

## Consultation 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, the funding proposals offer neither fairness nor stability for Southend Schools. The proposals fundamentally ignore the costs of operating a school, and will result in the withdrawal of monies from the Southend education system at a time of increasing cost pressures, often government imposed, and demographic demands. The proposals ignore the fact that Southend, due to its location, has London centric costs, particularly for quality teaching staff, without the benefit of London allowance.

- 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?**

Southend-on-Sea's Education Board has been working towards this ratio under its local formula and it is appropriate at a system level.

However the evidence (NASBM) regarding the minimum funding per pupil for a primary school to be viable now is £4,000 and for a secondary £4,800 which would be a ratio of 1:1.2.

(Reference question 14, the differences between q2 and q14 relate to 2018/19, the additional cost pressures assumed at 2%).

- 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, although for Southend-on-Sea the national formula is a retrograde step in this regard, in that we currently allocate a greater proportion towards pupil-led funding than other similar authorities. The issue remains that the relative weightings are out of balance.

- 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)?**

No. Although Southend-on-Sea's Education Board recognises and supports the need to support deprived communities and deprived learners appropriately, it is pointless to push additional resources towards these areas unless the costs of the core provision are funded adequately, as any resources for the additional factors will merely be diverted to support the underlying operation of the school; it will not address disadvantage. The basic amount per pupil needs to be sufficient in cash

terms to sustainably provide for the educational needs of all pupils, with additional factors providing for supplementary needs only.

This could in itself result in an unintended consequence. The current proposal may cause 'regularity' issues. If the basic amount per pupil is not sufficient to run a school, then the funds intend to raise pupil outcomes for say LPA will be used for the core provision and not for the purposes intended by parliament.

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

No. Southend-on-Sea considers that the proposed weightings for low prior attainment and English as an additional Language are too high, and suspect that these factors may as an unforeseen consequence preserve financial advantage in certain areas rather than being a true reflection of the additional costs these factors involve.

Southend-on-Sea schools, through the Schools Forum/Education Board have for a number of years taken the strategic decision to invest some of the schools block into early years. As a result we have good or outstanding early year providers and children who are school ready, and consequently low levels of low prior attainment. The national funding formula proposals will punish Southend schools for making this investment, by taking monies out of the Southend education system.

We would also question the high weighting given to English as an additional language. Our evidence suggests that often children who have English as their second language are amongst the best achievers at school. Just because it is a second language does not necessarily mean that they are not proficient in English. Neither does it mean that they are at a disadvantage for three years.

**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 no comment to make on this question, but look forward to seeing the Department's proposals in due course.

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

We would reiterate that adequate funding of the core provision within schools is necessary just to ensure basic viability. The lump sum should contribute towards achieving this basic level of funding

**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?**

We have no comment to make on this question.

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

Growth for basic need is an LA duty, double funding issue currently as pupils move between schools and growth due to popularity sits with the EFA. The LA hold the basic growth funds and the EFA hold the popular growth funds. Currently the LA Growth fund 18/19 is based on previous year figure (historic spend), funded centrally not as a slice taken by schools forum as it is currently.

For 19/20 the idea is that funds will be allocated to the LA for basic growth based on population increase / pupil count from the 18/19 census. The issue that this gives rise to is a LA may have no funds for growth until the year after it happens. One possible suggestion is to allow LA's to hold onto any growth funds that are not used in year 1 to be used in year 2. We would suggest that a figure is given per pupil that local authorities should pass on to schools experiencing growth, and that any unspent funds are allowed to be carried forward to build a buffer locally to counter act the lagged effect.

**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.**

Southend-on-Sea would generally endorse the need for a level of protection to be built into any system that will see significant movements in funding, but you need to beware of unintended consequences as set out in the next response.

**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?**

In reality a floor of minus 3% based on current funding levels means far deeper cuts given the additional unfunded pressures that our schools continue to experience through increases in the national living wage, the apprenticeship levy, and the like, over and above on-going inflationary pressures. The headline of a minus 3% cap on losses belies the fact that the underlying loss in "calculated" funding is for Southend schools often much greater. For our secondary schools for instance, the actual loss of "calculated" funding is 5.1%, with our biggest loser seeing a 6.2% loss. That school incidentally is in one of our most disadvantaged areas.

The way you propose the floor to work means that, even assuming the government provides additional monies in future years to address some of the cost pressures faced, it will be many years before that delivers additional "calculated" funding increases to climb up to par with the minus 3% floor, let alone any actual increase in cash: It will be well into the next parliament before we can expect our schools to recover their funding to current levels.

Consequently Southend schools will need to be cutting educational services for many years into the future.

- 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?**

Yes.

- 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.**

Yes, for schools at the lower end of pupil funding, even though for Southend schools that means that all will be at floor funding by 2019/20.

However, the vast majority of schools now have 3-5 year forecasts, the SBM community capability is rising and one of the declared intentions of the NFF is to make it easier for schools to do long term planning. On that basis the minimum funding guarantee should be on an accelerating curve, with varying levels of protection according to funding rate, or it will take more than a decade for the funding levels to become fair.

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

Southend-on-Sea believes that there should be an additional safeguard within the national funding formula to protect the basic viability of schools to operate. Research endorsed by NASBM and presented to the Funding Policy Unit suggests that to protect basic viability a secondary school needs pupil led funding in the region of £5,000 per key stage 3 and 4 pupil, and £4,000 per key stage 2 pupil. We suggest therefore that in addition to the minus 3% floor protection, that there should be an index linked pledge that will be at £5,000 per pupil in secondary schools and £4,170 per pupil in schools for 2018/19.

