

Schools National Funding Formula – Stage 2 Survey – Cheshire East Council Response at 8th March 2017

Your Details	
Name:	
Email Address:	
Role:	<input type="checkbox"/> Governor <input type="checkbox"/> Head/Principal <input type="checkbox"/> LA Representative <input type="checkbox"/> Multi-Academy Trust Member <input checked="" type="checkbox"/> Parent <input type="checkbox"/> Pupil/Student <input type="checkbox"/> Sector Organisation Representative <input type="checkbox"/> School Business Manager/Bursar <input type="checkbox"/> Teacher <input type="checkbox"/> Other Educational Professional <input type="checkbox"/> Other
Organisation Type:	<input type="checkbox"/> Academy <input type="checkbox"/> Academy – Free School <input type="checkbox"/> Academy – Grammar School <input checked="" type="checkbox"/> Local Authority Maintained School <input type="checkbox"/> Local Authority Grammar School <input type="checkbox"/> Local Authority <input type="checkbox"/> Multi-Academy Trust <input type="checkbox"/> Representative Body <input type="checkbox"/> Other
Organisation Name:	Bexton Primary School
Local Authority Area:	Cheshire East

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- ☐ Yes
☐ No

Reason for confidentiality:

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?

☐ Yes
☒ No

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

The Council does not think the consultation strikes the right balance of fairness and stability.

In terms of fairness, a fundamental issue is that the increased focus on characteristics such as deprivation has significantly reduced the basic per pupil rates. For areas of low deprivation is there any evidence that the proposed basic rate will provide enough funding to run a school? If not then schools in such areas may become unsustainable, while schools in more deprived areas will need to use part of their deprivation funding to meet basic running costs.

The new formula was meant to address significant variations in per pupil funding in England. However, the funding gap between highest and lowest funded local authorities (and therefore schools) remains at £2,679 per pupil. This gap has only reduced by £231 per pupil from 2016/17.

The poorest funded authorities continue to receive insufficient funds to provide the same opportunities as similar schools in similar local areas. For the lowest funded schools the level of funding is not sufficient to provide a broad curriculum which will develop the skills required by employers.

In terms of stability, it is clear from the consultation that the current funding system is considered to be unfair, therefore to set a floor based on that unfair system limits the impact to minimal change. There are no easy options but it may help to reconsider the transitional arrangements.

The Council does not recognise stability as one of the principles underpinning the consultation.

A further key point is that the baselining exercise has locked in any previous transfers between blocks. As this Council has transferred money to the schools block, to assist with low levels of school funding, it is unfair this has been lost to the local area and not returned through the blocks it originally came from.

It is also noted that the consultation has focused on re-distribution of funding and not covered the overall amount going into DSG which, based on evidence of pay pressures etc of 8%, needs to be considered.

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

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)

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

The ratio in Cheshire East is currently 1 : 1.26 so broadly similar to the one proposed in the formula and it can be supported by the Council.

It is noted that this is based on the current formula average and highlighted as a key decision in terms of impact in the consultation document.

However, a key issue is that the current formula is considered to be unfair and may not be the best starting point. Is there any evidence of the additional costs that may be experienced by secondary schools compared to primary that can inform this factor?

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

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 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:

The Council agrees in principle that the majority of funding should follow the pupils.

The main issue here concerns smaller schools and whether their per pupil funding is sufficient to cover the school costs that do not change in proportion to the number of pupils.

It may be necessary to introduce additional funding for schools of a certain size if they are expected to continue to operate. It would help for some modelling to be undertaken to establish what that size is in terms of pupil numbers. It is noted that this links in with question 8 in relation to sparsity.

Pupil-Led Factors

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

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:

The Council's response is to allocate a lower proportion to additional needs to protect the basic per pupil funding. The current local formula provides 81% through the basic rate.

This change impacts significantly on funding levels for areas with relatively high attainment and relatively low areas of deprivation. Schools in those areas will see funding reduce and it is not proven if the basic rate provides sufficient funding to run a school.

While the case for recognising deprivation is positive it cannot be at the expense of basic funding levels.

A number of the indicators for the formula and pupil premium recognise deprivation meaning certain areas will be rewarded several times.

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

	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
Deprivation – pupil based at 5.5%	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

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

The Council takes the view that a lower proportion should be allocated to additional needs to provide some protection of the basic per pupil amount.

These young people will also receive pupil premium so there is an element of double

funding.

Allocate a higher
proportion

The proportion is
about right

**Allocate a lower
proportion**

Deprivation – area
based at 3.9%

☐☐☒

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

The Council's response is to allocate a lower proportion to protect the basic amount.

It notes that the funding model does not recognise more dispersed deprivation due to social housing in new housing developments. This has a greater impact on more rural areas.

Allocate a higher
proportion

The proportion is
about right

**Allocate a lower
proportion**

Low prior attainment at
7.5%

☐☐☒

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

The Council's response is that a lower proportion should be allocated on the basis that i) a significant proportion of these children will either attract funding through deprivation funding or through SEN funding, ii) there is a need to protect the basic amount, iii) any funding based on rewarding low attainment has an adverse impact on high attainment areas and schools, which needs to be limited.

