

# WIRRAL COUNCIL

## CABINET

18 OCTOBER 2012

<b>SUBJECT:</b>	<b>PROPOSALS FOR CHANGES TO THE LOCAL FUNDING FORMULA FOR SCHOOLS</b>
<b>WARD/S AFFECTED:</b>	
<b>REPORT OF:</b>	<b>REPORT OF THE ACTING DIRECTOR OF CHILDREN'S SERVICES</b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR TONY SMITH</b>
<b>KEY DECISION?</b>	

### 1.0 EXECUTIVE SUMMARY

1.1 This report summarises the responses from a consultation on changes that will be made to the Local Funding Formula for Schools and Academies from April 2013. The proposals are supported by the Schools Forum and must be submitted to the Education Funding Agency by 31<sup>st</sup> October, 2012.

### 2.0 BACKGROUND AND KEY ISSUES

2.1 The DFE require Local Authorities to make changes and remodel their local funding formula for schools with effect from 1.4.2013. The aim is to produce a national funding system that is "fair, simple, and more consistent".

The formula changes to be introduced next year are:

- To simplify and reduce the number of allowable factors that allocate funding to schools (these factors include data on pupil numbers, free school meals and pupil attainment).
- To have single lump sum payment for primary and secondary schools (set at a level that is below £200,000).
- To remove the grant distribution element within the formula and replace with other allowable elements.
- To delegate funding for additional services to schools such as Maternity costs.
- To introduce "Place plus" as the basis for funding Special Schools and Bases.

Remodelling the formula will change the current distribution of funding between schools. There will be some schools that gain compared to the current formula and others that will lose. In addition, the impact of further delegation may either exacerbate or moderate the impact of changes. However, the Minimum Funding Guarantee will continue to be the safeguard against excessive turbulence over the next few years.

### 3.0 CONSULTATION

3.1 All maintained primary, secondary, special and academy schools have been consulted on changes with the following responses received

Primary	30
Secondary	4
Special	11

In addition briefings have been held with all Headteacher groups and with governors, and all recommendations were discussed at the Schools' Forum, Wallasey Town Hall on Tuesday, 25 September 2012.

### 4.0 MAINSTREAM FORMULA CHANGES

#### 4.1 Formula Factors

A number of formula factors will no longer be allowed and therefore need to be changed next year. These include:

Admissions	-	Change to pupil numbers
School Meals	-	Change to Free School Meals
SEN Lump Sum	-	Change to SEN Prior Attainment
Index of Multiple Deprivation	-	Change to Income Deprivation Affecting Children Index (IDACI)

Nearly all schools agreed with the changes proposed.

#### 4.2 Lump Sums

Only one single lump sum will be permitted. Within the current formula there are two – Primary £77,876 and Secondary £142,275. All schools acknowledged the importance of the lump sum and the protection it gives to small school. Whilst secondary schools responding supported a higher lump sum, as did a number of primary schools (11 in total), most primary schools were in favour of the current lump sum (17 in total).

#### 4.3 Historic Grants

The current formula has an element for historic school grants. This distributes about £30m (16%) of the total schools funding. This element will no longer be permitted. It is proposed to allocate this funding in a way that is broadly in line with the new formula.

The responses from schools frequently took account of individual school circumstances, quite a few commented on the amount of losses and the fairness of allocations, some suggested a greater amount of this funding should be targeted towards deprivation.

This change has been acknowledged as one of the most difficult areas to reflect current allocations. Comments from schools range from "There are anomalies caused by historic allocations which need to be addressed", to "How is this fair?". The proposed changes are supported by the Schools Forum.

#### 4.4 Additional Delegation

A number of services can be delegated to all schools from April 2013, these include:

	<b>Basis of delegation</b>
Advanced Skills Teachers	Pupil Entitlement
City Learning Centres	✓
Schools Library Service	✓
Minority Ethnic Achievement Service	New EAL Element
Special Staff Costs	Pupil Entitlement
School Contingency	✓
Behaviour Support	SEN prior attainment
Insurance (VA governors liability)	Pupil entitlement
School Milk and Meals	✓
Free School Meals eligibility	Deprivation FSM
Licences and Subscriptions	Pupil entitlement

Final decisions will be taken as part of the Schools Budget. The elements chosen to delegate costs were supported by schools and the Schools Forum.

#### 4.5 6<sup>th</sup> Form Element

A 6<sup>th</sup> form element can be included in mainstream formula funding. This would change the distribution of secondary school funding, giving some funding for 6<sup>th</sup> form students (from existing 11- 15 allocations). The total amounts would reflect previous historic grant allocations. Other secondary elements within the formula would reduce as a result of this change.

