whilst the principle of all funding going to schools is acknowledged, the implications of a blanket approach to distributing all funding needs to be considered to ensure the support to schools can be maintained through a period of change.

Further, and linking into the wider proposals contained within the White Paper, it is possible that in future, Multi Academy Trusts (MATs) will redistribute their funding within their MAT, meaning that the funding will not necessarily remain consistent on a geographical level.

The structure of the funding system

2 Do you agree with our proposal to move to a school-level national funding formula in 2019-20, removing the requirement for local authorities to set a local formula?

No

Please provide any further comments::

The Schools Forum is concerned about the removal of the flexibility to make block to block transfers, to make decisions at a local level to ensure that local circumstances are addressed – especially if these are not considered to be of prominence at a national level.

With a ring fenced Schools Block, the inability for local decisions to move money between blocks means DfE will need to manage High Needs pressures. There is a risk under the new arrangements that highly inclusive schools and those with specialist provision could suffer.

The sub-group also feels that more detail is required to fully respond to this point, which will presumably be made available as part of stage 2 consultation. In particular the relative weightings between the factors will be vital to ensure that there is no preference given to certain criteria at the expense of others – for example a local authority may have provided more (relative) funding for deprivation or prior attainment to ensure that it could work at addressing the attainment gap. A shift to more weighting on basic entitlement would benefit those schools with lower levels of need, at the expense of assisting some of the most needy pupils in an area. Again, local autonomy to redistribute funding means that schools (through the Schools Forum) can ensure that a collective approach is taken to benefit pupils across the borough, with a range of educational needs.

The Schools Forum sub-group also has concerns around governance and accountability – specifically around how people (parents, teachers etc) can raise concerns at a local level, with some level of appeal if the individual response from the school is not deemed to be satisfactory. Further, we have questions about the role that MATs will have and how will local accountability be maintained if the schools in the grouping are geographically dispersed?

As noted in response 1, as long as MATs are allowed to pool funding and redistribute it, a NFF will not necessarily achieve parity between similar schools. Therefore DfE distributing DSG directly on a school-level basis will not solve the problem they are trying to address.

The intention to allocate premises related factors such as split site and PFI costs on a formulaic basis from 2019/20 to fit with a 'hard' formula could cause significant difficulty for schools with high costs in these areas. Premises costs are often fixed costs, which are at best very difficult to reduce. Finally, it does not seem that consideration has been given to schools facing higher premises cost, specifically those where the buildings are older and are in need of higher levels of maintenance annually.

A failure to acknowledge issues such as the real incidence of pupil growth in the distribution of funding could cause some schools to be reluctant to expand. As long as the LA has responsibility for place planning, it needs to be able to target resources to expanding schools so the existing pupils are not disadvantaged.

Building block A: per-pupil costs

3 Do you agree that the basic amount of funding for each pupil should be different at primary, key stage 3 and key stage 4?

Yes

Please provide any further comments::

The current principles work well for the locality, with Schools Forum (and the wider consultation with all schools) confirming that the different funding levels reflect the additional cost of providing education to KS 3 and 4 pupils. However, where the current ratio of primary to secondary differs from the national average (assuming that the national average is used as the basis for setting the basic per-pupil levels) it could see schools experiencing significant swings in funding, especially given the current significant proportion of funding that goes through the AWPU route. Therefore, whilst the advantage of moving to a consistent level of funding is acknowledged, the support/redistribution during the transitional period will be vital in determining whether the new NFF can be delivered without creating financial hardship for some schools.

Building block B: additional needs factors

4a Do you agree that we should include a deprivation factor?

Yes

4b Which measures for the deprivation factor do you support?

Pupil- and area-level

Please provide any further comments::

Yes. The Pupil Premium (PP) was always envisaged as providing additional support. It is important that the important issue of supporting vulnerable students should be recognised in the main NFF rather than assuming PP can address all need.

There are pros and cons with each measure, so locally the decision has previously been taken to use a balance of IDAC1 and FSM6 to ensure the nuances associated with each factor does not influence the distribution of funding locally.

The significance of changes, especially on those schools dealing with the most vulnerable pupils, was seen when setting the 2016/17 budgets and the late announcement of the revised IDAC1 data – locally the borough is less deprived based on the latest data, but the scale of the change, especially at the higher bands, saw some significant swings in funding through the deprivation factor. Any major change introduced by the NFF could impact on the financial stability of schools, so again the transitional period will be vital.

Schools Forum would be interested in receiving further information about whether it would be possible to move away from the current arrangement whereby individual parents have to complete forms – especially since the introduction of universal free school meals appears to have had the unintended consequence of dissuading some parents from completing the PP forms. Ideally we would like to see if it would be possible to move to an automatic award of based on information that is already held nationally – linked to the principles of universal credit.

5 Do you agree we should include a low prior attainment factor?

Yes

Please provide any further comments::

It is essential to recognise that some schools have a very different profile of prior attainment to others, and that pupils with low prior attainment need more support, often including personalised learning which is more expensive to provide.

Concerns exist around the impact to the new KS2 SATS on the prior attainment factor allocations. Further, as the Foundation Stage Profile will no longer be statutorily required from Sept 2016, how will this work in practice?

