

Response ID ANON-6NX3-58GA-4

Submitted to **Schools national funding formula - stage 2**

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Introduction

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C Response type

Please select your role from the list below::

Local authority representative

Please select your organisation type from the list below::

Local authority

Organisation name::

Northumberland County Council

Local authority area: :

Northumberland

D Would you like your response to be confidential?

No

Reason for confidentiality::

Page 2 - 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?

No

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

Northumberland Schools and academies welcome this attempt to introduce fairer funding for all children in state funded schools in England. Especially as Northumberland has suffered from comparative under-funding for many years.

We welcome the fact that the proposed funding formula indicates a small total gain in funding across Northumberland by 2020 compared with 2015.

However many individual schools and academies will not gain and many schools already poorly funded will lose out.

There are three key elements of the government's proposals that Northumberland schools would like to see amended, namely:

1. The proportion of weighting given to AEN rather than basic entitlement
2. The 3% funding floor, which locks in historical differences appears to be arbitrary figure
3. The move towards pupil led factors which disadvantages small schools and risks double funding pupil premium pupils.
4. The continued use of historic averages is by definition unfair

The emphasis is on redistributing money more fairly, which is fine and long overdue, but without some clarity on what level of service the money can purchase, there is a danger that the new system does not actually provide sufficient core funding for schools.

It is disappointing to see the continued use of historic 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.

We believe 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. We believe deprivation funding should be returned to the core to uplift the basic values per pupil.

The 3% funding floor prolongs 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

Schools in Northumberland 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. Geographically Northumberland has more complex challenges than found in cities because it encompasses, rural, coast and small town deprivation with limited opportunities for economy of scale. We recognise the work that the DfE has undertaken in supporting Northumberland, but we are struggling to understand where more cuts can be made by schools in the authority. Further cuts will clearly impede school improvement priorities.

The removal of the Education Services Grant (ESG) will have a significant 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 will lead to additional charges to maintained schools.

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. In many of our small rural schools this leads to mixed age classes and potentially a dilution of the curriculum offer.

The additional needs funding should separately add further staff or therapists to the core staff within the school.

The area cost adjustment, as well as supporting high cost employment areas, also needs to support the recruitment of teachers where it is difficult to recruit eg. Berwick.

2 Do you support our proposal to set the primary to secondary ratio in line with the current national average?

No – the ratio should be closer (i.e. primary and secondary phases should be funded at more similar levels)

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

Northumberland schools recognise the need for a differential in funding between primary and secondary schools but comparison to a ratio is an artificial concept, especially in a county that has, First, Primary, Middle, Secondary and High schools. The amounts and relative weightings need to be evidence based with reference to actual costs of running any school irrespective of size or phase. The wider ratio could be funded through re-directing deprivation funding and through non-disadvantaged small rural primary schools.

- Teaching group sizes and number of year groups .
- Teacher contact time, including an allowance for planning, performance and assessment (PPA).
- Teaching assistant time.
- Absence e.g. sickness, maternity etc.
- Essential leadership costs.
- Essential Non-class staff costs.
- Essential Resources.
- Specialist teaching staff.

In many cases there is no economy of scale available in relation to these factors. Our ratio is currently 1:1.24.

3 Do you support our proposal to maximise pupil-led funding?

Yes

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 Northumbrian schools remain sustainable as a result of the revised funding formula. If this is not sufficiently considered the formula could result in many small schools closing and the local authority 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. For example children may well have to travel from Kielder to Haydon Bridge for their nearest school, a travel time of over an hour in winter each way.

Therefore, Northumberland secondary schools need a larger lump sum and an increased school-led sparsity factor but this cannot simply be managed locally without an injection of additional funding overall so that Northumberland's place planning and sufficiency duties can be met.

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 could be equal, the area adjustment factor could be smaller.

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.

4 Within the total pupil-led funding, do you support our proposal to increase the proportion allocated to the additional needs factors?

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.

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.

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.

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

Deprivation - FSM - Deprivation - pupil based at 5.5%:

Allocate a lower proportion

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

See answer to Q4 above.

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, Northumberland schools 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.

