

## **WIRRAL COUNCIL**

## **WIRRAL SCHOOLS FORUM**

**7<sup>th</sup> March 2017**

### **National Funding Formula for Schools and High Needs – Consultation response**

#### **1.0 EXECUTIVE SUMMARY**

This report summarises some of the working group discussions on the DfE's proposals for a National Funding Formula for Schools and High Needs and recommends a Schools Forum response to the DfE's consultation papers.

#### **2.0 BACKGROUND**

The DfE's proposals for a new National Funding Formula for Schools and High Needs were reported to the Schools Forum on 18<sup>th</sup> January. The Forum referred the consultation to the Formula and High Needs Working Groups to be considered in more detail.

The High Needs Working Group met on 2<sup>nd</sup> February and the Schools Formula Group on 28<sup>th</sup> February. The responses to the consultation questions based on the discussions in these meetings are attached as Appendices.

#### **3.0 Schools National Funding Formula**

3.1 The DfE's proposals are based around 7 principles – opportunity, fairness, efficiency, transparency simplicity, predictability and providing funding straight to schools.

The formula proposals include:

- The introduction of a Soft Funding Formula from 2018 and a Hard Formula from 2019.
- Illustrative school budgets, showing the impact of the changes proposed.
- A new formula to fund Local Authority duties
- A funding floor so that no school will lose more than 3% and the continuation of the MFG at minus 1.5%.
- A shift of resources from Basic Need to Low Prior Attainment.
- A change in the distribution of Deprivation resources to a broader group of pupils

3.2 The impact on schools from the Low Prior Attainment change is described in Table 1.

**Table 1 Impact of NFF on AWPUP vs. Low Prior Attainment funding:**

School Name	Total pupil count	Change to AWPUP funding in NFF	LPA count	Change to LPA funding in NFF	Net change
St George's Primary School	835	-82,750	257	98,564	15,814
Egremont Primary School	343	-35,646	188	64,058	28,412
Devonshire Park Primary School	463	28,664	123	49,259	77,923
Holy Spirit	178	-17,042	73	19,291	2,249
Greasby Junior School	251	-24,031	37	6,357	-17,674
Black Horse Hill Junior School	192	-18,382	22	5,430	-12,952
<b>Total Wirral Primary School impact:</b>	<b>25,241</b>	<b>-2,085,303</b>	<b>7,435</b>	<b>2,773,687</b>	<b>688,384</b>
Woodchurch High School	1409	-540,628	424	241,475	-299,153
St Mary's Catholic College	1253	-559,694	371	207,194	-352,500
The Mosslands School	707	-299,721	167	93,655	-206,066
Calday Grange Grammar School	904	-401,926	1	623	-401,303
Wirral Grammar School for Boys	802	-350,163	1	589	-349,574
<b>Total Wirral Secondary School impact:</b>	<b>17,518</b>	<b>-6,957,432</b>	<b>3,427</b>	<b>1,947,219</b>	<b>-5,010,213</b>
<b>Total Wirral School impact:</b>	<b>42,759</b>	<b>-9,042,735</b>	<b>10,862</b>	<b>4,720,906</b>	<b>-4,321,829</b>

Whilst this change will benefit a number of schools, it has a significant impact on the resources of a number of others.

The working group are concerned that as a result of this change there may be insufficient resources to meet the basic entitlement of all pupils.

3.3 The NFF increases the deprivation resources for Wirral. Using 2016 budgets the overall deprivation percentage increases from 9.9% to 11.3%. Deprivation is allocated in the NFF using 3 measures, Free School Meals, Ever 6 and IDACI. The last 2 measures distribute funding over a broader range of pupils compared to Wirral's formula. Nationally IDACI accounts for 44% of pupils whilst locally 18% of pupils on Wirral are eligible for FSM's.

There is also a change in the focus of deprivation, lower levels of deprivation will receive a higher weighting.

