

## Response ID ANON-6NX3-Y9BA-4

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

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### Introduction

#### A What is your name?

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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::**

Other

**Organisation name::**

The Kent Schools' Funding Forum (SFF)

**Local authority area: :**

Kent

#### 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: :**

The Kent Schools' Funding Forum (SFF) 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 £28 million for Kent and its schools once the national formula is fully implemented, but we believe that this has to be tempered by an outcome that none of us really anticipated: that some of our schools will lose out.

This response, therefore, highlights the main themes on which SFF would like to see 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 SFF would like to see amended, namely:

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

These are dealt with in the following sections.

- 1.The 3% funding floor, which locks in historical differences

One of the key principles set out by the DfE in their Stage 1 consultation, 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 overfunded for several decades and perpetuates the unfairness in the funding system. Our specific concern is in relation to the permanent nature of the floor. We appreciate the Government is trying to strike the right balance between fairness and stability. However, while stability in school funding is important, it should not be at the price of never reaching a fair formula and outcome.

The cost of this protection limits the redistributive impact and will result in the continuation of different funding levels for pupils across the country.

## 2. Weakness of evidence for proposals and continued use of averages

As with the first stage of the consultation, there is still a basic weakness in that there is no commitment to a definition of what the government is actually funding. The emphasis is on redistributing money more fairly, which is fine as a principle 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 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 we 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.

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.

## 3. 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. Our concern is that the amount of funding some schools, specifically those who do not attract much additional needs funding, are set to receive is now insufficient to cover the core/unavoidable costs of running a school. To support this view we have shown in the tables some examples of Kent secondary school per pupil rates (including Pupil Premium). You will notice that the difference between the two is growing.

Current rate per pupil inc. Pupil Premium NFF rate per pupil inc. Pupil Premium

School A (Non-selective) £6,301 £6,904

School B (Selective) £4,367 £4,318

Difference £1,934 £2,586

Non selective/Selective % 144% 160%

In addition our view is that the DfE should explain what the difference is between the deprivation funding in the main funding formula and pupil premium and more specifically what each element should be spent on.

## 4. Quantum and spending cuts

SFF understands that this consultation is about finding a fair funding methodology and not, at this time, about the quantum of funding available. But, schools in lower funded areas like Kent have been making cuts for many years, to absorb annual inflationary pressures, and have reached the limit of where cuts can be made. We recognise the work that the DfE has undertaken in supporting schools in making efficiencies, although in practice we believe this has resulted in limited additional efficiency savings being realised in Kent schools. This is because the majority of these efficiencies were already realised as we have traditionally been one of the lower funded LAs, so we are struggling to understand where more cuts can be made without having a detrimental impact on the teaching and learning within our schools.

The reductions to post 16 / school sixth form funding, which commenced in 2013, have had a significant impact on our secondary school budgets. These reductions have been felt the most in our selective secondary schools, and have resulted in a significant narrowing of the courses on offer to our post 16 students.

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

We understand that the DfE believes that £1 billion worth of further cuts are available within the system, but we consider that unrealistic and unachievable without significant impact on the teaching and learning within schools.

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

Not Answered

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

We don’t agree with any of the above options.

SFF recognises the need for a differential in funding between primary and secondary schools. However, the amounts and relative weightings need to be evidence based with reference to actual costs and factors rather than current national averages. Evidenced based calculations will present realistic figures, and the

appropriate ratios will naturally follow.

### 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::**

The balance between the factors must result in adequate funding for all schools regardless of size and location. The interaction with the school led factors e.g. lump sum is therefore key to ensure 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 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.

We consider that the distribution of the school led factors factor could be better managed locally in line with local priorities as this is one area where one size does not fit all. 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 fair and equal – certainly much more equal than is currently the case. Schools are not the same and it is reasonable that the school led factors, held in a ring fenced budget could be locally directed with support of the local Schools' Funding Forum

### Page 3 - pupil-led factors

#### 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. In the absence of any evidence within this consultation to justify that the level of basic entitlement funding is sufficient to support a school without any additional need, our starting assumption is that the amount of additional needs funding is too high. Providing enhanced funding for additional need should not be at the expense of the basic entitlement funding. We know from our involvement with f40 that they produced an evidence based model that supported a lower proportion of funding to additional needs. The additional needs funding should be as the name suggests, additional.

