

WIRRAL COUNCIL

WIRRAL SCHOOLS FORUM 30TH APRIL 2014

REPORT OF THE DIRECTOR OF CHILDRENS SERVICES

Consultation on School Funding Reform 2015-16

1. Executive Summary

This report describes the content of a consultation paper issued on 13th March by the Department for Education on School Funding Reform. A response was discussed with the Schools Forum Formula Working Group on 9th April for submission by the 30th April deadline and is summarised below.

2. Background and Key Issues.

2.1 For some time the DfE have stated their intention to move towards a National Funding Formula for schools. In recent years a number of changes have been introduced as steps towards this goal:

- The consolidation of previously separate grant funding streams into schools funding (with the exception of the Pupil Premium)
- The use of fewer elements within the local schools funding formula, based on nationally held and agreed data
- The creation of separate funding blocks within the Dedicated Schools Grant for Schools, High Needs and Early Years
- The increase in financial delegation to schools and the removal of LACSEG funding for Academies.

2.2 The plan to move in 2015-16 to implement a National Funding Formula has now been deferred by the DfE until the next National Spending Round.

2.3 In the School Funding allocations to be announced for next year (2015-16) the Department are planning to introduce a new threshold for Dedicated Schools Grant paid to Authorities - "A Minimum Funding Level". This Minimum Funding Level (MFL) is a minimum level of grant funding or entitlement below which an authority can not be funded.

The calculation of an MFL for each authority is based on a formula using data on many of the allowed factors within the Schools Funding Formula. The MFL for each authority will therefore be different and will change as the make up of the school population changes. The view of the DfE is that the change will give every local area a minimum level of funding based on the characteristics of its pupils and schools.

2.4 As part of these proposals the DfE will increase the overall schools funding by an additional £350m, nationally about 1% of the total schools funding. In doing this, the MFL is set at a level that is higher than it would otherwise have been.

2.5 There is a guarantee that no authority will lose any funding next year ie those authorities that are funded above the MFL will remain above; however those that gain and receive additional funding are only those who currently are at a level below the calculation of the MFL. Wirral is not one of those authorities.

2.6 The largest part of the funding in the MFL is AWPU - the basic amount allocated to each pupil. The figures used nationally are based on averages across the country in 2013-14. For Primary this is £2,845 (£2,753), Key Stage 3 £3,951 (£3,931) and Key Stage 4 £4,529 (£5,049). The amounts in Wirral's local formula are shown in brackets.

Other elements used are: Deprivation, Looked After Children, Pupils with low Attainment, English as an Additional Language, the lump sum and an amount for sparsity. In addition elements are weighted for an Area Cost Adjustment to take account of differences in teachers and non teachers pay across the country.

2.7 The **Appendix** shows the MFL for Wirral – an overall amount of £185.8m compared to a current level of funding which is £187.5m, a difference of £1.7m (0.9%).

The allocations are not yet final and will be updated for changes in 2014 data later in the year.

2.8 The DfE are keen to point out that the MFL is not the same as a National Fair Funding Formula. "We propose to use a system of MFL's in 2015-16 simply as a way of distributing the additional £350m we have as fairly as possible". Further "It is not intended to reflect our view on the minimum amount of funding any individual school needs or deserves over the long term". DfE10.4.2014.

2.9 The consultation paper is seeking views on:

- The Minimum Funding Levels
- The distribution of the £350m
- Changes to Sparsity

3 Schools Forum Response to Consultation

The views of the Schools Forum Working Party on this consultation are:

The Minimum Funding Levels

- The Schools Forum recognise that there should be an MFL for all children regardless of where they are educated
- There is some concern that the MFL is based on averages of previous funding formula decisions across the country. Whilst there is a clear statement that this proposal is not a NFFF, it does appear to be the direction of travel.
- The MFL gives large gains to some LA's. The Schools Forum questioned whether research confirmed that school funding is historically low in areas triggering the MFL and that this has not occurred because their spend on Early Years or High Needs is above average or high?

The Distribution of the £350m

- Generally the Forum welcomes the additional funding for schools and the principal that the allocation is based on levelling up and not down.
- The Forum would endorse this approach in future, although recognising that outlier authorities will need to be addressed.
- More information on the source of the £350m would have been useful, to address concerns that the money has been found from a top slice of Early Years and Post 16 Funding.
- The distribution of the £350m does appear to result in big gains in some authorities. The Forum would have preferred the allocation of some of this funding to all authorities to take account of recent flat cash settlements and cost pressures. This could either be as a top slice off the £350m or a cap on individual authority gains.

Sparsity

- The Forum agrees with a sparsity element and that it is useful in funding smaller rural schools. Some care should be taken however with the weighting of this element, since the existing lump sum provides similar funding and weighting.

General Comments

- There has only been a short timescale for this consultation which also includes the Easter break.
- There is still no indication of when the NFFF will be introduced or what it will look like.

4 Recommendation

That the Forum notes the report and endorses the consultation response.

Julia Hassall
Director of Children's Services