Rep 723

Agenda item x

DERBYSHIRE COUNTY COUNCIL

SCHOOLS FORUM

14th December 2017

Report of the Strategic Director for Children’s Services

Responses to the LA’s Mainstream Formula Consultation

1. **Purpose of the Report**

To inform the Schools Forum of the responses from schools to the Authority’s mainstream formula consultation.

**2. Information and Analysis**

The Authority published its mainstream formula proposals for April 2018 on 31st October 2017. In summary the consultation proposed the following:

* To move as far as possible towards introducing the National Funding Formula by April 2018;
* To apply minimum overall funding thresholds of £3,300 (primary) and £4,600 (secondary) for 2018-19;
* To set a Minimum Funding Guarantee of +0.5% per pupil for 2018-19; and
* To allow schools to gain up to 3% per pupil in 2018-19.

The consultation also asked for schools and academies’ views regarding the creation of further growth funds. A summary of the responses requiring a yes/no/don’t know answer is provided in the table below and a sample of the issues raised by schools on these and the other related questions is included at Appendix 1.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Primary (44) | | |  | Secondary (12) | | |
| Question | Agree | Dis- agree | Don’t Know |  | Agree | Dis- agree | Don’t Know |
|  |  |  |  |  |  |  |  |
| **Q1.** Do you agree with the proposed introduction of the NFF? | 32 | 8 | 4 |  | 9 | 2 | 1 |
| **Q3.** Do you agree with the proposed MFG per pupil of plus 0.5% per pupil? | 36 | 4 | 4 |  | 9 | 3 | 0 |
| **Q5.** Do you agree that no transfer from the Schools Block should be made for 2018-19? | 37 | 2 | 5 |  | 10 | 0 | 2 |
| **Q6a.** Would you be prepared to see a reduction in the multipliers to create an in year growth fund? | 7 | 27 | 10 |  | 1 | 9 | 2 |
| **Q7a.** Would you be prepared to see a reduction in the multipliers to create a growth fund for new free schools? | 2 | 30 | 12 |  | 1 | 10 | 1 |
| **Q8a.** Would you be prepared to see a reduction in the multipliers to create a falling rolls fund for good or outstanding schools? | 3 | 31 | 10 |  | 0 | 12 | 0 |

Although the overall response rate was low, the pattern of responses indicates a good level of support for questions 1, 3 and 5. This suggests schools would support a move to the NFF, would wish to see all schools receive a level of protection in 2018-19 and that the Schools Block should not be used to support pressures in the High Needs and other blocks in 2018-19. By contrast, there was little support for formula multipliers to be pared back to fund either the growth or falling rolls funds.

The responses confirm the LA’s position that the Authority should move as far as possible towards the NFF in April 2018. The issues surrounding MFG and growth/falling rolls funds are the subject of separate reports to this meeting.

The Schools Forum is asked to note the response to the recent consultation from schools and academies and the issues raised.

**3. Other Considerations**

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, human resources, legal & human rights, environmental, financial, social value, health, property and transport considerations.

**4. Background Papers**

Papers held in Children’s Services Finance.

**5. Officer’s Recommendations**

The Forum is asked to note the responses to the mainstream consultation and offer any further views to the Authority.

**JANE PARFREMENT**

**Strategic Director for Children’s Services**

Issues raised by schools/academies Appendix 1

**Q2.** If the answer to Q1 was no (i.e. you don’t agree with the LA’s formula proposals), what other changes should the LA make as part of the transition to the NFF instead?

1. A desire to see a higher minimum threshold in 2018-19
2. The NFF should be implemented in full, if there are gains for some schools this indicates that they are underfunded.
3. The LA should seek to increase the low prior attainment factor from the proposed £540 nearer to the £1,050 figure by setting a less generous MFG
4. Greater protection for small rural schools – schools with efficient class size of 20+ per year group stand to gain much more significantly than those with small rolls
5. Disagreement with the proposal that schools who gain should subsidise those that lose out with the introduction of the NFF. This is penalising the students currently attending our school
6. Concerns that the gains of some schools are being held back to support the schools that will lose

**Q4a/b.** If the answer to Q3 was no (i.e. you don’t agree with the LA’s proposed +0.5% MFG), what figure should apply instead and why?

1. Concerns that 0.5% might not be enough over the medium term. Suggest 0.5% but moving to 0% over a period of time to ensure schools are self-sustaining
2. Maximum of 0% with a phased reduction in the lump sum if the NFF is not applied in full
3. Greater support for small rural schools needed
4. The MFG should be -1.5% per pupil
5. The MFG should be 0% per pupil
6. We cannot keep supporting small schools, they should amalgamate to give good value for money
7. As all schools are facing increased costs year on year, it is important that all schools see an increase in their budget to be able to manage such increases.
8. Concerns that this appears to be a step to continually protect schools that need to address their financial circumstances, in turn impacting on schools that are due to benefit from a long overdue NFF. Schools need to prepare for the NFF by adjusting their spending accordingly over the next two years. The proposal to revert from the recent trend of a -1.5% MFG to a +0.5% MFG suggests that the impact will fall on those schools that have been underfunded most through the Derbyshire Formula. Continued overprotection & desire for turbulence avoidance will leave some schools on a cliff edge in 2020-21 and those schools the NFF is designed to support will continue to financially struggle.
9. Schools need all of the money that should be funding the education of their students. The extra 0.5% allocation means less is available to be allocated via the NFF pure formula which is in place to make funding fairer.
10. The view that it would not be desirable for the LA to top slice funding allocated to schools in order to fund high needs services. NFF should be passed to schools in as full a way as possible.

