

DARLINGTON SCHOOLS FORUM
SPECIAL MEETING
21st November 2017

ITEM NO 2

SCHOOL FUNDING FORMULA 2018/19

Purpose of Report

1. To update Forum regarding the 2018/19 school funding formula.

Background

2. Any changes to the local school funding formula must be consulted with all schools affected by the changes. Following the release of guidance from the Education, Skill Funding Agency (ESFA), regarding the National Funding Formula (NFF) and school funding for 2018/19, a number of changes were proposed to Darlington's formula hence there was a requirement to consult.
3. A consultation document was issued to all schools included in Darlington's school funding formula (and copied to School Forum members) on 26th October outlining Darlington's proposal for 2018/19. This document is attached at appendix one.
4. The consultation covered two areas as follows,
 - a. The need to seek School Forum's permission to top slice 0.5% of the school's block allocation within the Dedicated Schools Grant (DSG) to transfer into the high needs block.
 - b. Changes to the Darlington formula following the introduction of the national funding formula in the "soft" stage.

Consultation Questions

5. The consultation document asked for schools views on the following questions.
 - Question 1 - Do you agree that 0.5% of the schools block is transferred into the high needs block in 2018/19 to fund increased demand?
 - Question 2 – Do you agree that the MFG should be set to ensure that all schools gain through the formula changes?
 - Question 3 – Do you agree with the removal of the LAC factor from the Darlington funding formula to avoid double funding?
 - Question 4 – Do you agree that the Darlington formula in 2018/19 should continue to use the factors listed in paragraph 45?
 - Question 5 – Which option do you feel is the best approach to take forward in 2018/19?
 - Option 1 - Continue with existing funding formula arrangements.
 - Option 2 - Introduce the NFF, phased over three years.
 - Option 3 - Introduce the NFF immediately.
 - Option 4 - Introduce the NFF immediately but protect lump sums.

Outcome of the Consultation

6. 19 responses were received to the consultation. 16 responses came from primary schools and 3 from secondary. The full results of the responses are detailed in appendix 2.
7. The collective answers from schools to the consultation questions are as follows,
 - a. Question 1, 12 of responding schools agreed with this question.
 - b. Question 2, 15 of responding schools agreed with this question.
 - c. Question 3, 15 of responding schools agreed with this question.
 - d. Question 4, 13 of responding schools agreed with this question.
 - e. Question 5, 13 of responding schools agreed with the proposal to implement the NFF, phased over three years (option 2).
8. In addition to the responses to questions a number of comments were received, these are also included within appendix 2.
9. With regard to question 1 the majority of respondents agreed with the proposal to move funding from the schools to high needs block. The six schools that did not agree raised concerns regarding the long term plans for high needs and how high needs expenditure is spent. These points along with a number of other comments/suggestions made by schools that agreed to the movement of funds will be considered as part of the new high needs strategy.
10. With regard to question 2 the majority of respondents agreed with the proposal. The three schools that did not agree felt that the funding was better targeted to areas of most need. This would need to be investigated further to confirm if this was possible, however the mechanics of the MFG may not fit this proposal. The MFG provides protection for schools that lose through changes to the formula or changes to certain pupil characteristics (but not overall pupil numbers). The protection is funded by capping schools that gain through the formula, i.e. they have their gain reduced for that year. The MFG simply moves money from those that gain the most to those that lose the most to smooth the transition, this may not therefore target funding at those “deemed” to need it.
11. With regard to question 3 the majority of respondents agreed with the proposal. The three schools that disagreed felt that funding for LAC pupils should be protected to support those pupils as the most vulnerable to underachievement. Although this view is appreciated, as the NFF will remove the LAC factor from the commencement of the hard formula and as the majority of schools agreed to the proposal, it is planned still to remove the LAC factor from Darlington’s formula in 2018/19. This will move the local formula in line with the NFF.
12. With regard to question 4 again the majority of respondents agreed with the proposal. Five respondents disagreed. Of those five schools, three schools felt the LAC factor should be maintained (question 3) and that a mobility factor should be introduced. One school felt a factor to target Gypsy, Romany Traveller children should be introduced, and the other school did not specify a reason for not agreeing.

