

NFF – Schools Block Questions

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?

We are not convinced that the right balance has fully been struck by these proposals. For a fair and stable funding system, it is important that sufficient funding is provided to meet the educational needs of all children and young people. Therefore, as stated in our previous response, it is imperative that NFF ensures our schools are funded at the right level based on need and not averages that have been informed by historical under-funding. Our view is that none of our schools should see a cut in funding because of the historic underfunding as an outer London Authority.

In the recently published National Audit Report, there was reference to the DfE commenting that schools required 8.6% to meet the cost pressures they were facing. The report highlighted that the additional funding provided as part of the Spending Review was 7.7%, but once the cost effect of increased pupil numbers was discounted, the total available for allocating to schools and support the implementation of the NFF amounted to 1%. We do not think this is sufficient, especially when the negative effect of the formula is being experienced by our smaller schools. This is doubly unfair for these schools, as a frontline service, they do not have sufficient flexibility to release the required funds to meet cost pressures through efficiencies.

In addition, we ask for greater clarity on who would be accountable for the outcomes of the NFF. Currently, there is a democratic process by which local authorities, through the resources provided by the Education Services Grant and their Schools Forum, are held to account by local communities, parents and schools for their local funding formulae to support the raising of standards. Under a NFF and the continued underfunding of local authorities through the new Central Schools Services Block, we would ask whether the Secretary of State for Education will be accountable to the parents and families of our pupils and schools for the effect on standards as a consequence of the NFF.

2. Do you support our proposal to set the primary to secondary ratio in line with the current national average of 1:1.29, which means that pupils in the secondary phase are funded overall 29% higher than pupils in the primary phase?

At a basic level, we could consider this is appropriate, as it is not too dissimilar to Enfield's current ratio of 1:1.30, but our main concern is that the methodology used to identify the ratio is a historic national average rather than based on a more robust methodology such as needs / activity based analysis.

3. Do you support our proposal to maximise pupil-led funding, so that more funding is allocated to factors that relate directly to pupils and their characteristics?

Yes, since 2014 and the introduction of the school funding reforms, this has been one of Enfield's key principles in 2014 for implementing the changes. However, we would ask that there is sufficient flexibility within the system to address any changes in a school's circumstances.

We do not agree that funding the school-led elements on an historical basis will provide sufficient flexibility, especially if there are insufficient resources available within the DSG to facilitate and meet the unique circumstances of an individual school.

4. Within the total pupil-led funding, do you support our proposal to increase the proportion allocated to the additional needs factors (deprivation, low prior attainment and English as an additional language)?

In principle, we support the increase in the proportion allocated to the additional needs factors. However we would question whether the weightings being applied for each factor will support schools in individual areas. We acknowledge the use of prior attainment, but do not agree the proposed application of this factor. We would ask that the application, in terms of rate and weighing, is further reviewed to ensure it supports needs and does not create a perverse incentive within the two sectors.

We are concerned that the good progress our Looked After Children have made could be eroded by the removal of this factor because of the move from a local to a national formula.

We understand that the Pupil Premium is outside the NFF and ask that this continues to be the case and that there is an increase in the unit rate for Looked After Children. The targeted support provided by this grant has helped to give individual pupils from deprived backgrounds and also Looked After Children much needed additional support.

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

We recognise the need and agree with the factors being used to support additional educational needs.

However, as highlighted in Question 4, we would question the rationale for weightings and rates being used for each factor, and also whether the use of the same weightings across primary and secondary is appropriate. We have found that each sector has unique needs and the factors should aim to support these. For this reason, we are concerned that the generic approach being taken will not be intuitive or sufficiently flexible to address the characteristics of local areas.

We welcome the use of the basket of measures of Free School Meals (FSM), FSM6 and IDACI to support pupils from socially deprived backgrounds as part of the NFF. This is a positive change and will assist in removing some of the barriers and improve access to opportunities for all our pupils to achieve.