Generally the impact of changes to deprivation is that areas of lesser deprivation receive additional funding, whilst those areas where there is more disadvantage lose the most. This is illustrated in Table 2 below which compares the current FSM % in schools with the change in the distribution of funding.

The secondary school changes reflect the higher weightings given.

**Table 2 Impact of NFF on deprivation**

School Name	Pupils claiming FSM %	Change to deprivation funding in NFF
<b>Primary Schools:</b>		
Holy Cross Catholic Primary School	61%	-33,378
Birkenhead Christ Church CofE Primary School	60%	-50,448
Woodchurch Road Primary School	28%	-8,474
Devonshire Park Primary School	21%	5,505
Thornton Hough Primary School	2%	5,071
Barnston Primary School	1%	5,100
<b>Total Wirral Primary School impact:</b>		<b>-12,721</b>
<b>Secondary Schools:</b>		
Birkenhead Park School	46%	63,708
The Oldershaw Academy	39%	58,659
The Mosslands School	20%	144,871
Weatherhead High School	17%	254,020
St John Plessington Catholic College	15%	238,010
<b>Total Wirral Secondary School impact:</b>		<b>2,221,411</b>
<b>Total Wirral School impact:</b>		<b>2,208,690</b>

3.4 At schools level Wirral's Primary schools will see an increase of 1% in overall funding (75% of schools will gain an average of £20,000). Secondary Schools will see a decrease of 2% (95% of secondary schools will lose an average of £100,000).

The implications of the changes described above are reflected in the answers to the consultation questions. There is a focus on the need for resources to meet the needs of all pupils and the difficulty for some schools given the changes being considered alongside the overall resource reductions described in the School Cuts campaign

An overall comparison of the formula proposed is shown in Table 3.

**Table 3 DfE factor values and weightings proposed for the NFF and Wirral comparators**

Factor		Wirral 2016-17 factor weightings	Proposed weighting for the NFF	Wirral illustrative NFF weightings	Diff
AWPU (£ per pupil)		78.1%	72.5%	74.1%	1.6%
Deprivation (£ per pupil)	Ever6 FSM	9.9%	9.3%	11.3%	2.0%
	Current FSM				
	IDACI A				
	IDACI B				
	IDACI C				
	IDACI D				
	IDACI E				
	IDACI F				
Prior Attainment (£ per pupil)		4.44%	7.5%	7.02%	-0.48%
EAL (£ per pupil)		0.15%	1.2%	0.21%	-0.99%
Lump Sum (£ per school)		5.93%	7.1%	6.55%	-0.55%
LAC (£ per school)		0.34%	0%	0.00%	0.00%
Premises (historic spend)	Rates	1.03%	1.8%	0.86%	-0.94%
	PFI				
	Spilt sites				
	Exeptional circs				
Mobility (historic spend)		0%	0.1%	0.00%	-0.10%
Sparsity (£ per school)		0%	0.08%	0.00%	-0.08%
Growth (historic spend)		0%	0.5%	0.00%	-0.50%

## 4.0 High Needs

The DfE's Stage 1 consultation described the current funding system for SEND, Alternative Provision and Hospital Schools, all of which are based on historic cost. Historic cost allocations have maintained an allocation of resources to those areas that spent the most, not necessarily those with the highest need. Views expressed in the first consultation however supported using historic spend levels in any future formula, together with proxy factors for the SEND population.

The Formula proposals include an historic spend factor of 50%, with the remaining 50% allocated over basic entitlement, population, deprivation, low attainment and poor health data. Those LA's who do not gain as a result of the formula are protected, no LA will lose funding as a result of the new High Needs formula.

For Wirral the High Needs allocation would increase by £1.7m (5%) over the next 2 years, slightly higher than the NW average of 3.5%.

There is a reminder in the consultation that LA should review SEND provision with partners, children and parents. The grant Wirral has received of £132k will support this work and will validate any bids for SEN capital investment.