**Q6.** Please let us have your views on the creation of a growth fund to support academies that experience an in-year increase in pupil numbers as a result of the LA directing an academy to admit additional children

1. This is a reasonable proposal as long as the quantum that is proposed to be allocated is not excessive.
2. The same system should be across all schools be they academy or not. If an LA maintained school is expected to meet additional in year costs then so too should an academy.
3. New academies will certainly need some support and the growth fund would be an appropriate support mechanism.
4. Additional funding to academies or in fact for LA maintained schools should be judged on a case-by-case basis. Schools should be required to demonstrate the need for further funding and as is the case now. The growth fund should be available to all schools or alternatively, all schools should be required to absorb additional costs for in-year pupil number changes.
5. It should be possible to cope with the additional numbers in the short term with the knowledge that additional funding will be in place the following year.
6. In year changes which exceed a low threshold are always difficult to manage. Any growth fund should target situations where growth is such that the cost of any adjustments cannot realistically be borne to the end of the financial year / census. If the 1% threshold is consistent with other regulations, that would appear appropriate. DfE should build capacity into the NFF to support growth, any approach which reduces other allocations is penalising children in other settings.
7. We agree with the existing arrangements.
8. I believe that there is a process that allows LA schools to access a growth fund to support them if pupil numbers increase by a certain percentage during the year. I would hope that the MAT that the academy is a member of would be able to replicate this, I do not think that LA should.

**Q7.** Please let us have your views on the creation of a growth fund to support post opening costs of new free schools

1. We would not support the creation of a growth fund for free schools if this were to cause a decrease in our potential budget
2. Limited increase only
3. How long can pre-opening support be provided from DSG reserves, do these run out? If funds have to be found and this is the only way to find them then theoretically in agreement - is there an alternative to reducing multipliers in Appendix 1?
4. If Derbyshire are aware that 5 new free schools may be required to meet expected increases in pupil numbers it would be prudent to expand existing LA maintained schools in areas of need to avoid the disproportionate costs of creating free-schools. The LA should be able to gain better value from the Schools Block by doing this.
5. Post opening costs which exceed a low threshold are always going to be difficult to manage. Any fund should target situations where additional expenditure is such that the cost of any adjustments cannot realistically be borne to the end of the financial year / census / change in pupil numbers. If the threshold for accessing the fund is consistent with other regulations, that would appear appropriate. DfE should [but won’t] fund this as an additional expenditure item for new schools.
6. We would not support the creation of a growth fund to support this, again when there is a surplus of places in maintained schools. We have a further concern over the performance/effectiveness of free schools in general and would not wish to see a reduction in the multipliers which could adversely affect our budget.
7. This would put too much pressure on school/Academy budgets, impacting on students currently  
   studying in Derbyshire schools/Academies.

**Q8.** Please let us have your views on the desirability or otherwise of a falling rolls fund to provide temporary support to good or outstanding schools

1. We would not be in agreement with our funding being impacted upon detrimentally to support in these circumstances.
2. I agree with DCC’s current position and would not support this as defining need based on ofsted category is not necessarily aiming funding at where it is needed the most.
3. If the school can see that the situation is a short term one then it would make sense to support the school through a difficult patch
4. All schools need support- those in RI would require the same level of support as good or outstanding schools, if not more.
5. If a licensed deficit is available a falling rolls fund should not be necessary. There also needs to be an understanding that small schools need to carry proportionally larger reserves in order to cope with the inevitable fluctuations in pupil numbers.
6. If this fund were to be used to support schools such as ourselves who have met their financial challenge head on and dealt with much of it but would still benefit from some level of support then it may have some merit, however, if this fund would be used to support schools who have not yet truly engaged with reducing costs and are essentially being “bailed out” then it would appear unfair.
7. This could be a potential, provided there was secure evidence that the outstanding schools in particular were maintaining this status (rather than historical evidence from 8+ years ago under very difference Ofsted frameworks.)