We would, however, ask that the indicators used to assess FSM eligibility are reviewed as a matter of urgency as a product of the effect of the Welfare Benefit Reforms. From being a stable indicator linked to individual pupils for measuring and supporting deprivation, in Enfield, we have, in the last five years, seen a significant year-on-year reduction in the number of pupils eligible for FSM. We accept some annual variations, but not the level which has been seen in Enfield. For example, in 2011, 28.9% of pupils were eligible for FSM and now this has been reduced to 18.6%. We do not think this change is due to the borough seeing a reduction in deprivation of over 33% and would ask for evidence to support this.

For the NFF, consideration could be given to having a linear allocation or banding system to prevent cliff edges and reduce the adverse annual impact that a change in percentage has for an individual school.

We are not clear from the proposals whether they provide all our schools with sufficient funding to meet element two (first £6ks) of the High Needs funding reforms. The proposals do not demonstrate this. There is also no indication in either this document or the High Needs NFF consultation on how the new funding system will ensure sufficient funding for pupils with high needs in mainstream schools.

Our experience is that Enfield is a generally an underfunded London borough and this situation is compounded by the differential in the area cost adjustment between outer and inner London. To truly reflect need, we would ask the calculation of the area cost adjustment is reviewed.

In conclusion, we would ask, in finalising the arrangements, for confirmation that:

- if the reduction in FSM eligible numbers continues, the unit rates will be increased and the overall funding not reduced and used elsewhere;
- we will be informed of the timetable for reviewing the indicators used to assess FSM;
- some empirical evidence to support the proposed the weightings and unit rates for the two sectors to meet the needs in all of our schools;

- demonstrate that the proposals will provide sufficient funding to meet element two (first £6ks) of the High Needs funding reforms for all pupils with high needs in mainstream schools. This will need to ensure schools with high prior attainment, low FSM, high number of pupils with EHCPs with support above £6ks have sufficient funding under the new arrangements to meet their needs;
- a review of the area cost adjustments will be carried out ensuring boroughs like Enfield are funded fairly.

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 support the retention of this factor, but do not consider the use of historic spends or the threshold of 10% before funding is triggered as appropriate. This does and will not support our schools.

As highlighted in our response to the previous consultation, Enfield continues to see an acute increase in the number of families and their children living in temporary housing, resulting in these children and young people either travelling across the borough to attend their school or having to change schools when their families are relocated.

With the increasing pupil population, Enfield schools are facing challenges both in terms of recruiting staff and managing the issues associated with large schools and in-year admissions. The current 10% cap for mobility cannot be retained; it is neither helpful nor appropriate for schools or areas with a transient population.

We would ask that the data collection systems be updated as a priority, so that pupil changes at school level reflect the actual position at each school and our schools are funded appropriately.

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

With regards the lump sum, we support the principle of a lump sum for the formula, but do not agree that a single lump sum of £110k across all sectors is appropriate.

We currently give a lump sum of £162k across all schools: this includes an amount of £12k to provide each school with a set notional sum for two pupils with high level of SEND in a mainstream school. Our view is that:

- The higher rate for the basic lump sum should be retained. We are aware that larger schools are not reliant on the lump sum and would argue that smaller schools are not supported by the proposed amount of £110k. In Enfield, over 90% of schools with less than 400 pupils will see a loss in funding due to this change.

Before the School Funding Reforms were introduced in 2013/14, Enfield had two rates for the lump sum:

- Primary at £151k
- Secondary at £71k.

This worked for our schools and recognised the need to support small schools. The introduction of the Reforms meant we had to introduce a single lump sum. Although, this national requirement was changed a year later, we were not in a position to make any changes without creating further turbulence at school level because of no additional funding.

- due to the limitation of the national funding system, we used the lump sum to allocate a notional £12k to pupils with high SEND needs.

We ask for consideration to be given to a different rate being applied for the primary and secondary sectors and would suggest that it reflects the levels used in Enfield. We, also seek confirmation on how the proposals for the NFF will provide sufficient funding to meet element two (first £6ks) of the High Needs funding reforms for all pupils with high needs in mainstream

schools.

8. Do you agree with the proposed amounts for sparsity funding of up to £25,000 for primary schools and up to £65,000 for secondary, middle and all-through schools?

N/A

This factor is not applicable for Enfield, but we would question the continued retention of this factor and the overall increase in funding being proposed when there is not a similar change for mobility.

