

# WIRRAL COUNCIL

## CABINET

10 OCTOBER 2013

<b>SUBJECT:</b>	<b><i>PROPOSALS FOR CHANGES TO THE LOCAL FUNDING FORMULA FOR PRIMARY, SECONDARY AND ACADEMY SCHOOLS</i></b>
<b>WARD/S AFFECTED:</b>	<b><i>ALL</i></b>
<b>REPORT OF:</b>	<b><i>DIRECTOR OF CHILDREN'S SERVICES</i></b>
<b>RESPONSIBLE PORTFOLIO HOLDER:</b>	<b>COUNCILLOR TONY SMITH</b>
<b>KEY DECISION?</b> <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	<b>YES</b>

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report recommends that a number of changes are made to the local funding formula for primary and secondary schools and academies from April 2014.
- 1.2 The proposals have been the subject of a 4 week consultation with schools (which was subsequently extended by a further week) and have been discussed with the Schools' Forum. Changes to Wirral's formula for funding mainstream schools must be submitted to the Education Funding Agency by 31 October 2013.

### 2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Schools Funding Formula is the means to allocate budgets to all maintained mainstream school and academies in Wirral. The formula uses a range of prescribed factors such as pupil numbers and deprivation elements to determine an individual budget for each school. The amount allocated in 2013-14 was £181.4m in total. School budgets are funded from the ring-fenced Dedicated Schools Grant.
- 2.2 As part of the current Schools Budget for 2013-14 Cabinet agreed a number of significant changes to the Schools Funding Formula. The DfE required all Local Authorities to remodel their local formula for schools, with the aim of moving towards a national funding system that is "fair, simple and more consistent". The DfE have now reviewed these changes across the country and have introduced further amendments to 2014-15. These will address a number of minor issues that have arisen. Alongside this some local amendments have been proposed.

## 2.3 Wirral's formula for is summarised in the table below.

**Table 1 Wirral Schools Formula 2013/14**

	<b>PRIMARY £</b>	<b>SECONDARY £</b>	<b>TOTAL £</b>	<b>%</b>
Pupil Entitlement	66,080,843	74,820,449	140,901,293	77.7
Deprivation	11,840,743	8,658,572	20,499,315	11.3
Lump Sum	9,000,000	2,100,000	11,100,000	6.1
Low Cost, High Incidence SEN (LHCI)	4,887,951	3,400,040	8,287,991	4.6
Rates	925,449	511,553	1,437,002	0.8
English As An Additional Language (EAL)	253,800	29,900	283,700	0.2
Looked After Children (LAC)	120,690	103,664	224,354	0.1
Rents	23,000	-	23,000	0.0
Split Site	21,224	-	21,224	0.0
Minimum Funding Guarantee / Cap	38,348	-42,942	-4,593	0.0
De-delegation	-1,133,200	-201,110	-1,334,310	-0.7
<b>FINAL BUDGET ALLOCATION</b>	<b>92,058,849</b>	<b>89,380,127</b>	<b>181,438,976</b>	<b>100.0</b>

## 2.4 Schools have been consulted on the following elements:

### 1. Pupil entitlement

This is the largest element within the formula and provides a level of funding for each pupil. Currently these per pupil amounts are Primary £2,729, Secondary Key Stage 3 £3892, Key Stage 4 £5,000. No changes are proposed in this area.

### 2. Deprivation

This is a mandatory element within the formula allocating funds to schools using both the numbers of free school meals and the Index of Income Deprivation Affecting Children (IDACI). No changes are proposed in this area.

### 3. Prior Attainment

This element is used as a proxy indicator for low cost, high incidence special education needs in schools. In 2014-15 the basis of this data will change:

- In primary schools the data will take account of children coming into Key Stage 1 who have not achieved the expected level of development in all 12 prime learning goals.
- In secondary schools the data will change to take account of children not achieving a Level 4 in English **or** Maths at Key Stage 2. Previously it was children who did not achieve Level 4 in English **and** Maths.

In both instances this significantly increases the number of children eligible for funding which widens the distribution of SEN funding across schools. There is no proposal to increase the resources in this area, since this would require additional funding or other areas in the formula to be reduced. As a result a number of schools will receive additional or less funding as illustrated in the appendix attached to this report.

### 4. English as an Additional Language (EAL)

The consultation proposes to use a wider group of children and young people in the formula – those EAL children who have been at school for up to 3 years. This change will better reflect the work of the Minority Ethnic Achievement Service, who support children in school for a number of years dependent on their needs

### 5. Mobility

This is not currently an element with Wirral's formula. A Mobility factor is a means of providing additional funding for schools that have high numbers of children who arrive during the school year and require additional support. Only those schools who have a

mobility rate in excess of 10% may qualify for funding through this element. If introduced 16 out of 90 primary schools would qualify and no secondary schools would be included. However those schools who would be eligible are those currently receiving higher levels of deprivation funding.