Finally we believe that increasing the deprivation funding is unlikely to reach the JAMs that we understand the Government is trying to support. FSM6 is the same indicator that is used for Pupil Premium and you have stated that JAMs are above this threshold. The lower band of IDACI tends towards the more deprived, although a taper might be possible to bring JAMs in. English as an Additional Language (EAL) is aimed specifically at supporting language acquisition and low prior attainment is an indicator of SEN. Therefore, it is more likely that the basic funding is what will be needed to support JAMs in reality and 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 response to Q4 above.

We believe that Government should consider amalgamating Pupil Premium into the mainstream funding formula as this will provide greater clarity for school leaders and reduce the perception of double funding which currently exists.

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.

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 years 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 we believe 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::**

See answer to Q4 above.

Clarity is required, between what the differences are, between the deprivation funding in the main funding formula and pupil premium, and what both funding sources are supposed to support.

**LPA - Low prior attainment at 7.5%:**

Allocate a lower proportion

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

See answer to Q4 above.

SFF 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 such data to allocate funding. Any funding system must avoid significant turbulence in the underlying data from one year to the next as schools need to be able to predict their funding with a reasonable level of accuracy so that they can plan and manage their finances over the medium term.

**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::**

See answer to Q4 above.

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::**

If the Department is wedded to the inclusion of mobility factor, then we suggest this is based on a fixed rate per pupil for all new pupils (who were not on the previous year's census) excluding normal entry year groups.

In our view the mobility funding should be distributed to LAs who in turn have responsibility for distributing to their schools. LAs are best placed to understand local circumstances (e.g. schools with high traveller mobility or those who have a number of service children). Schools should only attract funding if the mobility is material (over a certain threshold) to avoid funding minor in year changes which it would be reasonable for schools to accommodate.

**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:**

Allocate a higher amount

**Secondary lump sum - Secondary:**

Allocate a higher amount

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

The lump sum is vital to support the operation of all schools, especially small schools in our County. As such SFF believes that the lump sum must be considered alongside the basic per pupil funding amount to ensure that a necessary small school receives a sufficient funding allocation to be able to operate. In our view the lump sum rate proposed is too low and should be increased and this increase should be paid for through a reduction to the additional needs factor.

As mentioned in our response to Q3 above, we consider that the distribution of the lump sum and all other school led factors could be better managed locally in line with local priorities. Schools are not all the same and it is reasonable that the school led factors, held in a ring-fenced budget could be locally directed. This is where local knowledge and negotiation are essential and the LA working with its Schools' Funding Forum can provide this.

We believe that the lump sum factor could be tiered dependent on size of school. A small school would attract a higher lump sum than a large school. Exact rates and bandings could be set locally as described in the above paragraph.

**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:**

This is about the right amount

**Secondary sparsity - Secondary:**

This about the right amount

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

Although SFF does not currently have a sparsity factor in its local formula, it supports the inclusion of such a factor in the National Funding Formula.

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.

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.

We strongly support local flexibility around the usage of school-led funding factors (lump sum, sparsity etc), to mitigate some of the local circumstances a one-size fits all national formula cannot address.

## **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, SFF would support a fundamental review of how growth in existing schools and new schools is funded so that areas like Kent, which is experiencing significant growth, receives an appropriate level of funding. 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, but if there were national funding rates based on set criteria it would remove some of the additional issues in meeting sufficiency requirements.

In the consultation, the DfE proposes to "include a growth factor, so that it is responsive to significant changes to pupil numbers that are not recognised by lagged funding". It is important to stress that this issue is as much of a problem in schools that are under PAN experiencing a rising roll, as those which are expanding in size. The current system only allows additional funding for schools that are expanding. There are a number of secondary schools in Kent which are below PAN and approaching a prolonged period of rising rolls due to their local demographic circumstances. These schools will very quickly become insolvent if they are reliant on lagged funding which funds the previous year's much smaller cohort of students. This situation is more acute in academies who currently suffer a full 12 months of lagged funding, compared to just 7 months in maintained schools. A school with a rising roll of just 30 children can be underfunded by £150k in one year. This can cause a school with low reserves to become insolvent very quickly, and yet some of our schools/academies are projecting rolls to rise over periods of up to 10 years. Any growth factor must be fairly applied to all schools and not just those who are expanding beyond PAN.

With this in mind, the use of lagged pupil growth data will not be a reasonable approach to funding growth beyond 2018-19, because those lagged numbers will not take into account the schools below PAN with rising rolls, who have not been able to access rising roll funding for the past two years.

## **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::**

As set out in our response to Q1 the proposed 3% funding floor is fundamentally flawed as it locks in some of the historical differences for those schools which have been overfunded for several decades and perpetuates the unfairness. Such a floor appears at complete odds with one of the DfE overriding principles of fairness. Continuing to fund some schools, at a higher level, for largely historic reasons, whilst others are on the National Funding Formula is unfair.

