



Neath Port Talbot

Castell-nedd Port Talbot

County Borough Council Cyngor Bwrdeistref Sirol

Education, Leisure & Lifelong Learning

CONSULTATION DOCUMENT

Consultation on financing schools
- reviewing the primary funding formula to
raise standards

Consultation period

16th October 2017 – 3rd December 2017

CONSULTATION ON FINANCING SCHOOLS

1. Context

In order to deliver education in its area the Council's Cabinet determines on an annual basis the total amount of money to be distributed to schools - the Individual Schools Budget. The level of funding individual schools receive - the Schools Budget Share, is an allocation of the Individual Schools Budget determined by a formula.

The formula neither increases nor decreases the amount of money in the Individual Schools Budget. It is the mechanism by which the Individual Schools Budget is distributed amongst schools. The Council, as local education authority, is responsible for developing a formula specific to its area. The formula is required to be simple, objective, measurable, predictable in effect and clearly expressed. There is a formula for allocating funding to primary schools and separate formulas for secondary and special schools.

At school level, individual governing bodies are responsible for managing expenditure within their funding allocation, i.e. the Schools Budget Share, and for setting an annual budget to this effect.

This consultation document sets out a review of the current formula and proposes revisions in order to deliver funding even more equitably and in doing so provide the basis for continued school improvement and the raising of standards across the school estate.

The most significant factor influencing the amount of funding an individual school receives as its Schools Budget Share is the number of pupils on roll, whilst the largest cost is staff salaries. The Council is required to regularly review its funding formula and this review is taking place in the context of continued pressure on local government finances, a position that influenced the previous review and is likely to continue in the medium term.

Recognising the pressure this situation is placing on school budgets, Neath Port Talbot Schools Forum requested a review of the current formula. The results of the primary sector formula review, with which representatives of LLAN, the primary sector head teacher consultative group, have been involved, form the basis of consultation.

The consultation focusses solely on the formula for funding the mainstream element of the School Budget Shares for primary schools.

The Council has included additional options for consideration and these form part of the consultation.

2. The need for change

The Council's school funding formula was substantively revised in 2011. It is this modified version that is currently used to distribute funding to schools.

The current formula has been an important step forward towards a more equitable distribution of funding to schools. However, there are aspects of the formula that need further revision, particularly in light of the continuing economic constraint placed upon public finance.

The school estate has changed significantly since 2011 with a number of small schools being closed, federations formed and infant/junior schools amalgamated. The current funding formula no longer reflects the balance between small and large schools. Support via the formula for the remaining smaller schools is still disproportionately impacting on the overall funding allocation to schools, resulting in funding not being distributed equitably on a 'per pupil' basis.

In short, the Formula is still subsidising smaller schools, i.e. the schools with the fewest of pupils and this is having a detrimental impact on the funding available to larger schools, a position which is no longer sustainable.

A further revision of the current primary funding formula is necessary to address these continuing issues of inequity.

3. Formula Funding Review Group

A formula funding review group was set up with a specific focus on the primary sector.

The review group provided professional advice on how the formula could deliver more equitable funding to schools and be capable of

supporting education fit for the 21st century learner which, in turn, would impact on raising standards across the local authority.

The review group comprised head teachers from large and small schools serving both rural and urban areas. These included English-medium, Welsh-medium, the Faith sector schools and those with specialist units.

Members of the review group adopted a strategic approach rather than one based on the needs of individual schools and on this basis duly examined the current primary sector formula on a line-by-line basis.

Each suggestion put forward by the review group was modelled both individually and in conjunction with any other element of the formula on which it would impact. The proposed amendments detailed in this consultation document are the result of exhaustive re-modelling of the existing formula.

4. Key legislative requirements underpinning formula funding

The formula for allocating funding to schools is governed by the School Funding (Wales) Regulations 2010.

Regulations determine the financial responsibilities and relationship of the Council and schools. The Regulations also specify those funding areas where Council has discretion as to whether or not to delegate financial responsibility to schools.

In developing a formula for distributing funding, the Council is required to:

- a. allocate at least 70% of the funding on a pupil-led basis. Any remaining sum can be allocated using other factors determined by an individual Authority, e.g. allowances for: small schools; split site; deprivation; premises-related (heating systems, age, design, vandalism); language; special needs; etc.; and
- b. consult on any proposed changes to factors and criteria or the methods, principles and rules which are adopted within their formula (including any new factors, criteria, methods, principles or rules).

5. Primary sector review group's proposals for changes to the formula – Option A

The following changes to the formula for funding primary sector schools were proposed by the review group.

a. **Pupil/teacher ratios** (*lines 15 and 16 of the formula*)

The current formula operates on the basis of 1:24.15 for Nursery/Reception; and 1:25.59 for Year 1 to Year 6

To more accurately reflect the current curriculum requirements for primary sector schools the review group proposes revised pupil/teacher ratios to be set at **1:24** for Nursery/Reception and **1:24** for Year 1 to Year 6.

This change will result in an increase in the proportion of funding distributed to schools via pupil numbers.

b. **Minimum number of teachers and support staff** (*lines 17 and 25 of the formula*)

The current formula operates on the basis of a **minimum** of 1 teacher plus 1 teaching assistant for each school. All schools benefit to some extent from this allocation although the beneficial impact is dependent on school size. The larger the school, the less benefit will be realised.

The review group proposes a revised minimum for each school set at 0.75 teachers plus 0.5 teaching assistants.