Although there were some concerns expressed about the level of historic costs used, the costs of protection and the need for this area to be reviewed on a regular basis, the working group supported the proposed new formula

### **5.0 Recommendation**

That the Forum approves / amends the draft consultation responses attached.

Julia Hassall  
Director of Childrens Services

**Wirral Schools Forum  
Consultation on Schools National Funding Formula 14 December 2016 to 22  
March 2017  
Draft Response**

**Part 1 - overall approach**

**Question 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

Wirral Schools Forum does not agree that the formula gives stability or fairness. There are relatively short timescales to adjust to, in some cases, large funding changes. The formula aims to ensure that the same child, with the same needs, will attract the same funding regardless of where they live, but only around half of schools will achieve this.

The formula fails to ensure that basic entitlement has the minimum funding required to deliver core provision, so funding from other factors will be needed to support basic entitlement. Given there have been 6 years of Flat Cash settlements the additional money put into the formula is insufficient and will mean schools will need to rely on other income streams including the Pupil Premium to deliver core education.

The changes should be about improving outcomes, but there is not enough funding in the system so schools may be forced to narrow the curriculum on offer, while some schools with shrinking numbers as well as shrinking funding will become unsustainable. Schools in more affluent areas will gain more from the formula than some schools in more deprived areas. There is a real danger that this will reduce the educational support to pupils from poorer backgrounds and will work against targets to narrow attainment gaps.

**Question 2**

**Do you support our proposal to set the primary to secondary ratio in line with the current national average (1:1.29)?**

Yes, although the ratio should be based on what it should be, rather than a national average. Wirral's secondary schools need longer to plan for this change, the ratio is being changed too quickly.

**Question 3**

**Do you support our proposal to maximise pupil-led funding?**

Yes, the more money following pupils the better.

## **Part 2 - pupil-led factors**

### **Question 4**

**Within the total pupil-led funding, do you support our proposal to increase the proportion allocated to the additional needs factors?**

No – the NFF should allocate a lower proportion to additional needs. Basic entitlement (AWPU) should be increased, not reduced, to benefit all pupils and to ensure there is sufficient core funding. If the evidence supports increasing resources for additional needs more funding should be directed through the High Needs Block. Otherwise additional needs funding will merely be used to support basic provision.

### **Question 5**

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

**Deprivation** - pupil based deprivation should be higher than 5.5%, while area based should be lower. Pupil based deprivation targets resources in schools. The weighting given to IDACI bands should also allocate more resources to areas where there is the highest need.

**Low prior attainment** – a lower proportion should be allocated, as this takes too much funding away from basic entitlement.

**English as an additional language** - the proportion is about right and is in line with the local formula.

### **Question 6**

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

Additional information could be included in the school census in order to gauge the actual movement of pupils during the year.

## **Part 3 - school-led factors**

### **Question 7**

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

**Primary** - this is about the right amount.

**Secondary** - this is about the right amount.

The lump sum is needed for protection of smaller schools, but may not be as significant for larger schools (i.e. secondary schools).

### **Question 8**

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

**Primary** - this is about the right amount.

**Secondary** - this is about the right amount.

The amounts are right, but the formula should ensure that only the most remote schools receive this element.

#### **Question 9**

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

Yes, this would be an effective basis – although funding potentially required would not be received until the following year, the increases can be easily evidenced.

#### **Part 4 - funding floor**

#### **Question 10**

**Do you agree with the principle of a funding floor?**

Yes. Schools must receive funding to meet needs. Large reductions will cause instability. It is not clear however how the floor would interact with any additional funding provided in the future.

#### **Question 11**

**Do you support our proposal to set the funding floor at minus 3%?**

Yes, although the likelihood that this will be revisited after 2 years gives a lot of uncertainty and makes long-term planning difficult for those schools affected.

