



**Education Scrutiny Committee  
Monday, 13 March 2017**

**ADDENDA**

**9. Consultation on Funding Formula (Pages 1 - 20)**

Annex A and Annex B referred to in the report are attached.

This page is intentionally left blank

## ANNEX A Schools National Funding Formula: Draft Consultation response

Introduction

### A. What is your name?

### B. What is your email address?

This is optional, but if you enter your email address you will be able to return to edit your consultation response at any time until you submit it. You will also receive an acknowledgement email when you complete your response.

### C. Response type

Please select your role from the list below:

Please select your organisation type from the list below:

Organisation name:

Local authority area:

### D. Would you like your response to be confidential?

Information provided in response to consultations, including personal information, may be subject to publication or disclosure under the Freedom of Information Act 2000, the Data Protection Act 1998 or the Environmental Information Regulations 2004. In addition, the Education Select Committee may request to see the consultation responses as part of their role in holding the government to account. If you want all, or any part, of your response to be treated as confidential, please explain why you consider it to be confidential.

If a request for disclosure of the information you have provided is received, your explanation about why you consider it to be confidential will be taken into account, but no assurance can be given that confidentiality can be maintained. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

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:

This is not the outcome that Oxfordshire as a poorly funded authority (a member of the F40 group) expected. Although Oxfordshire is a net gainer around 50% of schools are losers.

Oxfordshire, as an f40 member, would like to see the following amended:

- 1. Weakness or complete absence 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 (see Q. 10 & 11 below), which locks in historical differences, probably for decades**
- 4. Quantum and spending cuts with unrealistic savings expectations**

It's not clear whether the outcomes of the formula have been checked against the costs of running a school. Does the formula provide each school with sufficient funding to deliver an education? Has the DfE undertaken detailed research on School running costs?

If the funding allocated through the factors to support Additional Education Needs is removed, is the remainder sufficient to run a school? The accumulation of funding for AEN (within the formula and pupil premium) directs too much funding away from basic pupil entitlement.

The use of floors and MFG continue a level of stability that will not produce change in funding allocated to schools quickly enough, if at all. Floors and ceilings will simply continue existing historic inequities and prioritises stability over fairness.

The DfE has published figures that show rising costs of 8% to 2019-20. All Schools have been making efficiencies to meet those cost pressures. It is unclear how schools in lower funded areas can continue to make cuts without impacting on educational standards and outcomes for children.

## 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)

Don't know.

It is difficult to judge whether the ratio is appropriate without more information and research on the relative costs of running schools.

## 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-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:

We would want to support a pupil-led funding scheme, as funding following the pupil is inherently sensible.

However the way that the proposed factors & formula work means that there are unintended consequences for small, rural schools. It's not clear whether the combination of factors gives sufficient funding to keep those schools sustainable.

Each Local Authority has modelled lump sums, mobility, sparsity, and other factors within their own formulas to financially maintain the required provision in their area. Taking information from each Local Authority formula and averaging factors does not lead to a sustainable national formula or sustainable provision.

## 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?**

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:

To run a school, it is essential that the basic level of funding is sufficient. Funding allocated through Additional Needs factors should be spent on additional support. There is no evidence in the consultation that the basic funding is sufficient to run a school. Similar, there is no evidence provided to support how much funding is required to meet Additional Needs.

In the most extreme example, a primary school pupil could attract an extra £2,500 compared to the basic per pupil funding of £2,700. That pupil could also attract Pupil Premium. What is the evidence to suggest that a pupil with multiple AEN attributes requires almost double the basic pupil funding?

There is a concern that the Additional Need factors duplicate Pupil Premium. Should Pupil Premium be part of the National Funding Formula to ensure that all funding is treated equally.

There may be increased volatility in school budgets as the budget will now have a higher proportion driven by the characteristics of individual pupils.

The DfE can help schools and Local authorities by providing information on automatic entitlement for factors both within the Schools Funding Formula and High Needs.

**5. 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%

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

It is disappointing that our response to part 1 of this consultation has not been addressed.....that response is repeated below.