This change will result in an increase of funding being available for re-distribution within the pupil teacher ratios.

c. **Capitation** (*line 47 of the formula*)

The current formula operates on the basis of a Welsh-medium supplement of 10% for capitation.

The review group proposes that the Welsh-medium supplement to be increased to 50%.

This change will result in Welsh-medium schools receiving more funding within the capitation line of their formula allocation.

d. **Class Size Funding** (*line 56 of the formula*)

The review group recommends that the Class Size Funding Allocation of £506,010 (primary sector total) to be removed.

However in the first year it will be necessary to continue to fund to the end of the academic year those teachers currently employed (i.e. approx. £223k).

This change will result in an increase of funding being available for re-distribution within the pupil teacher ratios.

6. **Additional proposals for change to the formula**

a. **Minimum number of teachers and support staff** (*lines 17 and 25 of the formula*)

The current formula operates on the basis of a minimum of 1 teacher plus 1 teaching assistant for each school. The review group proposes a revised minimum for each school set at 0.75 teachers plus 0.5 teaching assistants.

Officers have included for consideration and comment two additional proposals (Options B & C) based on further reductions in the minimum number of teachers for each school. These reductions are set at 0.5 and 0.25 for Options B & C respectively. All other factors remain as per review group proposal.

b. **Maximising available finance and providing targeted financial protection**

In order to maximise available finances within the primary school sector, also included for consideration is an officer proposal to limit the financial benefit resulting from the revised formula for those schools with reserves in excess of £75k. This will be achieved by not releasing the financial benefit in the first year of the revised formula's implementation (2018/2019). Primary schools reserves as at the close of accounts 2016/2017 will be used to determine the £75k threshold.

The funding withheld will be re-distributed on a targeted basis to primary sector schools in order to allow time for schools to transition to the new funding arrangements. As such, it is

proposed to use the funding withheld to support those schools which, because of the effect of the revised formula, receive a reduction in their budget allocation of more than £20k.

The withheld funding will be re-allocated to the identified schools on the basis of pupil numbers with an additional protection for small schools, i.e. schools of 90 pupils or fewer will receive a supplement based on a 100% uplift of their pupil numbers.

In the case of the amount of funding to be withheld and also in the case of the amount to be redistributed, the calculation will be based on a comparison of 2018/2019 school budget share allocations by existing and revised formulas.

The specific schools affected by this proposal and the exact value of the benefits withheld will not be known until the financial settlement and the Individual Schools Budget for 2018/2019 have been agreed

7. Impact of revised funding arrangements

An illustration of the impact of the 3 options and how they relate to individual schools are set out on the attached spreadsheet (appendix A). These are for illustrative purposes only and are based on 2017/2018 budget allocations. The budget allocation for the 2018/2019 financial year, the first year of implementation of the proposed revision to the formula, has yet to be determined.

'Class size funding' to pay for teachers until the end of the 2017/2018 academic year will be allocated to the relevant schools in the 2018/2019 financial year. This allocation will be in addition to the School Budget Shares illustrated in appendix A and applies to the first 5 months of the financial year only. The schools in receipt of 'class size funding' and the approximate amounts to be allocated are shown in appendix B.

This review focuses on primary mainstream funding only. Funding arrangements specific to Learning Support Centres (LSCs) or other specialist teaching facilities attached to primary schools do not form part of this review. The arrangements and the allocation of funding for specialist provision remain unchanged.

Table A

The table below compares the proposed changes against existing formula allocation within the primary sector.

Specific area of adjustment	Current primary school formula 2017/18	Proposed adjustment to formula		
		Option A	Option B	Option C
Nursery/Reception Pupil Teacher Ratio	01:24.15	01:24	01:24	01:24
Y1-Y6 Pupil Teacher Ratio	1:25.59	1:24	1:24	1:24
Minimum number of teachers	1.0	0.75	0.5	0.25
Minimum number of support staff	1.0	0.5	0.5	0.5
Capitation – Welsh medium supplement	10%	50%	50%	50%
Class Size Funding:	£506,010 (sector total)	<p>£223,274 (sector total)</p> <p>£282,736 (sector total)</p> <p><i>To be re-allocated within Pupil Teacher Ratios</i></p>		
To Fund Teachers Currently Employed:				
To be re-allocated:				

8. The effect of implementing a revised formula

Revising the formula will redistribute the Individual Schools Budget across NPT schools more equitably. This is important because resources impact on school performance and pupil attainment.

In general, smaller primary schools will receive reduced budgets as a result of the proposed revisions whilst larger schools will receive an increase in their budget allocation.

This is a consequence of a reduction in the level of small school protection which disproportionately supports those schools with fewest pupils.

The revisions to the formula being consulted upon (Options A, B & C) represent, to varying degrees of impact, a more equitable distribution of funds and importantly do so in a strategic way to improve standards across the Council by investing more in those schools with the greater pupil numbers.

The proposal to limit the benefit to schools with reserves in excess of £75k and to use that money to support schools with budget reductions in excess of £20k is intended to mitigate any detrimental financial impact in the first year of implementation of the revised formula.

9. Implementing a revised formula

It is proposed to implement a revised formula in the financial year 2018/2019.

10. Consultation

Consultation with the Schools Forum and with individual school governing bodies and head teachers is required on the proposed revisions to the formula for funding primary schools. The Council will also be consulting with teacher associations/trade unions, the representative groups for the primary and secondary sectors, LLAN & NAASH, and other key stakeholders.

The period for consulting on the proposals starts **16th October 2017** and ends **3rd December 2017**. Please use the attached form (appendix C) for your comments