Of the 23 secondary schools and academies 8 would be unaffected by this proposal (because of the MFG), 8 would lose (of which 6 have a 6<sup>th</sup> form) and 5 would gain. This change was not supported by the Schools Forum. Their view was that 6<sup>th</sup> forms should be funded through the National Funding Formula and should be part funded from resources for pupils aged 11 – 15.

#### 4.6 Capping

It is intended that the new formula will include a cap on schools who gain from the proposed changes. With a fixed overall amount of funding for schools, some gains will have to be limited in order to fund the Minimum Funding Guarantee for schools where budgets are reducing. When budgets are capped, increases (above the Minimum Funding Guarantee) are reduced to cover losses elsewhere. The cap increases stability at most but not all schools. However it also means that changes intended by the new formula take longer to take effect.

### 5.0 CABINET PROPOSALS FOR MAINSTREAM FORMULA CHANGES

5.1 The changes that are being proposed to the funding formula are:

- To use 6 IDACI bands to allocate funding that was previously based on IMD data.
- To transfer equivalent funding for scores below 0.2 into Pupil Entitlement.
- To use the existing primary lump sum within the formula for all schools.
- To redistribute the remaining secondary lump sum funding over secondary pupil entitlement.

- To allocate the historic grant funding in a way that is broadly in line with the new formula, whilst maintaining primary/secondary totals.
- To add to the lump sum an amount of £22,124 to reflect historic grant lump sums.
- To set the MFG for 2013-14 at minus 1.5%.
- To include additional funding in the formula using the elements outlined for Advanced Skills Teachers, School Library Service, Insurances, School Milk and Meals, FSM Eligibility, Special Staff Costs (Maternity etc), Schools Contingency, Licences and Subscriptions, Minority Ethnic Achievement, Behaviour Support.
- Not to delegate funding for City Learning Centres.
- To include a rents element for a specific primary school (Church Drive).
- To have a reception uplift and take account of reception children who arrive in school between the October and January school census.
- To cap formula gains above the MFG to cover formula losses elsewhere.

## **6.0 SPECIAL SCHOOL AND INCLUSION BASE FORMULA CHANGES**

6.1 The reform of Special Schools and High Need Funding will result in more pupil-led funding together with an element that is place-led. Under this Place-Plus system funding in special schools and other specialist pre-16 SEN settings, such as resourced provision as units and bases, will be determined partly on the number of places, and partly on the number of pupils attending the special school or provision.

Currently, special schools are funded for a number of places and receive a budget based on the number of places whether or not places are filled. From April 2013 all places in all specialist provision will receive a base level of funding at £10,000 per place (£8,000 for Alternative Provision).

In addition schools will receive an additional amount of “top up” funding. Top-up funding in the new system is not provided on the basis of planned places, but on a per-pupil basis. It is a matter for local determination how top-up rates are set and when they are paid, guidance suggests payment could be monthly or termly.

Like many authorities Wirral currently uses a banded framework to generate special schools budgets and guidance suggests that we build on such a framework. There will not be a national framework of top up funding.

Wirral’s framework was designed eleven years ago. It was initially based on assessed need but over time it has largely become a financial tool not related to current assessed need except, that is, in the cases of Hayfield and Clare Mount where pupils are admitted on the basis of one of the two funding bands applicable to the school.

Guidance suggests that we review our local funding arrangements and consider a banded approach. Clearly this will have implications for admissions because pupils needs and proposed funding will be at the centre of dialogue between the commissioner and provider and not historic models of funding and admissions.

The implication of the place-plus approach for specialist provision is that schools and providers will experience budget changes depending on the number and needs of pupils attending the provision as this will affect the amount of top-up funding they receive.

## 6.2 Resourced provision

Resourced provision in mainstream schools is funded from a mixture of a single lump amount and the AWPU for the pupil attending. Funding of Wirral's various resourced provisions is historic. Place-plus funding will apply to these provisions in the future. In the future they will receive a base budget of £10,000 per place and a top-up that is determined locally.

## 6.3 Minimum Funding Guarantee

In the first year the government has set as condition of grant that the level of top-up funding or specialist provision should be such that, were all the high needs pupils in the setting places by the LA, the school's total funding for 2013-14 would not be more than 1.5% below the funding that the school received in 2012-13.

The DfE has clarified that this means total budget funding will not be more than 1.5% below the funding received in 2012-13 if all the places were full as the MFG for special provision is attached to the pupil top-up funding rather than the places. This means that a school with empty places in its specialist provision can expect less funding if it does not fill its places.