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

We do not believe that use of historic or lagged growth will support local needs on a year-on-year basis. This could be an appropriate indicator, if growth was evenly distributed from one year to the next, but Enfield continues to experience a changing and growing population with movement into, out of, and within the Borough. This isn't helped by unplanned academies and free schools being opened in areas where school places are not required.

Added to this, In addition to this, as the current pupil growth is in the primary sector, and when these pupils move to secondary it will cause an unnecessary pressure on the DSG, because as secondary pupils are, and will continue to be funded at a higher rate.

The funding system needs to ensure funding for growth is sufficiently flexible, so that funding provided through the DSG matches the growth we are experiencing. This could be achieved with an in-year adjustment to reflect actual pupil numbers and will provide some consistency between the current arrangements for academies and maintained schools.

10. Do you agree with the principle of a funding 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.

As stated in Q1 above, the funding floor should work to support all schools.

11. Do you support our proposal to set the floor at minus 3%, which will mean that no school will lose more than 3% of their current per-pupil funding level as a result of this formula?

No, we do not think any of our schools should lose funding as a result of the NFF when the aim is to bring fairness and stability into the school system.

The proposals show that all the smaller schools in Enfield will experience a loss in funding. It is unclear how these schools will sustain a budget cut without an impact on educational standards. By the Government's own admission in the National Audit Office report, schools will see a real-term reduction due to a cost pressure of approximately 8.5%. This does not take into account the cuts schools have had to make to manage because of the effect of a flat cash budget since 2012. For some schools, it is unclear under the current proposals when they will be above the floor.

12. Do you agree that for new or growing schools the funding floor should be applied to the per-pupil funding they would have received if they were at full capacity?

This may be appropriate for new schools, but there needs to be recognition within the system that as these schools fill up the floor will be adjusted so they are not overfunded when full.

Also, it is important that this does not create a perverse incentive and there is sufficient flexibility in the system to reflect the local context in which the school is being established or expanded.

13. Do you support our proposal to continue the minimum funding guarantee at minus 1.5% per pupil? This will mean that schools are protected against reductions of more than 1.5% per pupil per year.

In the first instance, we would suggest that sufficient resources are provided so no school loses any funding due to the changes being introduced, and then we would agree with the principle of a minimum funding guarantee, but suggest that it should be sufficiently flexible to allow implementation at a local level.

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

The principles and parameters for implementing the NFF should include:

- How reviews of areas identified to be funded on historical spend, such as growth, will be funded and implemented;
- How changes in funding, for areas such as business rates, will be funded if the proposal for historical spend is maintained;
- Some local flexibility to manage any adverse effect of a factor on local schools;
- Greater transparency and openness with a requirement for the EFA to publish information of final funding provided to academies and free schools in the same way as local authorities are required to do so as part of the Section 251 Budget Statement;
- School budgets should move away from being funded on a flat cash basis and be adjusted for annual cost pressures. At the very least, NFF should provide additional funding for any new national pressures, such as the apprenticeship levy, pay awards or pension or national insurance contributions. The additional funding should be outside the calculation of the floor for the NFF for each school.

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

For community schools, the anomaly created by the apprenticeship levy is deemed to be unfair and inequitable; it will add a further cost pressure for community schools. It is important when considering school funding to ensure that NFF is allocated fairly and each school has been provided with sufficient resources to meet its statutory obligations, both in terms of education and as an organisation.

To support local accountability, there is a need for local flexibility to be maintained and for local authorities with their Schools Forums to consider the use of the DSG in its entirety to support the raising of standards. It is not appropriate to ring-fence and restrict movement of funding from the Schools block and assume any pressures due to underfunding is met from the remaining blocks within the DSG. This becomes a pertinent issue if growth and mobility are not funded at an adequate level.

16. Do you agree that we should allocate 10% of funding through a deprivation factor in the central school services block?

We think the same methodology as the NFF for schools should be applied, and would reiterate our comments in response to Question 5 above

17. Do you support our proposal to limit reductions on local authorities' central school services block funding to 2.5% per pupil in 2018-19 and in 2019-20?