Deprivation IDACI - Deprivation - area based at 3.9%:

Allocate a lower proportion

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

Northumberland schools do not believe that the IDACI model works well for large geographic rural postcode areas as there as the area is too large to achieve a homogenous population

LPA - Low prior attainment at 7.5%:

Allocate a lower proportion

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

Northumberland schools are concerned 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.

EAL - English as an additional language at 1.2%:

The proportion is about right

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

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.

6 Do you have any suggestions about potential indicators and data sources we could use to allocate mobility funding in 2019-20 and beyond?

Comments::

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.

Page 4 - school-led factors

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

Primary lump sum - Primary:

This is about the right amount

Secondary lump sum - Secondary:

Allocate a higher amount

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

See also the answer to Q3.

Northumberland schools 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 Northumberland schools, especially small secondary (middle) schools. As such we 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.

We believe that a lump sum could vary between £110,000 and £170,000 and 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. This is where local knowledge and negotiation are essential and the Schools Forum can provide this.

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.

8 Do you agree with the proposed amounts for sparsity funding of up to £25,000 for primary and up to £65,000 for secondary, middle and all-through schools?

Primary sparsity - Primary:

Allocate a higher amount

Secondary sparsity - Secondary:

Allocate a higher amount

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

See also the answer to Q3.

Northumberland schools strongly support the use of such a factor but we do not feel the current DfE proposal adequately reflects the need for small schools in our county.

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 too rigid and does not allow for local variables. For example a lack of public transport or difficult rural road and travelling distances.

Importantly, schools act as a social community hub in an area and are not just stand-alone institutions. Small schools (whether first, primary, middle 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. There is a danger that Academy Trusts will either not take on small schools or will close small school sites without any consultation. Efficiencies need to be balanced with community needs.

We recognise that small schools have to consider sensible efficient operating practices such as sharing an executive head.

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?

Comments:

The use of lagged pupil growth data appears to be a reasonable interim approach to funding growth. However, we would support a fundamental review of how growth in existing schools and new schools 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. It is vital that school reorganisation is planned for in any future strategy, for example this year five middle schools are closing in Northumberland.

Page 5 - funding floor

10 Do you agree with the principle of a funding floor?

No

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

If this proposal were agreed it would take five to ten years for the transition to achieve the fairness. As set out in response to Q1 the proposed 3% funding floor "locks" in some of the historical differences for those schools which have been relatively 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. MFG should be sufficient protection at -1.5% per pupil per year.

Schools that have enjoyed better funding over previous years are in a better position to absorb the loss in year years.

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.

The 3% cap seems to be an arbitrary measure without a rationale.

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%?

No – the floor should be lower (i.e. allow losses of more than 3% per pupil)

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

Northumberland schools believe that there should not be a funding floor.

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 with the same demand to produce the same outcomes academically..

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?

Yes

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

We agree that new/growing schools may require additional protection, this should be time limited, 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. If new schools are established then revenue funding should be available that does not disadvantage existing schools.

Page 6 - transition

13 Do you support our proposal to continue the minimum funding guarantee at minus 1.5%?

Yes

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

Yes we believe that the continuing 1.5% per pupil MFG provides sufficient protection to schools on an ongoing basis., in line with current practice.

Page 7 - further considerations

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

Comments::

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. For example SEND services such as behaviour support services.

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.

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 words 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

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/RSC to consider local issues

Following on from above, we question the ability and capacity of the Education Funding Agency and Regional Schools commissioner office 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 which is inextricably linked with place planning.

There is a lack of clarity on PFI factors.

Review Mechanism

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

We suggests that there ought to be auto-registration for free school meals.

Additional Costs – national, living wage and apprenticeship levy. Removal of ESG will greatly damage the success of this attempt to introduce fairer funding for schools.

Page 8 - central school services block

Page 9 - central school services block

15 Do you agree that we should allocate 10% of funding through a deprivation factor in the central school services block?

No - there should not be a deprivation factor

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

The principle to allocate a proportion of the central school services block through a deprivation factor to reflect particular central services, such as education welfare services, appears unreasonable as statutory duties should be fully funded for all children.

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

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.

17 Are there further considerations we should be taking into account about the proposed central school services block formula?

Comments::

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 allocate this funding as and when it becomes available.

Finally, we would also urge the DfE to consider the continuation of certain pooled arrangements from within the central schools service block where they are 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.

Page 10 - 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?

Comments::

We have nothing to add to this section.