13. With regard to mobility the respondents felt this is an issue for a number of schools in Darlington. Again further investigation would need to be undertaken into the use of a mobility factor, as the makeup of the factor may not target the schools that have an issue. The mobility factor provides funding to schools that have a high proportion of pupils that start the school after the “normal” September in take (and January for Reception classes). The funding is allocated as a proportion of the total pupil numbers and has a threshold of 10% before funding is allocated. Therefore any school would need in excess of 10% of its pupils to be “mobile” to receive funding and this would only apply to the percentage of pupils above 10% (i.e. if a school had 12% mobile pupils they would only receive funding for 2%).
14. In the NFF, ESFA has as yet not finalised the arrangements for the pupil mobility factor. There is at present no unit value in the NFF for mobility. Presently any funding added to the schools block for mobility is based on historic spend. In Darlington as we have not used this factor previously no funding is received for mobility in the 2018/19 schools block. Therefore if this factor is introduced into the formula, another unit value will need to be reduced to compensate for this.
15. As there is no unit value for mobility in the NFF and Darlington have not used mobility previously there is no unit value benchmark figure to test the impact of the introduction of this factor. A test was however undertaken, the results of which added funding to only four primary schools and no secondary schools (based on the October 16 census data). Of the four schools that gained through mobility (before capping and adjustments to make this affordable) the gains were minimal (though this could be higher if a large unit value was adopted).
16. The introduction of a factor for traveller children is not possible under the formula as the factors that must be used are limited to the national set.
17. As no responding school had any issue with continuing to use the current factors in the 2018/19 funding formula it is proposed that those factors are used again. The schools that answered no to this question wished for additional factors to be used or the retaining of the LAC factor (see paragraph 11). Considering the issues raised in paragraphs 12 to 16 and the fact that most schools agreed with the proposal at question 4, it is still the intention to continue to use the factors listed at paragraph 45 in the 2018/19 formula.
18. With regard to question 5, of the responding schools, 2 schools favoured option 1, 13 schools favoured option 2, 3 schools favoured option 3 and 2 school favoured option 4. (One school showed a preference for option 1 or option 2). The majority of schools therefore agreed with the Local Authority proposal to move to the NFF over a phased basis.

Summary

19. From the results of the consultation, 67% of schools backed the Local Authorities wish to move 0.5% of the schools block to the high needs block for 2018/19. This will enable a smoother transition to the new system of funding high needs services/places that will be defined within the new high needs strategy. A number of comments/suggestions were made by schools regarding this budget issue, these will be considered as part of the new high needs strategy.

20. 83% of responding schools backed the proposal to use the MFG to allow all schools to gain/have no loss in 2018/19. The MFG will therefore be used for this purpose in the 2018/19 Darlington formula.
21. 83% of responding schools agreed to remove the LAC factor from Darlington's formula, therefore this factor will not be used in the 2018/19 formula calculation.
22. 72% of responding schools agreed to continue to use the existing formula factors, therefore these factors will continue to be used in Darlington's formula in 2018/19.
23. Of the options proposed for 2018/19, option 2 was most popular with schools. The Darlington formula for 2018/19 will therefore move towards the National Funding Formula on a phased basis.
24. Final school budget share calculations will be issued to schools and School Forum in January following the receipt of the ESFA formula tool.

Recommendations

25. That Forum agrees to the top slice of 0.5% of the school block allocation in 2018/19 to transfer into the high needs budget
26. That Forum notes the changes to the Darlington formula build for 2018/19.

Brett Nielsen
Finance Manager,
Resources Department

Results of the Consultation

Below are the answers received to the consultation questions, from schools that fall under the Darlington schools funding formula.

Question 1 - Do you agree that 0.5% of the schools block is transferred into the high needs block in 2018/19 to fund increased demand?

12 (67%) Schools Agreed

6 (33%) Schools Disagreed

Comments received,

- However we do not believe that we can continue to cut the funding to educate the majority of students for the benefit of the high needs minority for ever and still expect high standards. A plan needs implementing that will address the rising cost in this block and will need to be presented to Head Teachers early in 2018.
- We need to enable the LA some time to devise a strategy.
- But with 2 caveats, 1) The transfer is for 2018/19 only and is reviewed thereafter. 2) That mainstream school top-ups and de-delegated SEN allocations are protected at at-least current levels.
- What are the long term recovery/provision plans? Is the agreement for only the next academic year or will it be a permanent reduction?
- When we look at how high needs funding is actually spent we would suggest a review of how the money is allocated to different services.
- Whilst this approach is a sensible response to a serious problem in Darlington, more sustainable, long-term solutions must be developed and implemented. In particular, we need robust strategies, supported by detailed action plans, with KPIs that can be monitored by Schools Forum, to implement a tangible reduction in the significant overspends in mainstream top-up funding and out-of-area specialist placements. It is imperative that **additional local, publicly-owned provision** is created as a matter of urgency to lead to greater financial efficiencies and to better meet the needs of local children and young people.
- Don't really agree, but 12 month limit.

Question 2 – Do you agree that the MFG should be set to ensure that all schools gain through the formula changes?

15 (83%) Schools Agreed

3 (17%) Schools Disagreed

Comments received,

- By agreeing to this will mean all schools in Darlington will see an increase and this follows the national picture.
- If possible.
- Ensures that no school suffers a large out in funding through formula changes. Retains funding near to current level ensuring continuity of operations for all Darlington Schools.