Allocate a higher
proportion

The proportion is
about right

**Allocate a lower
proportion**

English as an
additional language
(EAL) at 1.2%

☐☐☒

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

The Council's response is that a lower proportion should be allocated. The Council's local formula currently allocates 0.15% for EAL. If 0.9% is the current national average a move to 1.2% is a significant increase in this area. Is there any data to support the change?

It is noted that the consultation refers to further work on census data and a further consultation in due course which is welcome.

In terms of indicators and the allocation of funding where a child has started school in the last three years, is there evidence to demonstrate how that relates to costs experienced in schools for EAL pupils?

The Council agrees with the aim to target this funding at those learning English rather than

those who are bilingual.

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

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.

Comments:

The Council's local formula does not currently recognise mobility. The inclusion of this as 0.1% of the national total (resulting in £23m being allocated nationally) may not be significant. Is there any evidence to support that allocation?

In terms of potential indicators and data sources the main issue would be the need for a responsive system that can quickly assemble reliable data and fund schools accordingly. Given that this is about mobility is there a need to consider how such funding is retained by schools or does it move with pupils?

This also seems to conflict with the established mechanism of lagged funding (which applies to normal admissions) and in-year growth fund arrangements.

School-Led Factors

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

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.

	Allocate a higher amount	This is about the right amount	Allocate a lower amount
Primary	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Secondary	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

The Council's local formula has a lump sum of £115,000 for primary and secondary which is similar to the proposed rate so it is acceptable.

It is noted that the consultation document suggests the lump sum should be a contribution to fixed costs given there is no national pattern of lump sum allocations. However, to assist transparency it would be helpful for further work to be done to understand those fixed costs.

This also links to the issue over covering non pupil led costs and where small schools may need extra support as their per pupil funding may be insufficient.

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?

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.

	Allocate a higher amount	This is about the right amount	Allocate a lower amount
Primary	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Secondary	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

As noted above the Council is concerned that there is a need to recognise schools with low pupil numbers where the lump sum and per pupil funding may not be sufficient to cover basic costs. On that basis the above amounts feel right but evidence is needed.

The consultation acknowledges that the lump sum is being reduced at the same time as an increase in the amount provided for sparsity but the impact of tapering is a concern.

The calculations need to be reconsidered as local data suggests 1,700 primary pupils over 16 schools are in rural areas but £77,000 is shown as being allocated through the new formula. That results in £45 per pupil.

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

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.

Comments:

The Council's response is to request further information. At this stage it is expected there will be sustained pupil growth for the next few years in line with new houses being built.

A lagged numbers model works where this is just demographic growth, where it is a consequence of housing developments and therefore numbers can be significant this is not an appropriate mechanism.

Current arrangements for growth provide some in-year funding to help.

Moving to a system of lagged funding, that is the funding comes through a year later, would not seem to offer any benefit over the general schools funding system.

Growth funding is important and its removal has the scope to create significant issues where a local authority requests a school to take additional pupils, and have consequences

on offers of places if the local authority does not have the ability to ensure appropriate funding is available.

Local flexibility and arrangements are best placed to address growth.

Funding Floor

10. Do you agree with the principal of a funding floor?

To ensure stability we propose to put in place a 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 (see question 13).

☐ Yes

☒ **No**

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

The Council's response is that it does not agree with the principal of a funding floor.

A funding floor protects all schools and means that the impact of the previous formula, that is considered to be unfair, carries on with unfair results. It is assumed that those on the floor cannot gain funding.

Is there any merit in considering a base per pupil level of funding for all areas and using the floor to ensure this is achieved.

11. Do you support our proposal to set the funding floor at minus 3%?

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:

The Council's response is that it does not agree with the principal of a funding floor.

The use of a floor, which limits the change from current funding levels (which are considered unfair), seems an unusual approach to addressing that unfairness. It seems to favour stability instead.

If such a floor is used then the national formula will not be fully introduced.

In terms of the local position, the Council is expecting to lose funding so to protect local schools it would be better to limit change and 3% seems a reasonable level.

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?

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.

- ☐ Yes
- ☒ **No**

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

The Council's response is that growing schools will need funding which takes into account the additional year groups. However, after the first year this should be on assumption of recruitment levels in the previous year and not assume full capacity will be reached.

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:

The Council's response is that the MFG should be retained at 1.5% to protect schools, however this is a further move to maintain stability rather than address the issue of unfairness. It also acts as a restriction on those intended to gain through the formula.

Further Considerations

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

Comments:

In addition to the points raised a final comment is that the proposed weighting of funding has the consequence of creating inequality by reducing the funding for a significant proportion of average ability children living in areas of low deprivation or more affluent areas. That does not seem fair.

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?

- ☐ 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:

The Council's response is that there should not be a deprivation factor unless there is evidence that the cost of providing all the services in question (education welfare etc) is significantly affected by deprivation?

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 reduction to less than 2.5% per pupil per year

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

Comments:

The Council's response is that reductions should be limited. Given the mix of established historic costs (prudential borrowing and ICT) and new items (former ESG funded functions) going into the block there is a need for more time for service changes to take place to adapt to the revised funding arrangements.

In addition, it may not be possible to reduce historic commitments as expected where there are contracts in place that need to be reviewed / renewed.

Equalities Analysis

18. Is there any evidence in relation to the 8 protected characteristics identified in the Equality Act 2010 that is not included in the equalities impact assessment that we should take into account.

Comments:

The Council's response is that it is not aware of any.