

**WIRRAL COUNCIL  
SCHOOLS FORUM – 13<sup>th</sup> DECEMBER 2017  
REPORT OF THE DIRECTOR OF CHILDREN'S SERVICES**

**CHANGES TO THE SCHOOLS FUNDING FORMULA 2018-19**

**1. EXECUTIVE SUMMARY**

This report recommends a number of changes to the local funding formula for schools as a first step in a transition to the new National Funding Formula announced by the Department for Education in the summer.

In addition the report recommends a top slice of up to ½% of the Schools Block in order to fund the outcome of the High Needs review.

**2. BACKGROUND**

The Secretary of State confirmed details of the new National Funding Formula (NFF) for schools in September which will be in place from April 2018. The format of the formula remains largely unchanged from earlier consultation papers with a few important additions:

- At least a 0.5% increase per pupil for each school in 2018/19;
- At least £4,800 per pupil funding for each secondary school and £3,500 per pupil funding for each primary school by 2019/20, with a transitional amount of £4,600 and £3,300 in 2018/19;
- The overall schools' block funding provided to local authorities to be ring-fenced, with some limited flexibility to transfer up to 0.5% out of the Schools Block to High Needs, subject to Schools' Forum approval.

These changes result in an additional £3m for Wirral schools using October 2016 data, which is equivalent to a 1.6% increase against the published baseline budget. This is a significant improvement both on earlier papers and previous funding settlements.

The High Needs Block will also increase from £34m to £34.8m, an increase of £0.8m.

**3. LOCAL SCHOOLS FUNDING FORMULA GUIDELINES**

Wirral remains responsible for agreeing the funding formula for schools until a "hard" formula is implemented; which is expected in 2020-21. During this intervening time the NFF will run alongside any local formula for schools.

This "soft" period is seen by the DfE as a transition, giving LA's flexibility to move towards the NFF and may also protect against turbulence.

In agreeing any changes to the funding formula for schools the final decision is taken by the Council and Cabinet. The LA is required to consult with schools on any proposals. In addition School Forum members must also be consulted on their views.

Regulations confirm that in considering the recommendations arising from this report Forum voting is restricted, by the exclusion of all non-schools members except PVI representatives.

#### **4. CONSULTATION WITH SCHOOLS**

Schools have been consulted on the following proposals:

1. Retaining the local funding formula or a move to the NFF;
2. A revised MFG;
3. A reduction of the Looked after Children (LAC) factor;
4. Use of any "Headroom" monies;
5. High Needs Review and transfer of up to 1/2% of schools block funding in to the High Needs Block.
6. The priorities for High Needs funding
7. Changes in High Needs places
8. The redesign of some SEN support including the introduction of a traded service for some hearing and vision support in schools
9. The services that should continue to be offered through De-delegation

The consultation ran for 3 weeks from 12<sup>th</sup> November until 4<sup>th</sup> December. In addition there were briefings with Headteacher groups and some earlier discussions with governors.

In total there were 33 responses:

- 11 from Secondary schools (c.50%)
- 16 from Primary schools (c.20%)
- 6 from Special schools. (c.50%).

Whilst this is not a large response, comments received covered a wide range of provision across the school estate.

#### **5. SUMMARY OF RESPONSES**

##### **Q1. Should Wirral retain the local funding formula or move to the NFF from April 2018?**

4 options were presented for schools to consider as part of the funding consultation, these illustrated the overall implications for schools and the individual implications for each school. The options were:

- Option 1 – move straight to NFF values
- Option 2 – use existing funding formula
- Option 3 – transition and introduce some elements of NFF
- Option 4 – As above with up to a 1/2 % top slice for High Needs

The responses received did not give a clear view. A number of schools commented that they thought that the new NFF gave an opportunity to correct a level of historic underfunding, whilst some others said they had voted on the option that best suited them. Schools that selected a top slice commented on the need to have both a transition to the NFF and to be able to respond to High Needs demands and the increasingly complex needs in mainstream schools.

A similar number of primary and secondary schools chose option 1 (NFF) and option 4 (top slice). Including special schools option 4 was the preferred option.

### **Recommendation**

That taking account of additional comments in Question 5 a transition and High Needs top slice (Option 4) is implemented as the basis for the school funding formula for 2018-19.

#### **Q2. A revised Minimum Funding Guarantee of 0%**

Nearly all responses supported this option, as it was seen as ensuring no school would lose pupil funding in 2018-19 unless there is a reduction in pupil numbers.

### **Recommendation**

That the funding formula includes a 0% MFG in 2018-19

#### **Q3. Reduction of Looked after Children (LAC) factor**

The proposal to reduce this factor to take account of changes within Pupil Premium was generally supported. Those that didn't commented that there was a need for more support for children looked after.