Schools were asked if Wirral should use the MFG to construct budgets for the transitional year. The overwhelming majority agreed. In addition there was support for additional local protection if needed given the timescales for implementation of the new system. However in the longer term changes may have implications on the overall level of provision.

## 6.4 Banding

In future years it is likely that a banding model approach will be needed for top-ups. Most school responses agreed that this was the right way forward in order to provide clear, equivalent funding based on individual pupils and students needs.

## 6.5 Excess Pupils

Wirral currently has a locally agreed mechanism that gives extra money to special schools that take pupils over their place number. The mechanism is triggered when a school has more than five pupils over its place number.

It is proposed in future to use the top-up to fund each pupil over numbers, rather than the current mechanism.

## 6.6 Place Changes

The Education Funding Agency (EFA) is proposing a two year reviewing cycle to determine future changes to the number of planned places in special schools and specialist provision. Since the Autumn term 2010 the LA has been involved with the Schools Forum, governing bodies and headteachers of all Wirral special schools in developing a process of managing surplus places in special schools that involves reducing surplus places or using the money to re-commission the school with surplus places to provide something different. It is proposed to integrate with EFA arrangements. In considering surplus and excess places, Cabinet are asked to approve the following changes, which are supported by Schools Forum:

- To reduce the number of place by 5 at Foxfield Secondary Special School and the Lyndale Primary Special School.
- To increase the number of places at Gilbrook Primary Special School from 50 to 55 by April 2013.
- To close the Education Inclusion base at Rock Ferry Primary School at the end of the academic year 2013.
- To increase the place number at Elleray Park to 80 from April 2013.

#### **6.7 Delegation of SEN Support in Mainstream Schools**

Schools receive funding for additional SEN support in the form of units of resource. The first 5 units are included in the delegated budget. From 2013-14 the sum that schools will be expected to contribute as a notional minimum will be £6,000 (Post 16 this is directed through National Funding Formula).

For pupils with statements it is proposed to delegate a further £250,000 so that the additional support schools are deemed to contribute from their delegated budget is £6,000. That means Wirral's five units of resource will be increased in value from £5,665 to £6,000. It will also result in a corresponding reduction in the value of support in excess of £6,000.

#### **7.0 CABINET PROPOSALS FOR PUPILS WITH HIGH NEEDS (SPECIALIST PROVISION)**

- To fund specialist provision on the basis of 'place-plus' from April 2013.
- To use the MFG to construct budgets for the transitional year 2013-14.
- To provide local protection for individual special schools affected by significant turbulence because of funding changes.
- To fund excess places on the basis of the high needs top-up.
- To review surplus places in line with EFA arrangements.
- To make the following changes to the number of places in special schools/bases:  
Foxfield and Lyndale reduce by 5 places each from April 2013.  
Gilbrook to increase by 5 places from April 2013.  
Close Rock Ferry Primary Base August 2013.  
Elleray Park increase by 5 places from April 2013.
- To increase the value of the first 5 units of individually assigned support in schools from £5,665 to £6,000 from April 2013.

#### **8.0 OTHER OPTIONS CONSIDERED**

As part of the consultation with schools options were considered where possible. These were modelled so schools could see the impact on funding.

#### **9.0 CONSULTATION**

All schools and academies have been consulted during the summer term. Briefings have been held with Headteacher and Governor Groups and the Schools Forum.

#### **10.0 IMPLICATIONS OR VOLUNTARY COMMUNITY FAITH GROUPS**

- 10.1 The report has implications for maintained schools, academies and independent special school providers.

## **11.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

11.1 The Funding Formula distributes £200m to Wirral Schools and Academies. With a fixed amount of funding for schools, changes to the formula will result in some schools gaining additional resources, whilst others will have fewer. Transitional protection will be provided both in the form of a cap on overall gains and the continuation of Minimum Funding Guarantee.

## **12.0 LEGAL IMPLICATIONS**

12.1 The changes described in this report are consistent with those directed by the Department for Education and are included in the Draft School Finance Regulations 2013 and additional grants conditions for the Dedicated Schools Grant.

## **13.0 EQUALITIES IMPLICATIONS**

13.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

(a) Yes and impact review is attached – *(insert appropriate hyperlink)*.

## **14.0 CARBON REDUCTION IMPLICATIONS**

14.1 There are none arising out of this report.

## **15.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

15.1 There are none arising from this report.

## **16.0 RECOMMENDATION/S**

1. Cabinet agree to proceed with the proposals described in this report for the mainstream School Funding and High Needs Provision.
2. Cabinet agrees to the place changes in maintained specialist provision detailed in this report.