*But need to review interaction with Pupil Premium – considering level of both and the evidence of impact of PP Funding.*

*Greater clarity is needed about what outcomes both sources of funding are intended to achieve. It is not clear from the consultation what the justification is for retaining a separate deprivation pupil premium and how the purpose of that funding stream differs from a general deprivation factor. Greater clarity is needed about what outcomes both sources of funding are intended to achieve. It is not clear from the consultation what the justification is for retaining a separate deprivation pupil premium and how the purpose of that funding stream differs from a general deprivation factor.*

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:

Oxfordshire does not support using IDACI as it does not target the funding to need and the recent impact of changes in IDACI on funding do not provide reassurance.

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:

See response to Qn 4

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

English as an additional language at 1.2%

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

See response to Qn 4

### **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.

The current mobility factor doesn't step in until the 10% threshold is met. This results in some Oxfordshire schools having incredibly high turnover of pupils but not qualifying for funding. There is National data on pupil stability which could be used to model the allocation of funding.

### **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?**

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

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

See answer to question 3, repeated below  
Each Local Authority has modelled lump sums, mobility, sparsity, and other factors within their own formulas to financially maintain the required provision in their area. Taking information from each Local Authority formula and averaging factors does not lead to a sustainable national formula or sustainable provision.

It is disappointing that our response to part 1 of this consultation has not been addressed.....that response is repeated below.

*But what is the lump sum intended to cover? What evidence will be provided in stage 2 about the proposed lump sum value? How does this interact with sparsity?*

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

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

None of the above

From surveys undertaken to establish the Oxfordshire formula, there was no historic evidence to support additional costs. However, the lump sum in Oxfordshire was set to cover fixed costs and it is the interaction between the 2 factors that is important.

The sparsity formula in the proposed NFF does not sufficiently compensate schools for the reduction in per pupil funding and the reduction in the lump sum.

**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.

This seems to be a reasonable interim approach

**Funding floor**

**10. Do you agree with the principle 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:

If the formula is designed to ensure that pupils of similar characteristics attract similar funding, then a funding floor prevents that and delays any movement to equality.

There are schools with a high level of protection already in their MFG. The proposed formula locks that in as base level funding, so existing MFG protection is not resolved, effectively it becomes a "double lock". This means that Schools who have been "over funded" compared to others, will continue to receive that "over funding" and Schools Funding will only become fairer at a very slow pace.

**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:

No, see response to Qn 10 above

**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  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:

Yes, this seems reasonable

**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:

No, as referenced above, the funding floor and MFG continue historic inequity. Whilst the MFG may be seen as an appropriate tool to provide funding stability for schools, it does lock-in historic inequities in a similar way to the funding floor.

### Further considerations

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

##### The Ringfence of the DSG blocks

Ringfencing each block leaves High Needs funding very vulnerable. The discretion to move funding between blocks with the agreement of Schools Forum, is a powerful tool to match funding with local need and should continue. As the High Needs block becomes more stretched, the decisions on how to spend that funding will impact on schools via reduced top-ups & reduced alternative provision.

##### Local Input to funding

Local Authorities working with School Forums have managed their local funding formulas very successfully to meet local need. Where is the local voice in the National Funding Formula, What is the role of Schools Forum?

##### Local Authorities

There needs to be clarity over the role of Local Authorities in relation to Schools Finance once the "hard" formula comes in. Will the EFA carry out all roles in relation to Schools?

### Central school services block

#### 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:

There is little correlation between deprivation and expenditure in the Central School Services block

**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:

This should be aligned with the 1.5% Minimum Funding Guarantee

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

#### **Equalities analysis**

The question below refers to the equalities impact assessment published with the consultation.

**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?**

This page is intentionally left blank

## ANNEX B: High Needs DRAFT response

Introduction

### A. What is your name?

### B. What is your email address?

This is optional, but if you enter your email address you will be able to return to edit your consultation response at any time until you submit it. You will also receive an acknowledgement email when you complete your response.