### **Recommendation**

The unit value of the LAC element within the formula is reduced to take account of an increase in the Pupil Premium.

#### **Q4. Use of Headroom in the Formula**

There were not many responses to this question. Those that did commented that the increase in funding should be evenly distributed across all formula values. Some commented that PFI funding should be uplifted ( PFI costs would be increased both locally and nationally within the NFF).

### **Recommendation**

That Headroom is allocated evenly over all funding formula elements and that the PFI element is increased in line with the contract inflation provision.

#### **Q5. High Needs Review and transfer of up to 0.5% of Schools Block funding in to the High Needs Block**

Those schools selecting funding formula Option 4 also agreed with this question. The possibility of a top slice off school funding for high needs has been put in place by the DfE to give some flexibility to authorities responding to national increases both in high needs numbers and complexity of needs. Locally these pressures in Wirral are similar to many other areas.

A longer term strategy is being developed including a review of provision to take account of the impact of current and future pupil trends. Some outcomes from this review will need to be implemented quickly, including the expansion of some resource bases in mainstream schools. In making changes this will require an additional financial commitment over a transition period until numbers are brought more in line with averages elsewhere.

Guidance from the ESFA is written on the basis that a funding transfer is to be seen as a one off and that funding in future years requires additional approvals. Finally there is an expectation that plans are in place to avoid such transfers over the longer term.

In the response to the question about a top slice no school suggested a different percentage either higher or lower than that proposed. Positive comments were the

need for investment to meet demands and provide greater support; that this was the best option for the majority of schools and that all schools should contribute to the support costs for young people. Alternative views were that if agreed there would be less funding for mainstream schools when all schools face increasing pressures and that a top slice decision should be taken after the High Needs review is completed.

### **Recommendations**

That a ½% top slice from the schools budget is approved and used to support the outcomes of the High Needs Review

That the Forum receives an update on the review at its next meeting in January.

### **Q6a Priorities for High Needs funding**

There were a range of comments to this question. Some talked about the support provided to settings, the need for speech and language resources, and the need for sufficient specialist placements. Existing commitments are a priority; however there was also support for proposals around SEMH, CLD and Alternative Provision. A further report will be considered at the January Forum meeting alongside the 2018-19 budget.

### **Recommendation**

That the High Needs working group consider the priorities for High Needs funding and report to the January Forum meeting

### **Q6b Excluded Pupils**

This proposal will change the basis of budget adjustments in secondary schools to bring them in line with statutory guidance.

Nearly all responses supported this change to cease a local agreement whereby a secondary school pays a full year fee regardless of the point in time of an exclusion took place. However whilst this change will reduce costs in schools it will increase High Needs costs by c £170,000.

### **Recommendation**

That the basis for exclusion budget adjustments in secondary schools is amended in line with statutory guidance from September 2018 and that where necessary an agreement is made between the LA and academy schools for the recovery of charges.

### **Q7. Changes in High Needs Places**

The changes described were generally endorsed. Comments made were that the number of funded places need to accurately reflect numbers and that this gives priority to support the most vulnerable children and young people.

Others commented on the need to ensure children are correctly placed and highlighted that they felt there were increasing needs that were having to be met in mainstream due to specialist provision being full. In light of this it was felt that if additional places were to be created then it had to cater for these needs. Schools endorsed removing any surplus places at the same time as increasing provision.

### **Recommendation**

That the place changes described are agreed and implemented from September 2018.

### **Q8a Redesign of SEN support – Clinical Psychology Intervention Team**

This proposal was supported by most schools, although a number chose not to answer. The comments made were that a central team would be better than a

resource in each school and that secondary schools would also want to access this support. A few responses felt the impact of outreach in schools was marginal and that it needs a significant level of school resources to deliver this approach.

#### **Recommendation**

That SEN support is redesigned to create a Clinical Psychology team.

#### **Q8b Use of Element 2 funding to support Hearing and Vision support and the introduction of a traded service**

2/3rds of responses agreed that Element 2 funding should be used for Hearing and Vision support in schools. Comments included that this would bring the funding in line with other areas of support in schools. Those that didn't support the approach said that Hearing and Vision should be LA funded, that this is a further demand on school budgets and that element 2 is already fully utilised through small group teaching.

With regard to a traded service being developed, there was no clear view from the consultation. However this would be necessary to provide support where needed.

#### **Recommendation**

That element 2 funding in schools is taken into account for Hearing and Vision support from September 2018 and that a traded service is developed through the Forum High Needs working group.

