

## **Schools National Funding Formula Consultation Stage 2**

**(Closing Date 22<sup>nd</sup> March 2017)**

### **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:

f40 would like to take the opportunity of welcoming this consultation and commend the government for honouring its manifesto commitment to introduce fairer funding for all children in state funded schools in England. We also wish to acknowledge the work that Ministers and the department have undertaken on Stage 1 and in getting the Stage 2 consultation to this stage.

We welcome the fact that the proposed funding formula indicates a total gain of £183 million for f40 member authorities once the national formula is fully implemented from 2019-20. (The £183m figure is based on the net gains from the DfE illustrative data at school level. F40 used this so we could see how many schools gained and lost at individual LA level. Basically, we totalled up the figures for every school listed with data against them for each LA. However, we acknowledge that there is another DfE spreadsheet which show the total figures for each LA (without a breakdown of individual schools) which appear to add up to £213m for F40 LAs. We are, therefore, assuming that in this second spreadsheet the DfE has included other factors not shown on the school by school breakdown.

Taken the £183million together with the £210 million (f40's share of the £390 million funding first provided in 2015-16 and now baselined within overall budgets), this means f40's poorly funded authorities stand to gain a total of £393 million which they would not otherwise have had (or £423 million by the alternative calculation).

But we believe that success has to be tempered by an outcome that none of us really anticipated: that some poorly funded authorities will not gain and that many schools within poorly funded authorities will lose out. Regrettably f40 does not believe that the government's proposals go far enough to ensure fair funding.

This response, therefore, highlights the main themes on which f40 would press for further evidence or discussion prior to the implementation of a new formula and before it can be considered fair. However, we do not wish to see further delays in the implementation of a new formula.

There are key elements of the government's proposals that f40 authorities would like to see amended, namely:

- 1. Weakness of evidence for proposals and continued use of averages**
- 2. The proportion of weighting given to AEN rather than basic entitlement**
- 3. The 3% funding floor, which locks in historical differences**
- 4. Quantum and spending cuts**

These are dealt with in the following sections.

**Weakness of evidence for proposals and continued use of averages**

As we pointed out in the first stage of the consultation, there is a basic weakness in that there is no clear definition of what the government is actually funding. Clearly, we wish to see a formula where the emphasis is on redistributing money more fairly, but without some clarity on what level of service the money can purchase, there is a danger that the proposed new system will not take us much further forward.

It is disappointing to see the continued use of averages, which reflect what LAs 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. As part of the ongoing strategic approach to schools funding f40 would urge the DfE to undertake to analyse and assess activity-led funding to be factored into the funding formula rates prior to the implementation of the hard formula in 2019-20.

The funding formula model developed by f40 has attempted to do this based on analysis of staffing ratios and associated school level costs and we would urge the DfE to again consider each element of the that model to ascertain the true cost of operating a school to ensure the proposed funding rates are sufficient.

Without the underlying understanding as to what the government is funding it is difficult to understand the rationale for the basic entitlement compared to the additional needs. The proposals state that there has been a deliberate movement of funding into additional needs, partly to support those “just about managing” families, but we don’t consider that the additional needs indicators do support those families and therefore by reducing the basic element of funding this could be having the opposite effect to that intended.

**The proportion of weighting given to AEN rather than basic entitlement**

Our initial reaction is that too much funding is directed towards deprivation and that when Pupil Premium is also taken into account this could be considered as double funding. Clarity is required between the differences as to what the deprivation funding in the main funding formula and pupil premium are supposed to support.

**The 3% funding floor, which locks in historical differences**

One of the key principles set out in Stage 1 of the consultation, supported by f40, was that pupils of similar characteristics should attract similar levels of funding wherever they are in the country (allowing for the area cost adjustment). When the funding formula to be implemented is deemed fair, it should be applied to all schools on a consistent basis.

However, the proposed 3% funding floor “locks” in £399million of the historical disparity for those schools which have been better funded 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. Stability for schools in funding is important, but not at the expense of never reaching a fair formula and outcome.

**Quantum and spending cuts**

f40 understands that this consultation is about finding a fair funding methodology and not (at this time) about the quantum of funding available. However, clarity about the total size of the departmental funding cake as a whole and the amount available for the core purpose of educating children is crucially important before agreeing the size of slices.