6a Do you agree that we should include a factor for English as an additional language?

Yes

Please provide any further comments::

6b Do you agree that we should use the EAL3 indicator (pupils registered at any point during the previous 3 years as having English as an additional language)?

Yes

Please provide any further comments::

Yes – the view of the Schools Forum sub-group is that pupils arriving into the system with EAL require on average 3-4 years before their language skills allow them to integrate fully.

Building block C: school costs

7 Do you agree that we should include a lump sum factor?

Yes

Please provide any further comments:

Yes. It is important to recognise that schools face fixed costs irrespective of their size, so this factor is especially important for smaller schools. This factor ensures that schools do not face difficulties in meeting these fixed costs during periods of pupil reductions.

Setting the value (presumably to be consulted on a stage 2) will be important, especially given the national variability in the current level of this factor.

8 Do you agree that we should include a sparsity factor?

Yes

Please provide any further comments::

NTC is not impacted by the issues that the sparsity factor aims to address but the benefit of retaining it is understood. However, reaching a national consensus that is fair could be a challenge, to ensure that this does not (all other things being equal) see a shift of funding from urban to rural areas.

Building block C: other school costs

9 Do you agree that we should include a business rates factor?

Yes

Please provide any further comments::

Given the variability in rates across the country – and between schools within a locality depending on their status – it is important that the factor reflects local factors and the amounts actually paid by schools.

10 Do you agree that we should include a split sites factor?

No

Please provide any further comments::

This factor could be removed if the other premise-related factors suitably address an equitable means of distribution, for example the lump sum aspect. A continuation of this funding could provide a perverse incentive to maintain an inefficient split site arrangement, although it is acknowledged that the level of split site funding is limited nationally.

There were some concerns that a MAT could create a scenario whereby schools share some facilities, eg sports facilities, to qualify for split site funding on top of lump sum funding.

11 Do you agree that we should include a private finance initiative factor?

Yes

Please provide any further comments::

Removal of this factor would cause significant disadvantage to schools that have unavoidable costs of contracts previously signed to deliver services. However, this needs to be kept under review because of the RPI increases and actual costs should continue to be used rather than fixing this at a historic level.

12 Do you agree that we should include an exceptional premises circumstances factor?

No

Please provide any further comments::

If the intention is to move to a simplified NFF, introducing exception factors (of any description) is defeating the underlying principle of the NFF. If a school wish to include a specific course in their curriculum requiring specific facilities it should be factored into their financial planning.

13 Do you agree that we should allocate funding to local authorities in 2017-18 and 2018-19 based on historic spend for these factors?

Yes/No - Business rates:

No

Yes/No - Split sites:

No

Yes/No - Private finance initiative:

No

Yes/No - Other exceptional circumstances:

No

Please provide any further comments::

It is important to recognise that costs such as rates and PFI costs can vary significantly, due to factors such as appeals, changes in status or contractual indexation. Funding should be able to respond to any material change moving forwards.

Building block C: growth

14 Do you agree that we should include a growth factor?

Yes

Please provide any further comments::

Retaining some factor in this area would protect schools from rapid increases in pupil numbers, allowing the local authority to encourage educational provision is maintained to meet local need through additional short-term funding to allow schools to accommodate the additional pupils. Without this factor Schools Forum felt that some pupils could be left without suitable educational provision if schools were not given suitable incentive to take them onto roll.

15 Do you agree that we should allocate funding for growth to local authorities in 2017-18 and 2018-19 based on historic spend?

No

Please provide any further comments::

Funding will be necessary to ensure that authorities can meet their statutory duties to ensure sufficiency of places, but using the most timely pupil data would be beneficial to avoid undue lags in allocating the funding, especially in a period of rapid growth.

Building block D: geographic costs

16a Do you agree that we should include an area cost adjustment?

Yes

16b Which methodology for the area cost adjustment do you support?

hybrid methodology

Please provide any further comments::

Schools Forum acknowledges that staffing costs are higher in London, but locally schools do not benefit from this. If the level of funding is weighted too highly in favour of London, it could result in a shortage of teachers in the regions – exacerbating shortages in certain areas that currently exist (eg in coastal areas). Could thought be given to support areas of teacher shortage, where additional payments are required to attract the best candidates?

The higher costs of staffing would seem to make an area cost adjustment necessary. Whilst we have not undertaken detailed analysis, our immediate view is that the hybrid methodology appears to offer a closer match with the featured costs than the GLM method.

Factors not included in the formula

17 Do you agree that we should target support for looked-after children and those who have left care via adoption, special guardianship or a care arrangements order through the pupil premium plus, rather than include a looked-after children factor in the national funding formula?

Yes

Please provide any further comments::

North Tyneside has taken a targeted approach to the distribution of the pupil premium plus which has benefitted individual children according to their needs. We would be keen to continue with this approach but would want to be assured that the pupil premium plus would not be expected to replace current funding arrangements for the Virtual School team which comes from the DSG. With a reduction in the centrally retained block of DSG, the virtual school team could become vulnerable. Unless the pupil premium plus was to be sufficient to fund both the virtual school team and provide the support that is currently available through pupil premium plus, this could have implications for the support available for looked after children.