- It is essential that we start from the basis of the current state in terms of academic standards and Ofsted ratings of our academies and schools in determining the local funding formula for the next two years. In other words, we should be seizing this opportunity to **ensure funding is targeted at the areas of most need**, in order to **support strategic school improvement priorities** and to **facilitate increased social mobility**.
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Question 3 – Do you agree with the removal of the LAC factor from the Darlington funding formula to avoid double funding?

15 (83%) Schools Agreed

3 (17%) Schools Disagreed

Comments received,

- This will mean that Darlington follow the NFF and the money that is saved is reinvested into other factors, schools will receive additional Pupil Premium Plus grant so funding will come through an additional source
 - This is a sensible suggestion as there is no agenda to change LAC funding
 - Looked after children in our Darlington schools are amongst the **most vulnerable to underachievement**. The LAC factor should be retained to support schools in meeting their needs and improving their outcomes and should not be referred to as “double funding” but as “targeted funding”.
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Question 4 – Do you agree that the Darlington formula in 2018/19 should continue to use the factors listed in paragraph 45?

13 (72%) Schools Agreed

5 (28%) Schools Disagreed

Comments received,

- The factors listed in paragraph 45 should be used, together with retaining the LAC factor, but in addition the **Mobility** factor from the NFF should be introduced. Mobility is a significant issue facing a number of Darlington schools. Not only would introducing this factor now support schools in overcoming the challenges mobility engenders, but it would aid transition to the ‘hard’ NFF in three years’ time.
 - We would appreciate the addition of GRT pupils – they do not qualify for Pupil Premium money and require extra support that can need to be of a specialist nature. The Travelling support service have changed their package and are more focused on awareness and engagement, while we appreciate that this work is needed it is not having a direct impact on our GRT pupils. We would therefore suggest that there is an extra factor added or that the traveller support fund of £86,000 is allocated directly to those schools who have GRT pupils to ensure that the direct needs of the pupils are catered for.
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Question 5 – Which option do you feel is the best approach to take forward in 2018/19?

Option 1 - Continue with existing funding formula arrangements.

Option 2 - Introduce the NFF, phased over three years.

Option 3 - Introduce the NFF immediately.

Option 4 - Introduce the NFF immediately but protect lump sums.

- 2 (10%) Schools agreed with option 1
- 13 (65%) Schools agreed with option 2
- 3 (15%) Schools agreed with option 3
- 2 (10%) Schools agreed with option 4

Comments received,

- We can see the benefit of Option 1 as it will mean all schools will benefit ; however as the NFF is on the horizon we need to be seen to be moving towards it at some point so we can see the rationale behind.
 - Option 2 is in the spirit of the NFF, with some protection and is our preferred choice.
 - We would be significantly worse-off under options 2, 3 & 4 and would therefore want time to adjust to the NFF in 2020.
 - How will the reduction in the lump sum affect budget moving forward for option 4 or would the lump sum reduce the same over all options?
 - Option 3 is our most favourable because **it most closely replicates the situation that will exist in Darlington once the ‘hard’ NFF is introduced.** It is also the most straightforward and the easiest for all stakeholders to comprehend. However, I would like to emphasise the comments above regarding retention of the LAC factor, the inclusion of the Mobility factor and the need to meet Darlington’s broader school improvement priorities. If the final decision is not to implement Option 3, at the very least the unit values for the low prior attainment factor in both the primary and secondary phases should be increased immediately to the NFF rates, £1,050 and £1,550 respectively, as opposed to adopting the proposed incremental phasing over a three-year period.
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Other Comments

In discussing the review of SEND provision and high needs expenditure, paragraph 23 of the consultation document states “there will need to be changes in current provision both in terms of what is delivered and the unit values paid for places”. It is important to note that place funding for special school provision is paid by ESFA at the national rate of £10,000 per place. In respect of the ‘top up’ funding for special school places, we agree that amounts need to be reviewed because;

- a) there have been no inflationary increases to the unit values since the inception of the current banding system and
- b) because the number of bands at only four is too restrictive in terms of meeting the often very different needs of individual children.

In any event, DBC should ensure that funding is sufficient to support high quality provision and good or better outcomes for all learners.

What is the alternative provision?

Where is the rest coming from?

The following schools sent responses to the questionnaire.

The Rydal Academy
Hurworth School
Mowden Infant School
Mowden Junior School
Mount Pleasant Primary School
Northwood Primary School
Hummersknott Academy
Bishopton/Redmarshall & Heighington Primary Schools
St Teresa's RC Primary School
Haughton Academy
Springfield Academy
Corporation Road Community Primary School
Gurney Pease Academy
Whinfield Primary School/Harrowgate Hill Primary/Redhall Primary
West Park Academy
Firthmoor Primary School