It is important to understand that schools in lower funded areas have been making cuts for well over five years now and have reached the limit of where cuts can be made without significantly reducing standards and outcomes for children. We recognise the work that the DfE has undertaken in supporting schools in making efficiencies, but we are struggling to understand where more cuts can be made by schools in the lowest funded authorities.

The removal of the Education Services Grant (ESG) will have an impact on schools. Academies will have costs which were supported by the ESG which they will need to fund from their General Annual Grant and local authority cuts are likely to lead to additional charges to maintained schools.

We understand that the DfE believes that £1 billion worth more cuts are available within the system, but we consider that they need to align those cuts with their requirements from the system. For example, when building a school, the capital budget will define the number of bricks that can be bought and therefore the number of classrooms or breakout spaces or music spaces or science labs that can be built.

Equally the level of revenue funding defines the number of teachers (and therefore the number of pupils per teacher) and education support staff and pastoral care staff and leaders within the school. The additional needs funding should separately add further staff or therapists to the core staff within the school. Without understanding what is being purchased you cannot say that there is room for cuts. In the capital example, eventually you run out of bricks for a music room, or classroom and likewise with the revenue funding you run out of teachers or pastoral care or leaders and the school cannot effectively function however much you would like to think it can. Efficiency and an understanding about what it is that is being purchased must work hand in hand.

## 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)

**None of the above**

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

f40 recognises the need for a differential in funding between primary and secondary schools but comparison to a ratio is an artificial concept. 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).

Evidenced based calculations will present realistic figures – and the ratio will naturally follow.

### 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:

See also the answer to Q7.

The balance between the factors must result in adequate funding for all schools regardless of size and location. The interaction of the lump sum with the sparsity factor is therefore key to ensuring 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 necessary 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 find themselves having to travel.

As can be seen from the range of lump sums and the use of sparsity currently, each local authority has taken a different attitude to the use of the lump sum and sparsity allocations. This really is an area where one size does not fit all. Some local authorities use a small lump sum allied to strategic use of the sparsity factor to ensure that the schools that they need are viable. Other authorities use a larger lump sum with small sparsity allocations where the current sparsity restrictions do not allow for a more targeted use of sparsity factors. In Inner and Outer London in 2015-16 only five of the thirty-two local authorities used a lump sum lower than £110,000, which would be the only source of fixed cost funding, assuming that none of these had sparse schools. These are the authorities that had the discretion to use a lower lump sum and put more through the AWPU across the whole estate, but they didn't.

Therefore, at least in the short- to medium-term, f40 considers that the distribution of the lump sum and the sparsity factor could be managed locally in line with local priorities and local authority's sufficiency duties along with the other school-led funding arrangements that will need to be made for split sites, PFI and other specific school led costs.

We would anticipate that the Department for Education will suggest that this is not in line with a national formula and pupils across the country receiving the same levels of funding,

but the current proposals already see differences in funding for the remaining school-led factors alongside the ACA and proposals for transition and a locked in funding floor.

Pupil-led funding will be the main component of the formula and at that level will be equal – certainly much more equal than it is currently. Schools are not the same and it is reasonable that the school-led factors, held in a ring-fenced budget could be locally directed, possibly even towards CERA, to support some reshaping of the school estate.

At present there is no incentive for local authorities to reshape the estate as any savings made will be to the benefit of the NFF but at the cost to the authority. Even in authorities where all schools are academies, the authority will need to keep an eye on how to evolve the estate to meet its sufficiency duties.

### **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 sufficiently. The additional needs funding should be as the name suggests, additional. If the DfE can clearly evidence that additional funding needs to be targeted at the AEN factors, this should not be at the expense of the basic entitlement funding which is intended to provide a core baseline of funding for all pupils and is imperative to achieving a fair, balanced and equitable funding formula.

Increasing the deprivation funding is unlikely to reach the JAMs that the funding is trying to support. FSM6 is the same indicator that is used for Pupil Premium and you have stated in the introduction to this section that JAMs are above this threshold. The lower band of IDACI leans towards the more deprived, although a taper below the current threshold might bring JAMs in to this indicator, but more work would be needed to ascertain whether this would work. EAL is aimed specifically at supporting language acquisition and prior attainment is an indicator of SEN.

Therefore, there is no funding for JAMs within AEN, leaving the basic funding as the element that could support these people, yet this is the funding that is being reduced.

