

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?

Response: We recognise the need for fairness but the proposal does not produce stability. The projection for Lambeth schools is to lose 2.8% funding over 2 years 2018/19 and 2019/20 at a time when significant cost pressures are arising. The NAO projections indicate that schools will need over the next few years to achieve savings of 8% to meet the wider cost pressures through salary uplifts, rising pensions costs, higher inflation (Feb'17- 2.3%), apprenticeship levy etc. This will require Lambeth schools to implement reductions of c10% to balance their budgets, which can only be achieved through staffing reductions.

The consultation document does not provide evidence that schools can cope with such a level of funding reduction and it is likely that many, particularly the small schools will go into to deficit budgets.

London schools are already finding it very difficult to both recruit and retain teaching staff at all levels, which will only intensify if they do not have the resources to attract the new teachers needed for a rapidly rising pupil population. This makes it difficult for schools to maintain standards, which poses a real threat to London's school improvement trajectory.

Analysis undertaken by London Councils of the 'illustrative school-level allocations suggests that £335 million of additional funding – just 1 per cent of the schools block – could be used to protect all schools from a cash cut and enable gainers to reach their formula allocations sooner. London Councils believes that this relatively modest amount of additional investment is the fairest approach to delivering such a far-reaching reform, mirroring arrangements for the high needs national funding formula.'

We do not believe that either fairness or stability can be achieved under a redistributive model.

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?

Response: the ratio's used in the Lambeth formula has been the result of many years of close working between the Education Directorate and the Schools Forum. It represents our local priorities between the phases. A decision to set this ratio by reference to a national average will create a high degree of turbulence for our secondary schools through the rebalancing funding between the phases. This has the appearance of being arbitrary or unfair at an individual school level when it is the result of an unsophisticated national average approach.

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?

Response: Yes. We already achieve this in our local formula as 77% of the funding is distributed through basic entitlement and 91% through pupil led factors. However the

formula needs to recognise the importance of non pupil led factors such as split-site, PFI, NNDR which can have a significant impact at an individual schools level.

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)?

Response: Yes. We recognise that the distribution of pupils with AEN/ SEN is unequal and to some extent reflects admissions criteria used by individual schools. Consequently it is important that both pupils and their characteristics are appropriately funded.

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

Response: Yes

6. Do you have any suggestions about potential indicators and data sources we could use to allocate mobility funding in 2019-20 and beyond?

Response: We welcome the retention of mobility as a factor as evidence shows that London has higher levels of mobility and that for the individual schools affected, this is a significant driver for additional costs in supporting pupils to 'catch-up'. We would like more consultation on the implementation and representation of this factor in the final formula.

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

Response: No. There needs to be much more detail on how this figure is arrived at and how it meets the very different needs of a one form entry primary school compared to a large secondary with 1,000 pupils. The Lambeth formula currently funds lump sum at £170k, a reduction to £110k will be disruptive as it will redistribute funding without proper justification.

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?

Response: n/a

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

Response: No. For growing schools, the potential unfunded year groups mean a loss of funding of approximately £140k a year per form of entry. In order for schools to absorb this, they would require to have a large surplus balance and then use this to support the budget whilst funding follows in the subsequent year. A formula cannot assume this.

We recommend a contingency is created to fund the in-year pupil growth.

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.

Response: Yes. A permanent funding floor is essential to protect against the projections of a 10% reduction in the illustration provided. However, a floor mechanism will result in a prolonged static funding for those schools facing significant reductions.

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?

Response: No. We recommend a funding floor of 0%. The consultation does not demonstrate that a further 2.8% reduction can be delivered without impacting on school standards. Analysis undertaken by London Councils of the 'illustrative school-level allocations suggests that £335 million of additional funding – just 1 per cent of the schools block – could be used to protect all schools from a cash cut and enable gainers to reach their formula allocations sooner. London Councils believes that this relatively modest amount of additional investment is the fairest approach to delivering such a far-reaching reform, mirroring arrangements for the high needs national funding formula.'

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?

Response: 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.

Response: Yes

14. Are there further considerations we should be taking into account about the proposed schools national 16. Do you agree that we should allocate 10% of funding through a deprivation factor in the central school services block?

Response: Using historic spend data is unlikely to meet actual costs in high growth areas like Lambeth, as factors for business rates will not meet the cost of bills for new and expanding schools. A mechanism for retrospective or in-year adjustment should be introduced for these factors.

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

Response: Schools are facing cost pressures as a result of government policy, from changes to national insurance and pension contributions. Staffing costs form the greater portion of

a schools budget, consequently any funding settlement for schools needs to make allowance for these cost pressures.

The apprenticeship levy is an unnecessary burden for schools, who are unable to provide opportunities for apprenticeships. In addition, the application is inconsistent across schools. Standalone academies are likely to be exempt, but similar sized community schools will be eligible for the levy because the local authority is classed as the employer.

The different approach cannot be justified and we request that the government apply an exemption to all schools.

Lambeth and other London authorities have greater challenges of staff retention due to increasing housing costs in an unregulated private market. This leads to higher supply staff costs as a result of increased mobility of staff with them moving out of borough to cheaper areas to rent.

London authorities have a higher number of unaccompanied asylum seeking children (UASCs) than other regions and some areas have specific funding arrangements in place locally for this potentially key cost driver. UASCs are an example of an exceptional school-level pressure that a 'hard' formula will struggle to capture accurately at a national level but are currently picked up locally. The impact of the formula on similar cost drivers – uncommon, but highly significant for individual schools - will need to be considered carefully.

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

Response: Yes

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?

Response: No. There is no case for any level of reduction. Local government has made significant savings in the face of falling funding levels for local authority central functions and there are no further efficiencies to be made. The significant funding gap for statutory functions that has arisen represents an acute risk to school standards and pupil welfare. We request that the education services grant is reinstated.

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

Response: The ending of the education services grant and the decision to roll retained duties funding into the schools block represents a very large cut to funding for central functions from September 2017. We do not agree with the proposed reduction in funding for central functions or the arrangements for the central functions in the Schools Block. With a centralised formula local knowledge and understanding is lost and thereby the ability to respond flexibly in partnership.