**Q9.** Do you have any other comments to make regarding the proposals in this consultation?

1. The sooner we can move to a more reflective form of the NFF the better for schools, like ours, that have budgets that are not keeping pace but stable numbers, and, who do not benefit to the same extent as many other schools via other funding streams. I am also mindful of the difficult decisions the LA has to make in terms of trying to meet its statutory responsibilities to all schools. Historically we supported each other but the new models of academies and free schools are now prompting LA schools to “look after number one” and that is something our Governing Body is very keen to do. I have to admit I reluctantly agree with them.
2. I understand that the LA has to move forward with the NFF and can see that a lot of time and thought has been put into the preparation of this consultation. Whilst I feel that LA is trying very hard to be both fair and supportive I remain deeply concerned as to the financial future of small schools.
3. As much of the funding is weighted towards deprivation and low prior attainment, very little, if any benefit is felt by broadly average schools with their own wide range of challenges. The majority of our financial challenges are in the area of SEND where broader ranging and more frequent and, complex cases are being seen all of the time. This is not adequately funded through the SEND allocation and is not addressed in this consultation.
4. If Derbyshire is truly committed to supporting rural schools then this proposal is completely ineffective. Funds need to support the smaller schools who do not benefit from economies of scale and ‘full classes.’ Where schools are experiencing reduced numbers, additional funding, including for having adequate investment in Senior Managers, is important. Additionally, there should be greater reduction in costs for these schools to attend training and support the cost of safeguarding – which is exponentially greater in smaller schools.
5. This is such a complex issue – it took one of my governors (who went to Cambridge) to make it clear to us. We think that the make-up of the schools’ forum is now so important when making these decisions and that it should not just be down to who volunteers for it. My governors feel that this is an area which is very difficult to consult on and it is a short period of time for us to respond bearing in mind the considerable complexity of all the parameters. They have sent a letter (attached) stating this fact officially.
6. The consultation need to take place at an earlier point. Information needs to be presented in a more accessible form.
7. There is fundamentally a real terms loss of money to most schools- the forecast for our school is a negligible change in budget with ever increasing costs. In comparison, there seems to be a huge difference with the proposed new budget for some very similar schools. Overall the governing body do not think that this is a fair proposal for schools who are already in financial difficulties.
8. We are delighted that the local authority plans to implement the letter and spirit of the promises outlined by the Secretary of State regarding the implementation of the NFF – particularly the minimum funding guarantee around per pupil income.
9. We think the consultation is very thorough and fair. It reflects a lot of thought and effort from the team responsible for funding issues. Thank you.
10. This is a very difficult document to understand. We would like to have a much better understanding of NFF which offers to work to the disadvantage of our school.
11. Given the pressures on schools to ensure good progress for all children, but particularly for those below age related expectations, we would wish to see the funding allocated to the LPA fund given priority to raise the funding schools receive for this purpose in line with DfE guidance. We would agree with the DfE approach around LPA funding for Years 1 – 4 resulting in a higher count than those for Y5 and 6 and believe that Derbyshire should move to this approach. By ensuring funding is provided for the younger age group to close the attainment gap there should be fewer children needing LPA funding in Y5 and 6 as the funding will have been used effectively in KS1 and lower KS2 to ensure children are nearer to or at age related expectations by the time they reach Y5. The research evidence indicates that the earlier a child catches up the better their chances are of continued success throughout school. Therefore, priority should be given to increasing the LPA funding for years 1– 4.
12. As a small, village primary school we are concerned that the proposals do not particularly benefit us. It seems that large primary schools stand to gain significantly from the NFF but it will make little difference to small primary schools. Although it is heartening to see that we would not lose any money based on the proposal, we only stand to gain a small amount of £1098. This is not enough to alleviate the huge deficit we are predicted to face in a few years’ time. With the reduction in the lump sum we would be more reliant than ever in ensuring we maintained our maximum capacity of pupils each year to give ourselves the best chance of balancing the budget. Due to our small village setting, we are never guaranteed to fill our PAN each year simply because of the small numbers of families that live in our immediate catchment. We are reliant on taking families from outside our catchment. At present we receive an additional exceptional circumstances fund from the LA to contribute towards our rent from the village memorial hall. However, this contribution from the LA is not enough to cover our rental cost. We would like the LA to pay the full amount towards this rental cost, not just a contribution. We would like to see the LA considering other ways to make the NFF work for the benefit of small rural schools to ensure funding is sufficient to provide our pupils with the quality of education and resources they deserve.
13. It would be helpful to supply schools with additional modelling on the range of MFG % available to the LA.
14. As discussed in a recent TATS meeting I am surprised and disappointed that our budget share has fallen by approx. £50,000 (1.2%) despite the relevant pupil count being higher than in the previous year. This is despite central government assurances that schools would receive more in cash terms next year and could expect increases of at least 0.5%. This will lead to redundancies and pressure on class sizes again.
15. The main problem is that more funding is needed for education nationally. Beyond this though, it is important not to subvert the attempts to make current financing fairer.
16. We will struggle to balance our budget for 2018/19. We would request that further consideration is given to enacting the £4,800/pupil that the government have recommended. Adding in the new ESG top-slice and, with stable 11-16 pupil numbers, we estimate we will see a cash reduction in our budget for 18/19. Given pay programmes and in hand-award pay increase, this is unmanageable.
17. Thank you to the School funding team for their hard work in making the NFF transition, a fair position for all schools.