The f40 needs-led model, which was carefully constructed to ensure all schools are able to function with appropriate pupil teacher ratios and a lump sum that is set to meet a defined set of costs, provided for pupil funding at 75% and additional needs factors of 14% (deprivation 8%, prior attainment 5% and EAL 1%). Therefore, f40 proposes that the DfE should adopt these figures.

Furthermore, f40 would propose that, if pupil premium grant must remain separate to mainstream funding, it should be revised to provide for the 'Just About Managing' (JAMs) and hence reduce or avoid the double counting in the DfE's proposed funding values and the pupil premium.

**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.

F40 has previously suggested that Pupil Premium, or a substantial part of it, should be amalgamated into the mainstream funding formula. We acknowledge that the government has so far rejected this idea, but we are sure that it would help to clarify total funding for pupils with additional needs and clarify or reduce the perception of double funding for deprivation.

The f40 funding model recommended that total deprivation should all be funded via pupil-based indicators - primary 5% and secondary 3% i.e. total 8% - and this latter figure does not contain an area-based deprivation amount as f40 does not believe the IDACI model works well (see below).

There is also a question around the double funding of deprivation through pupil premium. Where schools attract relatively low levels of additional needs funding there needs to be confidence that basic funding is sufficient to cover the costs of running the school. The additional needs funding should be as the name suggests – additional and to support creative additional programmes for pupils, not prop up the funding for the majority of pupils. Clarity is required between the differences as to what the deprivation funding in the main funding formula and pupil premium are supposed to support.

Parents with children in infant year groups do not always apply for free school meals because of the universal infant free meal. Schools with these year groups; which are the building blocks for a child's future education path are being underfunded for their pupil needs as a result and to allocate more funding via this route will make that unfairness worse. As a minimum, f40 believes that the DfE should be developing methods of removing the need for parents to need to apply for free school meals and this should now be an automatic

entitlement for all that are eligible.

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. f40 does not believe that the IDACI model works well for large rural postcode areas as there as the area is too large to achieve a homogenous population. Given the known and recent difficulties in revaluing the IDACI indices regularly, f40 considers it better at least in the short- to medium-term, not to use the IDACI model. This is in line with f40's own needs -led funding model. In the future, when the new national formula has settled down, this could be re-visited with a degree of leisure and lack of implementation pressure.

**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. f40 has previously raised concerns 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 seriously undermines confidence when using to allocate funding.

The f40 model suggested low prior attainment at 3% for primary and 2% for secondary and again we recommend the DfE looks again at this.

**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.

f40 recommended 1% in its needs-led funding model, but 1.2% is acceptable.

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.

Mobility factor needs to provide for two different situations. First, for schools that have a high proportion of service children where whole regiments can be transferred in and out and the mobility factor needs to provide sufficient funding to keep a stable staff in school. Secondly to provide for exceptional turnover of pupils. The current mobility factor requires a 10% turnover before providing even the smallest payment. Schools with the highest turnover probably require a stepped payment method.

f40 is willing to work with the DfE on technical formula matters to explore suitable mobility factors and data sources.

**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:

See also the answer to Q3.

f40 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. The lump sum is vital to support the operation of all schools, especially small schools. As such f40 believes 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.

f40's needs-led formula suggested values of £102,000 for primary and £168,000 for secondary schools. We have not changed our mind on this point.

f40 considers that the distribution of the lump sum and the sparsity factor could be managed locally in line with local priorities along with the other school led funding arrangements that will need to be made. We would anticipate that the DfE will suggest that this is not in line with a national formula and pupils across the country receiving the same levels of funding, but the current proposals already see differences in funding for the remaining school led factors alongside the ACA and proposals for transition and a locked in funding floor. Pupil led funding will be the main component of the formula and at that level will be equal – certainly much more equal than it currently is. Schools are not the same and it is reasonable that the school led factors, held in a ring-fenced budget could be locally directed perhaps by some lump sum, some sparsity and a taper. This is where local knowledge and negotiation are essential and the Schools Forum can provide this.

The f40 needs-led funding model set out our expectations for what the lump sum should fund. In the absence of any DfE national model we would advocate the adoption of the f40 model. It is a fundamental tenet of accounting principles that school fixed costs should be provided for by a fixed income that is commensurate with the expenditure and likewise that variable expenses should be funded through a variable income stream and per pupil funding is precisely that.