## **17.0 REASON/S FOR RECOMMENDATION/S**

17.1 To make changes to the Local Funding Formula in accordance with DFE timescales.

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**APPENDICES - None**

## **REFERENCE MATERIAL**

DFE School Funding Return: Next Steps Towards a Fairer System.

DFE 2013-14 Revenue Funding Arrangements Operational Guidance for Local Authorities.

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Schools Forum Mainstream School Funding Consultation and Funding Pupils with High Needs	25th September, 2012
Consultation Papers – Changes to the Local Funding Formula and Funding High Needs Pupils	3 <sup>rd</sup> July, 2012
Analysis from Consultation on School Funding Return	28 <sup>th</sup> March, 2012



**Equality Impact Assessment Toolkit (from May 2012)****Section 1: Your details**

**EIA lead Officer:** Andrew Roberts  
**Email address:** andrewroberts@wirral.gov.uk  
**Head of Section:** Andrew Roberts  
**Chief Officer:** Julia Hassall  
**Department:** Children and Young People's Department  
**Date:** 18 October 2012

**Section 2: What Council proposal is being assessed?**

**Changes to Mainstream School Funding and Funding for Pupils with High Needs**

**Section 2b: Will this EIA be submitted to a Cabinet or Overview & Scrutiny Committee?**

**Yes** If 'yes' please state which meeting and what date

**Cabinet 18 October 2012**

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/children-young-people>

**Section 3: Does the proposal have the potential to affect.....** (please tick relevant boxes)

- Services**
- The workforce**
- Communities**
- Other** (please state eg: Partners, Private Sector, Voluntary & Community Sector)

If you have ticked one or more of above, please go to section 4.

- None** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 4: Does the proposal have the potential to maintain or enhance the way the Council .....** (please tick relevant boxes)

- Eliminates unlawful discrimination, harassment and victimisation
- Advances equality of opportunity
- Fosters good relations between groups of people

If you have ticked one or more of above, please go to section 5.

- No** (please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 5:**

Could the proposal have a positive or negative impact on any of the protected groups (race, gender, disability, gender reassignment, age, pregnancy and maternity, religion and belief, sexual orientation, marriage and civil partnership)?

You may also want to consider socio-economic status of individuals.

Please list in the table below and include actions required to mitigate any potential negative impact.

<b>Which group(s) of people could be affected</b>	<b>Potential positive or negative impact</b>	<b>Action required to mitigate any potential negative impact</b>	<b>Lead person</b>	<b>Timescale</b>	<b>Resource implications</b>
Disability	The formula funding changes may increase or decrease the overall funding for schools.	Transitional arrangements will be put in place through the Minimum Funding Guarantee	Paul Ashcroft	2013-14	Existing School Resources
	Changes to Special School Funding will be closer to the way mainstream schools are funded.	This may enable greater movement and flexibility between mainstream and special provision.			
	Special Schools with surplus places will receive less funding. This will make it more difficult to plan the delivery of services and give less flexibility to respond to additional needs.	Additional local protection will be available if needed, bespoke to the child.			
		Partner agencies will need to work in a more joined up way through joint Social Care funding pathways.			

**Section 5a: Where and how will the above actions be monitored?**

There will be a Schools Forum Working Party looking at the funding implications for High Cost Pupils.

**Section 5b: If you think there is no negative impact, what is your reasoning behind this?**

**Section 6: What research / data / information have you used in support of this process?**

There has been some financial modelling of changes to School Funding.

**Section 7: Are you intending to carry out any consultation with regard to this Council proposal?**

**No** – (please delete as appropriate)

**If 'yes' please continue to section 8.**

**If 'no' please state your reason(s) why:**

Schools have been consulted during the Summer Term

(please stop here and email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for publishing)

**Section 8: How will consultation take place and by when?**

N/A

Before you complete your consultation, please email your preliminary EIA to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) via your Chief Officer in order for the Council to ensure it is meeting it's legal requirements. The EIA will be published with a note saying we are awaiting outcomes from a consultation exercise.

Once you have completed your consultation, please review your actions in section 5. Then email this form to your Chief Officer who needs to email it to [equalitywatch@wirral.gov.uk](mailto:equalitywatch@wirral.gov.uk) for re-publishing.

**Section 9: Have you remembered to:**

- a) **Include any potential positive impacts as well as negative impacts? (section 5)**
- b) **Send this EIA to your Head of Service for approval.**
- c) **Review section 5 once consultation has taken place and sent your completed EIA to your Head of Service for approval then to your Chief Officer for re-publishing?**