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 is a sufficient stability protection for the majority of schools at -1.5% per pupil. However we are aware that there are some schools and academies that would be on the MFG by a significant %. It is our view that all schools should be on the National Funding Formula within three years of its introduction and this is sufficient time for schools to plan and implement expenditure reductions, so that they are spending in line with similar schools of similar size, without a destabilising effect. This means that we support a greater annual reduction in the MFG %.

### **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::**

See our response to Q10 above

We do not support the introduction of the funding floor.

### **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?**

No

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

See our response to Q10 above – we do not support the introduction of a funding floor

We agree that new/growing schools may require additional protection for a limited time, but there is a need to ensure their funding is not artificially inflated and that there is the ability to apply disapplication's to the MFG should a schools circumstance change. Local Authorities are best placed to identify such schools and circumstances with support from their Forum.

## **Page 6 - transition**

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

No – the minimum funding guarantee should be lower (i.e. allow losses of more than 1.5% per pupil in any year)

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

SFF is of the view that the continuing -1.5% per pupil MFG provides sufficient protection for the majority of schools on an ongoing basis and there is no need for an additional 3% funding floor.

However we think that the MFG -% should be greater for those schools and academies that currently have/will have excessive MFG protection, so that all schools and academies are on the NFF within three years of its introduction.

Once all schools are on the National Funding Formula we think the Department should permanently remove MFG.

We are also of the view that, in future, no school should gain MFG funding as a result of changes in their pupil numbers.

## **Page 7 - further considerations**

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

**Comments::**

Other issues that we would like to raise through this consultation:

1) The Department cannot ignore the impact that flat cash is having on schools and academies. Nor can it repeat its headline "there is a record level of funding in the Education system". At best this statement is disingenuous and at worst it is a deception. We know that there are more children in the system hence the higher funding, but there is a need for even more. The National Audit Office has calculated that schools face reductions of 8.7% in real terms until the end of 2019-20. This is on the back of 6 years of flat cash. In an authority like Kent, which has always been lower funded than others, the scale of the cuts can no longer be made without having a detrimental impact on the core teaching and learning within most schools. Additional funding within the system is urgently required to fund real terms increases.

2) We do not support the ring fencing of the Schools block and removing LAs ability to transfer funding between all the DSG blocks to meet local pressures. We have seen year on year pressures within our High Needs block which have far exceeded the per capita increases provided by the DfE. The local authority has discussed these issues with us and we have supported the transfer of DSG from the schools block. This situation is not unique to Kent and we are aware of many other authorities who have done exactly the same. To remove this flexibility will result in many LAs going into deficit with their DSG budgets and/or making cuts to services supporting some of our most vulnerable children. The latter is counter intuitive and will result in even more pressure in the system as providers, faced with falling funding from their LA, will decline to take SEN children, resulting in more costly provision.

3) We have major concerns that the DfE/EFA will be unable to take a local view and therefore future changes in our school circumstances will not be taken into account. For example local pupil mobility following a regiment move.

4) We have major concerns that the DfE/EFA will be unable to support our schools through checks on the underlying data and calculation of school budgets, a role that is currently performed by the LA. Over the years we have identified and resolved a number of errors.

5) Rates – the consultation is quiet on proposals for funding rates under a NFF. We think that there is a perverse incentive for some LAs not to seek rate relief/reductions when we move to a hard NFF if these costs are fully funded by the DfE. To overcome this risk, all school led factors should be left for local decision making to incentivise LAs to seek maximum discounts for their 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::**

SFF believes that deprivation should not form part of this block. In reality the majority of costs that are funded from the Central School Services Block are not influenced by deprivation e.g. Admissions, licences

### **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?**

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::**

It is completely unsatisfactory that the DfE assumes that LAs can absorb reductions of 2.5% in 2018-19 when they have already experienced funding reductions from Government on their LA grant funding of over 40% since 2011. We strongly recommend that any funding reductions are implemented over a three year period to allow LAs appropriate time to manage them and that the reduction should be set at no more than -1.5% in the first year, which is line with current schools MFG rates.

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

**Comments::**

None

## **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 think that the DfE should consider whether the differing attainment levels of boys and girls should feature in a national funding formula. We know that attainment of girls is 15% higher in early years and this gap remains at a similar level by the end of key stage 4. We believe this issue needs further discussion as part of the NFF agenda.