In addition, the attempt to fix the lump sum at the same value for both sectors would appear to go against the DfE recognition of stakeholder feedback from the first stage of reforms back in April 2013 which resulted in local authorities being permitted to allocate different funding levels in their current local funding formula.

**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:

See also the answer to Q3.

Although f40 strongly supports 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.

At the expense of sounding flippant, several of our members have suggested “our children do not arrive at school on the back of a crow”.

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. Some of our members are aware of Academy Trusts closing small school sites without any consultation. Efficiencies need to be balanced with community needs.

We are aware that some f40 authorities consider that the lump sum must not be so large that small schools do not have to consider sensible efficient operating practices such as sharing an executive head. For these, a full-time teaching head is an expensive luxury that should not be funded by an overgenerous lump sum.

We would, therefore, strongly recommend local flexibility around the usage of school-led funding factors (lump sum, sparsity etc.), and we believe this is where Schools Forum can exercise creditable local discretion. This will be a more reliable process than one relying on a one-size fits all national formula.

**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, f40 would support a fundamental review of how growth in existing schools and new schools is 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 to ensure that growth is based only on need, otherwise there is the potential for inefficient use of resources. We think that if there were national funding rates based on set criteria it would support some of the additional issues in meeting sufficiency requirements.

DRAFT

## **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 reductions as a result of this formula. This would be in addition to the minimum funding guarantee overall (see question 13).

Yes

**No**

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

One of the key principles set out in Stage 1 of the consultation, supported by f40, was that pupils of similar characteristics should attract similar levels of funding wherever they are in the country (allowing for the area cost adjustment). When the funding formula to be implemented is deemed fair, it should be applied to all schools on a consistent basis.

However, the proposed 3% funding floor “locks in” some of the historical differences for those schools which have been better funded 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. Stability for schools in funding is important, but not at the expense of never reaching a fair formula and outcome.

Our investigations show that the total cost of the floor is £399m. If that was added to the basic amount per pupil, it would increase by £57, though we recognise there would be some weighting.

Again, our investigations show that Tower Hamlets has 87 schools and the 'floor' allocates £19.4m in that authority. Overall that works out at £539 per pupil. For primary it's £427 per pupil and for secondary £665 per pupil. So, a typical secondary school (1,000 11-16 year olds) in Tower Hamlets would receive £665,000 more than the same school in many f40 member authorities. The average is £503,000. That's in addition to the inflated allowance for additional needs and in addition to the Area Cost Adjustment. The difference buys about a dozen teachers and the difference is built-in to the funding model in perpetuity.

Judging by reports at meetings and in the media, it appears to be the case that the level of FSM/deprivation has dropped in London over the last decade. If that is correct, surely that is another reason not to lock in historic additional needs funding.

We also wonder what will happen when a new school is created in a “floor heavy” area? Will it apply a floor based on the average of neighbouring schools, which obviously would lock in past inequities and more funding even further?

Overall, it is clear that the cost of 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 per year.

The application of a national funding floor does not enable the model to achieve one of the key principles of “fairness” and will only continue to perpetuate the argument for these changes outlined by the DfE of similar schools in different local authorities being funded at different levels.

If a floor is to be implemented, whether in the short or longer term, there needs to be the

ability to apply dis-applications 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:

F40 is firmly of the opinion that there should not be a funding floor. (As set out in our response to Q1 and Q10).

The MFG mechanism provides stability to schools and if the NFF identifies schools that have been considerably better funded for many years then this funding should be removed over time and re-distributed accordingly.

MFG should be sufficient protection to allow change over a period of time. This floor locks in past inequities. In fact, new schools in 'floor areas' are likely to attract new floor funding so it will be perpetuated.

**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:

F40 agrees that new/growing schools may require additional protection, but there is a need to ensure their funding is not artificially inflated and that there is the ability to apply dis-applications 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:

f40 is 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?**

Yes, there are many issues that need to be taken in to account. These include:

**Education Services Grant (ESG)**

The removal of the ESG will have an impact on all schools, whether maintained or academy. Academies will have costs which were supported by the ESG which they will need to fund from their General Annual Grant and local authority cuts are likely to lead to additional charges to maintained schools. This is another cost which schools across the country will have to bear without additional resources.