### C. Response type

Please select your role from the list below:

Please select your organisation type from the list below:

Organisation name:

Local authority area:

### D. Would you like your response to be confidential?

Information provided in response to consultations, including personal information, may be subject to publication or disclosure under the Freedom of Information Act 2000, the Data Protection Act 1998 or the Environmental Information Regulations 2004. In addition, the Education Select Committee may request to see the consultation responses as part of their role in holding the government to account. If you want all, or any part, of your response to be treated as confidential, please explain why you consider it to be confidential.

If a request for disclosure of the information you have provided is received, your explanation about why you consider it to be confidential will be taken into account, but no assurance can be given that confidentiality can be maintained. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

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:

There are 3 reasons why this formula does not meet the objectives. These are:

- The “lock-in” of 50% of funding on historical spend
- The lack of evidence base to support the formula
- Size of the pot/lack of funding for future growth

### Historical spend

To base 50% of the formula on historic spend is not going to achieve the aims of the reforms. Historic spend relates to 2012/13 which was derived from 2005/2006 spend, this doesn't reflect the actual needs in each authority. In addition, there has been changing legislation over that period which, for Oxfordshire, means that funding for Post 16 provision was never in the base in 2012/13 but is a requirement for High Needs funding to meet now. The use of population and proxy indicators will provide a more accurate account of a local authority rather than historic spend.

For example, Buckinghamshire, our neighbouring authority, is more affluent and smaller than Oxfordshire, yet Bucks receives £74m HN funding while Oxfordshire receives £56m. This inequity will be preserved with the proposed design of the formula, especially as it is also proposed to leave this as a cash flat amount in the formula until the formula is reviewed in 4 years.

### Lack of evidence

Use of the historic spend figure and the seemingly adhoc proportions attached to the allocation factors indicate a formula which doesn't have an evidence base. This is confirmed in the report where it is acknowledged that further research is required to investigate the challenges faced by local authorities in meeting the very high costs of children with low-incidence/ complex needs. However, given this is the area that is creating the pressures and overspends then more work was needed so that the NFF could help overcome these challenges rather than leaving 'the elephant in the room'.

### Size of the pot/lack of funding for future growth

The formula seeks to retain the current situation by protecting all Local Authorities.



Whilst this may be seen as a positive outcome, most Local Authorities have substantial pressure on their High Needs blocks. Any new High Needs formula must be sufficient to support those children in the system already. Funding must be able to meet demand in future years by increasing to meet both the demographic growth in children requiring support from High Needs and parental expectations.

The ring fencing of the blocks will exacerbate the pressure on High Needs. The short term option of moving funding between the School and High Needs blocks is unlikely to be enacted as Schools face real pressures.

### Formula Factors

We are proposing a formula comprising a number of formula factors with different values and weightings.

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 is the right proportion or amount for each factor.

### 2. Do you agree with the following proposals?

	Allocate a higher proportion	The proportion is about right	Allocate a lower proportion
Historic spend factor - To allocate to each local authority a sum equal to 50% of its planned spending baseline			

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

As above. The 50% weighting for historic spend is too high, more funding should be allocated on the basis of population (rather than historic spend) to achieve the aims of fairness. If stability is a key aim, then this may be achieved by the introduction of transitional arrangements.

	Allocate a higher amount	This is about the right amount	Allocate a lower amount
Basic entitlement - To allocate to each local authority £4,000 per pupil			

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

OCC agrees £4k as a proxy as this means that all pupils attract basic funding whatever their setting.

**3. We propose to use the following weightings for each of the formula factors listed below, adding up to 100%. Do you agree?**

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Population – 50%

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

Overall, it is not clear what the research base and evidence is for the weightings. The methodology of the formula is therefore difficult to comment on.

We suggest that population should be higher than 50% and that the high needs block should increase or decrease in relation to population changes.

There are some comments below for the children in bad health and DLA factors.

Deprivation measures are duplicated across the Schools block and High Needs block, has any modelling been undertaken to understand the joint impact of this?