The looked after children population in North Tyneside is relatively small but is transient in both the cohort and school placements. Pupil premium plus allows for the flexibility required to meet needs as and when required.

In North Tyneside we have retained some funding centrally to provide additional educational psychology capacity, a counsellor, an apprentice teaching assistant

post for a care leaver, funding for a reading recovery teacher MA as well as crisis funding to maintain school placements as and when needed. Schools have benefited from these resources in a way that has been responsive and effective. Centrally managing the pupil premium grant has allowed for more strategic decisions to be made in tackling the barriers to looked after children achieving in education.

The Personal Education Planning process has been strengthened by the introduction of pupil premium plus and has led to much closer scrutiny of individual needs, impact of interventions and desired outcomes. The impact of this was seen clearly in our KS2 outcomes last year where progress measures were above average.

The consultation document makes no mention of the fact that looked after children are a transient population and many in KS4 end up in non-mainstream settings. We have increasing numbers being placed out of authority and Pupil Premium grant allows resources to move with children whereas funding included in the formula would be inflexible in the face of these changes.

We support the idea of further consultation in phase two to allow for further time to evaluate the potential impact on looked after children and gain a better understanding of the changes being proposed to the current pupil premium plus arrangements.

18 Do you agree that we should not include a factor for mobility?

Yes

Please provide any further comments::

19 Do you agree that we should remove the post-16 factor from 2017-18?

Yes

Please provide any further comments::

Yes, noting the small number of authorities that use this.

Transition to the reformed funding system

20 Do you agree with our proposal to require local authorities to distribute all of their schools block allocation to schools from 2017-18?

No

Please provide any further comments::

Evidence within the borough supports close working with the local authority. A rapid transition could put this at risk, although it is acknowledged that individual schools may take a different view and wish to progress to a situation whereby the funding flows directly to schools.

Concerns also exist around vulnerable pupils which currently receive support locally through the close working arrangements with the local authority.

We have several concerns around this:

- Depending on the level at which the Minimum Funding Guarantee (MFG) is set, the abruptness of the move to a NFF with national MFG and capping arrangements could result in significant changes with limited time for schools to prepare.
- The inability to move money between the Schools Block and other blocks will prevent authorities from working with their schools to resolve local issues such as rising demand for/costs of high needs provision. In recent years, we have used this block to block transfer to ensure funding is allocated based on current need in our locality, with Schools Forum being integral to this decision.
- Locally the decision has been taken to have a strong school improvement service within the borough – in part funded by a continuation of the historical decision to support this through centrally retained funding. These proposals would remove the ability for the locality to work collaboratively. In order to assess the local authority's ability to react quickly to this level of funding change – coupled with changes proposed for the Education Services Grant – we will need to consider the level, and the nature, of transitional support to be put in place.

21 Do you believe that it would be helpful for local areas to have flexibility to set a local minimum funding guarantee?

No

Please provide any further comments::

Since the introduction of the current schools funding regime the Schools Forum has supported the use of the national MFG. The locally set cap has not been a major issue for the borough. However, as the intention is to move to a national funding formula, Forum does not see the need to introduce a local MFG for a short transition period

Funding remaining with local authorities

22 Do you agree that we should fund local authorities' ongoing responsibilities as set out in the consultation according to a per-pupil formula?

No

Please provide any further comments::

It is recognised that some costs need to be based on the historic position as changes cannot necessarily be made to commitments in the short term. However, this should not be indefinite – if costs are no longer required, the funding to local authorities should be removed

23 Do you agree that we should fund local authorities' ongoing historic commitments based on case-specific information to be collected from local authorities?

Yes

Please provide any further comments::

It is recognised that some costs need to be based on the historic position as changes cannot necessarily be made to commitments in the short term. However, this should not be indefinite – if costs are no longer required, the funding to local authorities should be removed

The education services grant

24 Are there other duties funded from the education services grant that could be removed from the system?

Please provide your comments::

We have a valued relationship with the authority and any loss of service would be of concern.

Replacing this arrangement with SLAs could allow this arrangement to continue but it also increases the level of risk around the continued provision by the authority – any short term decisions by schools to cease buy in (eg due to immediate financial pressures) could lead to the authority no longer being able to deliver a viable service. This could result in the service offer being removed, so it would become unavailable in the future for all schools in the area.

Whilst the comments regarding the MAT providing support to schools are acknowledged, the Forum continues to have concerns that this potentially limits the scale and scope for consultation with a wide range of schools and partners.

25 Do you agree with our proposal to allow local authorities to retain some of their maintained schools' DSG centrally – in agreement with the maintained schools in the schools forum – to fund the duties they carry out for maintained schools?

Yes

Please provide any further comments::

Given the lack of obvious alternative funding sources if the agreement of maintained schools is not received, we would be interested in suggestions as to where the DfE think that the funding could come from.

Any responsibilities that the local authority will continue to deliver, e.g. admissions, should be automatically fully funded to ensure the continuity of the service over time.

Equality analysis

26 Please provide any comments on the equality analysis.

Please provide any further comments::