The need for introducing another element within the formula has not been proven and is not recommended at this time.

#### 6. Looked After Children

This is intended to reflect costs within schools for teachers attending multi-agency case review meetings. The formula currently allocates £576 for each Looked After Child. The total value within the formula is £225,000. Comparative data shows this is not as high as other local authorities either in the area or nationally. In response to this and the lower levels of attainment of Looked After Children in schools, the consultation paper has suggested increasing this rate, by allocating an additional £225,000, with funding to be top sliced from all other formula elements.

#### 7. Lump sums

All Wirral Schools currently receive a lump sum of £100,000. The DfE will in future allow a maximum lump sum of £175,000 (reduced from £200,000) which can be differentiated between primary and secondary phases.

Changes to this element so soon after last year when all lump sums were equalised is not recommended.

#### 8. Split Sites

This formula element allocates additional funding to schools when pupils are located on more than 1 site and where the distance between sites is greater than 0.3 miles. Only 2 schools currently qualify.

A change is proposed to include schools on 2 sites separated by a road where there are 2 separate administration/reception points. This would include 1 further school.

#### 9. Delegation of Free School Milk

There is an amount of £148,000 delegated to schools in respect of free school milk. This is based on 60% FSM and 40% Pupil Entitlement. In future it is proposed to use FSM only. This change will better reflect costs in schools.

#### 10. Transfer of Funding to High Needs

The consultation has sought views on the transfer of unallocated funding (£300,000) into the High Needs Budget. This amount was previously given to schools with resourced base provision. However following publication of Draft Funding Regulations for 2014 this will no longer be possible. This transfer would enable this funding to continue to be targeted to pupils with high needs.

### **3.0 CABINET PROPOSALS FOR MAINSTREAM FORUM CHANGES**

#### **3.1 The changes that are being proposed to the Funding Formula are:-**

- To use revised prior attainment data sets in primary and secondary schools to allocate low cost high incidence SEN funding.
- To allocate funding for English as an Additional Language using data for EAL children who have been in the school system for up to 3 years.
- To increase the funding for Looked After Children.

- To change the split site criteria to include schools on 2 sites with 2 reception and administration areas.
- To delegate free school meals funding based on FSM only.
- To transfer £300,000 funding into the High Needs Budget.

#### **4.0 RELEVANT RISKS**

The changes described will assist with the allocation of resources in schools to meet expected needs and to comply with Draft School Finance Regulations

#### **5.0 OTHER OPTIONS CONSIDERED**

The options considered by schools and in this report were agreed by the Schools Forum and take account of guidelines from the DfE.

#### **6.0 CONSULTATION**

6.1 The DfE published their review of school funding and changes required for 2014-15 in June. Following discussion with the School Forum in July all schools and academies on Wirral have been consulted on the changes proposed in this report. The consultation was for a 4 week period up to 30 September. At the time of writing this report the consultation has not closed. (The consultation was subsequently extended by a week after discussion with the Cabinet Member) A summary of school responses will be circulated separately.

#### **7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

7.1 The report has implications for the distribution of funding to maintained schools and academies.

#### **8.0 RESOURCE IMPLICATIONS: FINANCIAL, IT, STAFFING AND ASSETS**

8.1 The Funding Formula distributes £181.4m 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. The impact of these changes had the new funding formula been in place in 2013-14 is shown in the appendix attached.

#### **9.0 LEGAL IMPLICATIONS**

9.1 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 2014 and additional grants conditions for the Dedicated Schools Grant.

#### **10.0 EQUALITIES IMPLICATIONS**

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

(a) Yes and impact review can be found via the following link:

<http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010-0>

## **11.0 CARBON REDUCTION IMPLICATIONS**

11.1 There are none arising from this report.

## **12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS**

12.1 There are none arising from this report.

## **13.0 RECOMMENDATION/S**

13.1 Cabinet agree to proceed with the proposals described for the mainstream School Funding Formula in 2014-15 taking account of the views of schools.

## **14.0 REASON/S FOR RECOMMENDATION/S**

14.1 To make changes to the Local Funding Formula in accordance with DfE timescales.

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## **APPENDICES**

Appendix 1 – Comparison of School Funding Formula

## **REFERENCE MATERIAL**

DfE School Funding Return: Findings from the Review of 2013-14 Arrangements and Changes for 2014-15

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
<b>Cabinet</b> Proposals for Changes to the Local Funding Formula for Schools	18 October, 2012
<b>Schools Forum</b> DfE and Local Funding Formula Proposals	3 July, 2013
Schools Funding Formula	10 April, 2013
Mainstream School Funding Consultation and Funding Pupils with High Needs	25 September, 2012
Consultation Papers – changes to the Local Funding Formula and Funding High Needs Pupils	3 July, 2012
Analysis from consultation on School Funding Return	28 March, 2012