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Free school meals (FSM) eligibility – 10%

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

See answer above

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Income deprivation affecting children index (IDACI) – 10%

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

See answer above

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Key stage 2 low attainment – 7.5%

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

See answer above

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Key stage 4 low attainment – 7.5%

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

See answer above

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Children in bad health – 7.5%

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

The children in bad health and DLA seem high, and the validity of the data is questionable. The children with bad health is as declared on the 2011 census, therefore subjective and out of date, often children with very similar needs receive significantly different amounts of DLA. If DLA is going to be used then it is essential that the data is provided to LAs, rather than the complex, bureaucratic methodology suggested in the EY consultation.

Allocate a higher proportion

The proportion is about right

Allocate a lower proportion

Disability living allowance (DLA) – 7.5%

**4. Do you agree with the principle of protecting local authorities from reductions in funding as a result of this formula? This is referred to as a funding floor in the consultation document.**

Yes  No

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

The proposal that there should be no reduction for any LA indicates that there has been insufficient funding, however there are significant outliers and these proposals will not address this imbalance before the next review in four years.

**5. Do you support our proposal to set the funding floor such that no local authority will see a reduction in funding, compared to their spending baseline?**

Yes  No

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

No. The funding floor is based on planned spend but spend has been restricted by historic budgets. Historic budgets are therefore not an accurate reflection of the needs in a local area.

Whilst there is an opposite argument that it is difficult to reduce spend as funding is following children, this view would result in expenditure being fixed for some time.

Oxfordshire view is that funding should move towards a fair funding formula now, so that funding imbalances are corrected now and that Local Authorities can plan for the funding they will have in the future. This would align with the idea of allocating funding for High Need reviews in 2017-18.

## Local budget flexibility

### 6. Do you agree with our proposals to allow limited flexibility between schools and high needs budgets in 2018-19?

Yes  No

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

This will ensure that continued collective (schools and LA) responsibility and accountability is continued in supporting children with high needs.

Realistically, given the funding issues in the Schools block, funding transfer is unlikely to actually happen.

### 7. Do you have any suggestions about the level of flexibility we should allow between schools and high needs budgets in 2019-20 and beyond?

We are developing our proposals on the level of flexibility to allow in the longer term. We will consult fully on our proposals at a later stage, but would welcome any initial comments now.

If it is agreed in principle that there should be flexibility, then give local areas discretion on the level of flexibility. It should not be time limited.

## Further considerations

### 8. Are there further considerations we should be taking into account about the proposed high needs national funding formula?

Capital funding should also be linked to the population and the proxy indicators used for the HNFF. Capital investment requires long term, strategic planning. The approach should follow the same underpinning principles: support opportunities, be fair, be efficient, get funding to the front line, be transparent, be simple, be predictable. Although funding was announced on March 6<sup>th</sup>, it is not clear on what basis, the funding has been allocated.

Spend on High Needs is driven, in part, by parental expectation and increasing charges made by independent, and some profit making, organisations. Local Authorities have little control over the raised expectations. The increasing number of tribunals and poor LA success rate, highlights these challenges. How can a formula reflect this?

The question below refers to the equalities impact assessment published with the consultation.

**9. 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?**

More work is needed to take account of the 19 to 25 population to ensure that funding for each local authority is a more accurate reflection of need.

**Age**

The cost of providing additional support for pupils and students with SEN is affected by their age.

There are different statutory duties in the Code of Practice that have cost implications (9.173 and 9.174).

The local authority can require the following types of school to convene and hold the meeting on the local authority's behalf: maintained schools; maintained nursery schools; academy schools; alternative provision academies; pupil referral units; non-maintained special schools; independent educational institutions approved under Section 41 of the Children and Families Act 2014.

Local authorities can request (but not require) that the early years setting, further education college or other post-16 institution convene and hold the meeting on their behalf. There may be a requirement on the post-16 institution to do so as part of the contractual arrangements agreed when the local authority commissioned and funded the placement.

This difference is creating funding tensions, for example some colleges are seeking £300 per review meeting. Either the inequity should be removed from the Code of Practice or increase the flat rate for settings and FE to take account of the costs incurred and charged to LAs.