#### **Question 12**

**Do you agree that for new or growing schools (i.e. schools that are still filling up and do not have pupils in all year groups yet) the funding floor should be applied to the per-pupil funding they would have received if they were at full capacity?**

Yes.

#### **Part 5 – transition**

#### **Question 13**

**Do you support our proposal to continue the minimum funding guarantee at minus 1.5%?**

No – the minimum funding guarantee should be higher (i.e. restrict losses to less than 1.5% per pupil in any year), given the continuing costs pressures from pay awards, rising inflation and the increasing number of schools likely to trigger this. Where the MFG continues at this level schools will need information and support in order to respond to the financial challenges to reduce spend and increase educational outcomes.



## **Part 6 – further considerations**

### **Question 14**

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

Consideration should be given to the ability of the National Funding Formula to meet the needs of children. Cost/inflationary pressures should be considered.

The basic entitlement per pupil should be increased, and should be index linked to ensure schools are sustainable.

It is important that the pace of change is manageable and that there is sufficient time for schools and the LA to plan for any changes.

## **Part 7 - central school services block**

### **Question 15**

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

Yes. Although as with schools the Central Schools Services block should be needs led (i.e. including factors for LPA, EAL etc) rather than just basic entitlement and deprivation. Central costs will vary according to these factors in the same way schools costs do.

### **Question 16**

**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?**

Yes.

### **Question 17**

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

There are concerns over the Central Formula's ability to meet needs and the LAs statutory responsibilities.

The Forum believe that historic commitments should be reduced, and that they should be reduced consistently across the country.

**Wirral Schools Forum  
Consultation on High Needs National Funding Formula  
7<sup>th</sup> March 2017  
Draft Response**

**Question 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?**

Yes, given the costs and demand pressures across schools and providers, the Forum agree there should be no losers as a result of the new funding formula.

Distributing High Needs funding using a formula rather than an allocation based on historic spend is an improvement on what was in place previously.

The need for stability is important to enable LA's to undertake the strategic reviews planned by the DfE.

**Question 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**

It is good to have this element within the formula, however it is hard to reconcile such a high percentage that locks in past spending decisions

- **Basic entitlement – to allocate to each local authority £4,000 per pupil**

Using a flat rate of £4,000 the proposal misses the opportunity to tie rates into the National Formula for Primary and Secondary schools or the current High needs Place value of £10,000.

**Question 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%**

These weightings will mean that 75% of all funding will be based on past spend or population, rather than the characteristics of pupils supported. This level would seem too high and may not sufficiently reflect the specialist nature of the many of the pupils supported.

With regard to the remaining weightings it is difficult to comment in the absence of the models that has led to their use or data indicating the effect of other weightings. The Forum agree these are the right elements to use, but there should be an early review of their impact.

It is unclear why proposals for Alternative Provision only use Deprivation weightings when there is clear evidence of a correlation with low attainment.

Finally there is concern that the data used needs to reflect the growing numbers in SEMH and the growth of mental health diagnoses for bright mainstream pupils.

#### **Question 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.**

Yes, however it would be useful to know the context of how much this is costing within the overall formula, since this will continue to lock in regional / historic differences and may not direct resources to the greatest need.

#### **Question 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?**

Yes, but this is at the expense of growth in other areas of the formula.

#### **Question 6**

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

Yes, the demands on High Needs budgets are increasing significantly. This will give local flexibility to the Schools Forum.

#### **Question 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?**

The flexibility proposed would work best for Community Special Schools and may have little benefit for Wirral.

There should be a role for the Schools Forum to make these decisions in future, if an adjustment is possible within Early Years, there should also be some flexibility within the National Funding Formula, possibly through de-delegation.

#### **Question 8**

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

The proposals should clarify how any future growth will be allocated and specifically its relationship with the funding floor.

The formula should consider the additional needs of young people aged 19 – 25

The formula for Hospital Schools still has to be determined; this should be completed as soon as possible together with proposals for very high cost placements..

**Question 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?**