No, we do not agree. Similar to our response to school funding, we do not think any local authority should lose funding as a result of the formula. Our current spending reflects the cost of delivering our services in our local area. We would recommend that additional funding be provided for the implementation of these changes.

The formula that is being introduced does not provide a clear rationale based on need for the unit rate and weighting for deprivation being applied.

As has been highlighted by London Councils and we would reiterate that for us to meet the shortfall in funding created by the proposed arrangements, we are being forced to choose between reducing core school funding (either through a top-slice or buy-back model) and / or redirecting funding away from other key services through the use of Council funds. We do not think this is an appropriate way forward. We would comment that the funding gap being created is an acute risk to the delivery of statutory functions and will have a direct impact on educational standards and pupil welfare. Therefore, we support London Councils' call on the government to reinstate this funding into the Education Services Grant.

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

We would ask that the further consideration be given as to how local authorities can continue to delivery their statutory duties for both all schools and maintained schools ?? with the cessation of the Education Services Grant (ESG) and the reduction in funding to be provided through the NFF and the Central Schools Services block.

NFF – High Needs Block Questions

1 In designing our national funding formula, we have taken careful steps to balance the principles of fairness and stability. Do you think we have struck the right balance?

No, we are not convinced that the right balance has totally been struck by these proposals.

The High Needs block is demand-led: with the introduction of the SEND Reforms and use of Education Health and Care Plans, Enfield has seen a significant increase in the number of pupils with SEND requiring specialist educational support. Due to insufficient specialist provision in-borough, in October 2014 the number of pupils placed in independent and other out-borough non-maintained provision was 220 by October 2016, this increased to 304; an increase of 28% in two years. We are not convinced that the proposed formula has addressed this level of need.

For a fair and stable funding system, it is important that sufficient resources are provided to meet the educational needs of all children and young people. Therefore, as stated in our response to the Schools block consultation; we consider it is imperative that there are sufficient resources within the system to support the education of all our children and young people.

We are concerned that the NFF proposals for mainstream schools is to ring-fence funding provided through the Schools block, and then seeking views on limited flexibility to support the Schools block from an already pressured and underfunded high needs block. We believe if the system was fair, equitable and funded appropriately, there would be no need to consider whether or not areas of the DSG should be ring-fenced.

2 We are proposing a formula comprising a number of formula factors with different values and weightings. Do you agree with the following proposals?

- Historic spend factor – to allocate to each local authority a sum equal to 50% of its planned spending baseline
- Basic entitlement – to allocate to each local authority £4,000 per pupil

Historic spend factor: If this factor is to be maintained beyond 2018/19, then it needs to be based on the actual spend in the previous year. By locking this historic factor on planned spends in 2017/18, the NFF will continue to perpetuate the current problems of underfunding

our High Needs block. This is because:

- the key pressure within the DSG is the High Needs block is the increasing demand to support vulnerable pupils with complex SEND (see response to question 1 above);
- the historic spend does not reflect the in-year deficits that we have had to address by redirecting or cutting resources from other areas within the DSG.

Basic entitlement: In principle, we support this factor, but question the use of £4k, and would ask whether this is sufficient to support the infrastructure of a special school if the top-up is designed to address the individual needs of each pupil.

We would also like clarification and confirmation that as pupil numbers increase, additional funding will be added for the allocation of these £4ks and it will not be an adjustment of our baseline against the historic spend, as it currently appears to be from the illustrative model included with the consultation.

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

- Population – 50%
- Free school meals eligibility – 10%
- IDACI – 10%
- Key stage 2 low attainment – 7.5%
- Key stage 4 low attainment – 7.5%
- Children in bad health – 7.5%
- Disability living allowance – 7.5%

In general:

- We would support some of the factors and would question the appropriateness of others. As there is some correlation between pupils from socially deprived backgrounds and low prior attainment, we would, however, seek evidence on the appropriateness of using outdated data for some of the other factors, for example children in bad health and how this could inform the current needs and resources required.
- We find it difficult to comment on the rates and weightings being applied without having further information on the rationale used for each of the factors and how the support need and outcomes for these pupils.

