

To – Schools Forum - 9th March 2017

National Fair Funding Consultation Response

Context

In 2016, the Government committed to introducing a National Fair Funding Formula to address the unfairness in the current system used to allocate funds to the local area. In March 2016 the School Forum contributed to the stage one consultation and were broadly in agreement with the principles being proposed to ensure equity for pupils across the system.

In December 2016 the Stage 2 consultation was released. Below is a response created by a working party of school forum representatives.

Response to Schools National Funding Formula – Stage Two Consultation

Consultation question one

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?

As a historically underfunded local authority, Torbay welcomes the additional investment that is being brought into the area from the introduction of the formula. However the Local Area considers that the formula falls short of addressing the principles of fairness and stability.

The current consultation is fixed on re-distributing existing resources across the system. The issue of fairness and equity can only be addressed if the funding formula is built upon a full analysis of the real costs of delivering high quality education, using wider operating factors.

Within the proposed model the continuation of an area cost adjustment using the hybrid methodology results in similar schools across varying geographical areas being funded at differential rates. For Torbay this would result in the majority of schools remaining below the funding rate of other comparable schools. A position that demonstrates continued unfairness for pupils.

With a national pay scheme and consistent regulatory system the continued implementation of the area adjustment creates limiting opportunities for schools to attract high quality teachers and places them at a disadvantage with the regulator.

The commitment to implement a 3% floor for stability will result in a reduction in the increase that the local area could receive if this model had not been used. Thus creating a further layer of unfairness where schools will continue to receive more funds that they would have done otherwise.

The Local Area does not consider a correct balance has been applied to the introduction of the national fair funding formula. The actions taken do not address unfairness and stability in a phased approach that would result in all providers being treated equally over the shortest period of time.

Consultation question two

Do you support our proposal to set the primary to secondary ratio in line with the current national average of 1:1.29, which means that pupils in the secondary phase are funded overall 29% higher than pupils in the primary phase?

Yes - The proposal is in line with local decision making. School Forum has taken action to move the ratio towards the national average. The maintenance of this ratio would support stability at a local level.

Consultation question three

Do you support our proposal to maximise pupil –led funding, so that more funding is allocated to factors that relate directly to pupils and their characteristics?

Yes – However the proposal falls short of the current formula applied for pupil led funding. The proposal would reduce the per pupil funding from 78% (local allocation) to 72.5%. The illustrative examples for the local area demonstrate that the reduction in the lump sum would impact upon schools within deprived communities and selective schools.

Consultation question four

Within the total pupil-led funding, do you support our proposal to increase the proportion allocated to the additional needs factors (deprivation, low prior attainment and English as an additional language)?

Yes the local area agrees with the principle. However the proposed implementation falls short of the current weighting that is applied. The proposal would reduce the rate from 9.9% (local allocation) to 9.3%. The illustrative examples for the local area demonstrate that the reduction in this weighting will result in some schools within deprived communities receiving a reduced rate of funding.

Consultation question five

Do you agree with the proposed weightings for each of the additional needs factors?

The Local Area would suggest an increased weighting to the additional needs factor and a further gearing of allocation to the higher levels of deprivation, however the local area recognises that it is a balance between meeting the needs of schools struggling to meet their core responsibilities for all pupils and the needs of individual pupils. Increasing the differential between the IDACI A band and IDACI F band could support the further targeting of resource to deprived communities/pupils.

Consultation question six

Do you have any suggestions about potential indicators and data sources we could use to allocate mobility funding in 2019-2020 and beyond?

The mobility funding applied needs to have sufficient flexibility to reflect local solutions. Torbay has previously applied the following factors back in 12/13 before the changes to the formula were introduced. We had 3 bandings for Primary and 2 for Secondary. The Primary bandings were a mobility % of between 17.34% to 20%, this generated £2,605 per eligible pupil, 20.01% to 25% £3,908 and 25.01% to 100% £5,210. For Secondary the bandings were between 7.20% to 10% £3,577 and 10% to 100% £5,366.