We also believe that the proposed area cost adjustment is not fit for purpose. It is too simplistic and fails to recognise that Southend schools face London centric costs just to be able to recruit and retain quality teaching staff. Given the clear evidence previously supplied that points out that Southend is the 11<sup>th</sup> least affordable place to live in the country it beggars belief that each school in Southend should receive less than £11,000 per year to tackle issues locality brings. Therefore both the methodology and weighting need to be revised.

With the ACA not being fit for purpose, we are suggesting an alternative approach:

- (1) regional living costs (aside from rent/ mortgage) fluctuate by +/- 6% (ONS data 2010) ... this can therefore be viewed as marginal
- (2) however, approximately 40% of all wage costs are spent on mortgage/rent (Hay report 2011) and these costs vary substantially across the country, by region ...

this variation is substantial and considerably more widespread than London + fringe

For clarity: approximately 40% of wage is spent on housing and staff salaries are 80% of school income, so more than 30% of all the schools' budgets are ultimately spent on housing costs.

The regional price-salary ratio (Hay report 2011) varies from 9:1 in London, 8.4:1 in the South East down to 4.6:1 in the North East.

So, assume a teacher/support staff salary of £25k in the North East. 40% of this is spent on housing i.e. £10k. Scale this up from the NE to the SE,  $\times 8.4/4.6 = £18k$ . Add back in the residual 60% of salary gives an equivalent salary of £33k to allow a comparative standard of living (and, therefore, the capacity for schools to recruit). This has already been happening in London and elsewhere. Additionally, the deprivation differentials have already allowed significant salary enhancements for recruiting into 'challenging' schools.

Taking this pre-amble, and scaling up, the area-cost adjustment:

- (1) needs to be predominantly determined by cost of housing (not average salaries which, outside London, vary very much less than housing costs – Hay report);
- (2) is justified by looking to provide some attempt at an equivalent standard of living, and, therefore, levelling the playing field in the capacity to recruit;
- (3) has impact through school's pay flexibilities, not a regional salary structure as such;
- (4) should be based on regions (or units no smaller than, say, 500 sq miles defined by reasonable commuting distance – you don't have to live in Knightsbridge to teach there!) and a robust associated housing index;
- (5) needs to give rise to variations, so that £1M of school income in, for example, the NE becomes about £1.25M in the SE\*.

We see no reason to apply the area-cost adjustment as a slice within the formula, rather than as a weighting applied to the overall constituent elements: i.e. add up all the other formula elements then multiply by the necessary weighting. (This makes the case even stronger for using a fixed overall quantum and developing the formula through %s.)

Anything less than such an approach will leave the revised formula perpetually unfit for purpose especially as housing scarcity will drive the differentials even further in the years ahead.

[\*£1M at 80% for salaries = £800k = £25k pp x32 people becomes £33k x 32 people = £1.056M + £200,000 non-salary costs.]

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

The Southend educational community, although not well funded compared to many areas, is currently punching well above its weight in terms of performance, as recent results clearly demonstrate. Both at Key Stage two and especially at Key Stage Four,

our schools perform well against the national average, often bucking a national dip in results. Both phases have made significant improvements against national and regional rankings, as referenced in the most recent HCMI annual report.

However every Southend school will lose funding under these proposals. Given that this will take cash out of schools at the same time as cost pressures are increasing, it is inevitable that our schools will no longer be able to offer the same educational experience our children have access to. Having taken soundings from our head teachers, the likely implications for our schools include

- Bigger class sizes
- Reduced teacher numbers
- Increased difficulties in teacher recruitment and retention
- Reduced curriculum, particularly in non core areas such as arts
- Loss of enrichment activity and informal curriculum support
- Reduced behaviour management assistants
- Reduction in building maintenance and equipment

These funding proposals are likely to call the fundamental viability of a number of our schools into question.

It is distressing to say that as the proposed formula actually negatively impacts schools working in some of our more disadvantaged communities more than other Southend schools, the national funding formula will mean that our more vulnerable students will suffer disproportionately under these proposals.

An allied problem is that despite the recent welcome increase in the funding rate for Early Years provision, the monies provided only just makes it viable for providers to adequately staff this activity. Southend schools have a proud tradition of recognising the importance and value of quality early years provision, and has chosen to support this through the transfer of £500,000 from the schools block to early years to support developments within our Early Years settings, the impact of this strategic investment clearly evident. As previously mentioned this means that almost all of our early year providers are Ofsted rated as good or outstanding. The funding proposals will cease the ability for transfers between DSG blocks, meaning that the vital support that our schools have given early years will have to cease. We could make a case to schools individually to invest back into early years, but the planned reduction in schools funding under these formula proposals of £2,855,000 will make this unviable. The irony of course in this is that the inability to properly invest in quality early years provision will in time mean that children arrive at school with lower prior attainment, which will eventually lead to additional funding coming to those schools. It is a pity however that in the meantime a generation of Southend children will have to suffer.

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

This seems reasonable.

**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?**

As commented before Southend-on-Sea would generally endorse the need for a level of protection to be built into any system that will see significant movements in funding.

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

At a time when local authorities are increasingly less able to influence the quality and performance of education, yet remain wholly accountable for the outcomes, we are still held responsible for the sufficiency and co-ordination of quality school provision. These duties need to be funded appropriately.