- 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 this document

We would support the principle of a protection mechanism and would ask that the data used for the baseline exercise is based on actual expenditure and not planned spend. The use of planned spend will not provide sufficient protection.

As the NFF has not been tested against need and if the historic spend is locked at 2017/18 levels without clear rationale for the factors being used, then we would ask that it is confirmed:

- how the in-year pressures should be met if the Schools block is ring-fenced and the Authority has no funding to support this;
- when and how a review of the NFF will take place to confirm if it is appropriate and meets the needs of pupils with complex SEND.

We would, however, state that it needs to be within the context that it is fair and reasonable and provides sufficient resources to meet the needs of pupils with complex SEND. It is uncertain that the current proposals do this.

- 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?

In principle a floor could be positive, but we are not sure a floor will be helpful in this area. Our concern is that the spending baseline will be based on planned spend and not on actual spend. Enfield has not been funded at the right level for a significant number of years and this has led to perpetual annual in-year deficit that has had to be addressed: for example this year our planned spend was £39.8m and we are projecting to spend £43.8m. It is unclear under the new arrangements; how we would support this level of spend.

As stated above, High Needs is an area where it is difficult to predict demand and if we do not have funding arrangements in place that will intuitively reflect demand, it is uncertain how a floor or capping arrangement will enable authorities to meet the current increases in demand and expenditure.

It is important that sufficient funding is provided to meet the needs of children and young people who are currently in education and it is not delayed due to an arbitrary process of having a funding floor.

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

We would ask that there be local flexibility across all areas of the DSG and not just parts of it. Currently, local authorities work with their Schools Forum to make the best use of limited resources. Unless all the proposed blocks within the DSG receive sufficient resources, we cannot agree with the proposal to limit local flexibility, especially if this is to address the issue of underfunding schools of their the notional SEN under Element 2 of the SEN arrangements through the Schools NFF or due to allocating funding based on historic spends.

- 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?

Any successful funding system is reliant on being able to address the needs and outcomes of children and young people. This requires a holistic approach, which assesses needs of all children and young people in the local area. We do not think this can be achieved by limiting local flexibility.

Enfield works closely with all schools to consider how the needs of all pupils including those with SEND can be best addressed.

We cannot meet the needs of our children and young people within the resources currently provided and have concerns that the proposed NFF is unlikely to provide sufficient resources. It is important, as stated in the Schools Block consultation, that to support local accountability, local flexibility is maintained and for local authorities with their Schools Forums are able to consider the use of the DSG in its entirety to support the raising of standards. It is not appropriate to ring-fence the Schools Block with the assumption the Early Years and Central Schools Services blocks will pick up any in-year pressures. By cutting the Education Services Grant, together with other cuts the Council is facing, it is unlikely that resources will be available to support an area which should be funded by central Government.

We would ask for maximum flexibility to address needs and funding pressures. We cannot see how on-going pressure can be addressed, if there isn't sufficient local flexibility or funding.

If the ethos of the SEND Reforms is to be supported, then the whole community of schools must work together in partnership and ensure scarce resources are directed in a holistic and effective way to meet the needs of all vulnerable children and young people.

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

We are concerned that the proposals in this document have been driven because of the need to have a NFF for high needs in place. We cannot understand how the use of historic and

outdated data can provide a coherent, fair and stable funding system for supporting pupils with high needs. This means having a system which can support the demand created by an increase in pupils in the local area. For example, one area which has not been addressed, is the impact of other Government policies, such as the Welfare Benefit Reforms. Since 2013/14, Enfield has had an exponential in-year increase in the number of pupils with SEND and would suggest this is linked to the mobility associated with the Welfare Benefit Reforms.

In conclusion, we do not consider the current proposals for the formula addresses the underlying issue of the funding required to address the complex, variable and increasing needs of our most vulnerable pupils. It is essential that this is a key principle for the NFF and is used to test the current design.

- 9 Is there any evidence relating to the eight protected characteristics as identified in the Equality Act 2010 that is not included in the Equalities Analysis Impact Assessment and that we should take into account?

Any to add on SEND Code of Practice or reforms in the Children & Families Act