**Movement between blocks**

By ringfencing the Schools Block, the High Needs Block (HNB) becomes very exposed. In the past there was discretion to move funding between the blocks with the agreement of the Schools Forum, especially where the behaviours of some schools were not very inclusive. F40 has been highlighting this point to the DfE for some time now. When the High Needs Block becomes stand-alone the only method available for LAs will be to reduce funding for top-ups for mainstream schools, resource provision, special schools and alternative provision - in other word cut funding to the pupils that need it the most. The majority of pupils in schools without SEN will be protected by the Schools Block ringfence: the majority of pupils that need extra help will get a cut-price service. The answer to this is either to increase the funding into the HNB to ensure that it is adequate for pupils that need the most help (which it currently isn't, nor is it planned to be), or to enable schools via their Schools Forum to allow movement between Schools and High Needs.

**Schools Forum and Local Expertise**

And while we are talking about the Schools Forum, there is no clarity in the consultation about the ongoing purpose of the Schools Forum. The members of Schools Forums and locally elected Councillors have a considerable number of combined years of experience of the management of schools and education. They work in the local area and understand the needs of their communities. This is a huge resource of local expertise about what works locally and supports children locally. By moving to a funding formula managed from the centre, this local expertise could be lost.

There are still significant areas of the NFF and of the HNB funding that will require local authority input, yet the removal of the major element of funding for schools is likely to lead to this becoming a marginalised area of work, especially without a Schools Forum. This in turn could lead to a loss of the relevant officer expertise to understand split sites, other exceptional arrangements and the changes to the school landscape and the impact on the MFG.

Any fairness that starts with the National Funding Formula will quickly ebb away, leaving schools in local areas unfairly compared to their neighbouring schools (let alone schools in other parts of the country). Clarity about how this is to be managed in future is needed very shortly.

#### **Capacity of EfA to consider local issues**

Following on from above, we question the ability and capacity of the Education Funding Agency to be able to properly consider all the data it uses and to work with schools to apply the necessary local knowledge to a national funding formula. This is what LAs do all the time in the management of their local formula. It is difficult enough to manage at a local level: doing so at a national level will be a considerable challenge. An example of this is that the EFA currently send local authorities lists of data that looks out of step as part of the APT process. This is the type of work the EFA will need to look at in future and we doubt that they have the capacity or local understanding to do this type of work).

#### **Review Mechanism**

The NFF is not something that is done once and just applied every year ad infinitum. Yet this is the way that it appears at present. The f40 approach to the NFF is to create a formula that is applied based upon criteria about class size, teacher costs and how schools are run. The DfE is basing its formula on average costs without knowing what it is buying. In 4 years' time when the next administration is in place and the next set of ministers want to leave their mark on the education system by the introduction of a priority (e.g. School Standards Grant, Pupil Premium, UIFSM), there must be an understanding of the basic needs before you can successfully make a targeted change to children's lives. As has been seen to date, when additional funding comes in, schools will automatically spend it on the basics before they spend it on the target. There must be a rational process for reviewing, adding or subtracting from the formula and the NFF does not provide that as it currently stands.

#### **Auto-registration for free school meals**

F40 suggests that there ought to be auto-registration for free school meals. Parents with children in infant year groups do not always apply for free school meals because of the universal infant free meal. Schools with these year groups; which are the building blocks for a child's future education path are being underfunded for their pupil needs as a result and to allocate more funding via this route will make that unfairness worse. As a minimum, f40 believes that the DfE should be developing methods of removing the need for parents to need to apply for free school meals and this should now be an automatic entitlement for all that are eligible.

**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:

Education Welfare Services is the only item listed in Annex A that should be linked to deprivation. In the last nationally published Section 251 outturn, 2014-15, this line amounted to 4% of the totals specified against the lines listed. Therefore deprivation should be limited to 4% or less.

**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, the range of winner and losers is varied, due to individual circumstances and historic local decisions. However, the proposals appear to give reasonable levels of protection which should allow LAs to realign services in a timely manner. F40 considers that this should be aligned with MFG at 1.5%.

**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, many of our members would also urge the DfE to consider the continuation of certain pooled arrangements from within the central schools service block where they are to 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?**

Fair funding is a right for every child wherever they are educated in the country. Funding formulae that protect some at the expense of others are unacceptable.

DRAFT