*A Primary example of an allocation to a school with 19.7% mobility would be:
273 pupils divided by 7 year groups = 39 pupils x £2,605 = £101,595 x 19.7% = £20,014
allocation.*

Consultation question seven

Do you agree with the proposed lump sum amount of £110,000 for all schools?

Yes – The reduction in the lump sum enables greater funds to be invested in pupil led factors. The local area recognises that schools face fixed costs, however changing governance arrangements/trusts enable greater opportunities for schools to share services and functions resulting in some efficiency savings.

Consultation question eight

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?

Sparsity funds are required, however the funds provided should not be significant enough to reduce the motivation of small schools to consider change that would bring about more sustainable and efficient models of delivery. The continuation of the status quo could lead to on-going investment where evident solutions are not being proactive considered.

This is not a factor that is of considerable local significance.

Consultation question nine

Do you agree that lagged funding pupil growth data would provide an effective basis for the growth factor in the longer term?

The change in position from historic levels of spending to the calculation of pupil number increases over a period of two years is welcomed. However the pressure to manage the growth fund at a local level should not be underestimated, higher pressure for growth in one year will create pressure as funding will not be received for an additional year. The implementation of the funding formula should be focused on providing the growth factor in real time based on more frequent calculations.

Consultation question ten

Do you agree with the principle of a funding 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.

No – The proposed 3% funding floor sustains some of the historical differences for those schools that have been overfunded for many years. The implementation of the floor funding drives significant cost into the overall budget and limits the redistributive impact. The resulting factor being the continuation of different funding level across similar schools that will not be addressed. The impact of the introduction of the formula needs to be mitigated against but not at the expense of ever reaching a fair formula outcome in the shortest period of time.

Consultation question eleven

Do you support our proposal to set the floor at minus 3%, which will mean that no school will lose more than 3% of their current per –pupil funding level as a result of this formula?

No – For the reasons stated above. The Local Area would consider a 3% funding rate appropriate if a detailed plan had been developed to ensure all provisions moved to the baseline in the shortest period of time.

Consultation question twelve

Do you agree that for new or growing schools the funding floor should be applied to the per-pupil funding they would have received if they were at full capacity?

The proposed tailored approach for new schools that are still filling up, or new free schools that are not yet opened should be applied. We agree that they should receive higher per pupil funding in their first years (with the lump sum inflating their pupil funding).

The Local Area would like further reassurance as to how new or growing schools will be monitored to ensure that the lump sum inflation is reduced in line with anticipated pupil growth. New or growing schools that do not result in pupil numbers should not be protected indefinitely by lump sum inflation.

Consultation question thirteen

Do you support our proposal to continue the minimum funding guarantee at minus 1.5% per pupil? This will mean that schools are protected against reductions of more than 1.5% per pupil per year.

Yes – The proposal is in line with local policy and has been considered effective in managing fluctuations in budgets.

Consultation question fourteen

Are there further considerations we should be taking into account about the proposed schools national funding formula?

The proposed national funding formula seeks to re-distribute the current resources across the system rather than address the budget that is required to deliver high quality education. In creating the national rate the Department for Education/ Education Funding Agency should undertake to analyse and assess activity led funding to be factored into the funding formula rates prior to the implementation.

Consultation question fifteen

Are there further considerations we should be taking into account about the impact of the proposed schools national funding formula?

The “hard” introduction of the national funding formula will result in the demise of School Forum functions. These locally effective bodies maximize resources based on local intelligence for the benefit of pupils in real time. The removal of such a body will result in a loss of local expertise and collective decision making.

The potential of local areas to vire funds between blocks (DSG, Higher Needs, Early Years) will be removed, thus reducing the local areas ability to manage costs for vulnerable pupils. As a result this could drive costs into schools budgets that have previously been attributed to higher needs or create difficulties for the local area in balancing the allocated higher needs budget.



Recommendation

That Schools Forum agree to the proposed consultation response and its circulation to all Torbay schools, giving delegation to the Chair to make any final changes, in consultation with the Director of Children's Services, prior to final submission.

Rachael Williams
Head of Education, Learning and Skills

26th February 2017