#### **Q9 Services that should continue to be offered through de-delegation**

There were few comments or views expressed by schools on this question. Some schools noted that de-delegation is helpful and supports the school budget, whilst another felt schools should choose the services needed themselves. They are:

- Contingency (£110,500) – for exceptional / unforeseen costs.
- Special Staff costs (£674,400) –maternity / paternity and Trade Union Facility time.
- School Library Service (£191,700) Primary schools
- FSM eligibility (£19,700) – handling applications for FSM's.
- Behaviour Support (£84,200)
- Insurance – (£29,200) costs of VA governors liability insurance (Primary only)
- School Improvement (£101,600),de-delegated for a part year from September 2017.

Of these some minor changes are proposed - School Improvement (full year costs), Behaviour Support transfer and VA insurance saving.

#### **Recommendation**

That de-delegated services continue to be offered as part of the Schools Budget for 2018-19

## **6. CONCLUSIONS**

The consultation has given useful feedback to inform the plans for the School Funding Formula and Budget for 2018-19.

In some High Needs areas work will be ongoing through the Forum's High Needs group. Given the significance of the proposals and implications for all schools the membership of this group could be reviewed / expanded.

## 7. RECOMMENDATIONS

That:

- 7.1. Option 4, a transition and top slice, is implemented as the school funding formula for 2018-19.
- 7.2. The funding formula includes a 0% MFG in 21018-19
- 7.3. The unit value of the LAC element within the formula is reduced to take account of an increase in Pupil Premium.
- 7.4. Headroom is allocated evenly over all funding formula elements and that PFI is increased in line with the contract inflation provision
- 7.5a. A ½% top slice from the schools budget is approved and used to support the outcomes of the High needs Review
- 7.5b. The Forum receives an update on the review at its next meeting in January.
- 7.6a. The High Needs working group consider the priorities for High needs funding and report to the January Forum meeting
- 7.6b. The basis for exclusion budget adjustments in secondary schools is amended in line with statutory guidance from September 2018 and that where necessary an agreement is made between the LA and academy schools
- 7.7. The place changes described are agreed and implemented from September 2018.
- 7.8a. SEN support is redesigned to create a Clinical Psychology team
- 7.8b. Element 2 funding in schools is taken into account for Hearing and Vision support from September 2018 and that a traded service is developed through the Forum High Needs working group
- 7.9. De-delegated services continue to be offered as part of the Schools Budget for 2018-19
- 7.10. Forum advise on membership of the High Needs working group.

Paul Boyce  
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Appendices

1. Notes from Formula working group 1<sup>st</sup> November
2. Schools responding to the consultation

**Schools Forum Working Group meeting 1<sup>st</sup> November 2017**

Present: Andrew Roberts, Shaun Allen, Richard Edwards, Helen Johnson, Mark Bellamy, Lynne Ireland, Adrian Whiteley.

**Funding Formula Options 2018-19**

4 options were presented for inclusion in the schools funding formula consultation:

1. Move straight to the National Funding Formula
2. Use the current formula and continue with -1.5% MFG, with additional funding allocated to factors in line with current proportions.
3. Current formula continuing, with additional funding allocated to factors in line with current proportions, but with 0.5% MFG.
4. Current formula continuing with -1.5% MFG, with additional funding allocated to factors in line with current proportions, but with a 0.5% top slice for transfer to the High Needs block.

The group felt that Wirral should ideally move directly to National Funding Formula, but, while acknowledging we would need to move to NFF by 2020/21, that this would mean some schools gaining significantly, while others barely gain anything due to the reserves funding not being included in baseline budgets.

Similarly, just using the existing formula with the additional funding would not be appropriate, as continuing as we are and only implementing NFF when forced to do so may be a huge change for some schools when fully implementing.

Due to the additional funding, no school should lose in 2018-19 and so there should be a minimum 0% MFG, and it was felt that ideally there should be a transition period so that there were no large variations for any school from one year to the next. A smoother transition model was requested, which made steps towards NFF without fully implementing it in year 1.

It was agreed this should be the current formula, but with 0% MFG so no schools lose, and with the minimum per pupil funding rates (£3,300 for Primary and £4,600 for secondary) included. Also the LAC factor to be reduced by £400 to offset the increase in LAC Pupil Premium.

Similarly a fourth model would replicate the new option 3, but with 0.5% top slice for High Needs, although a transfer to High Needs must reflect need, not just because the regulations allow it.

## High Needs Pressures

The HN block will increase by £816k in 2018-19 to £34.8m. HN pressures for 2018-19 were outlined as follows:

Agreed place changes - Schools, colleges and EMA	125,000
New place changes in 2018-19 - Claremount and other provision	250,000
CLD and SEMH pressures (phasing)	200,000
Previous use of Reserves	190,000
Inflation to school budgets 0.5%	125,000
School Meals	100,000
	<b>990,000</b>
Speech and Language support	150,000
Home Tuition	50,000
CLD / SEMH pressures in resource bases / schools	200,000
Emslie Morgan / Alternative provsion	200,000
Statutory Exclusions	200,000
Inflation for EHCP's	25,000
	<b>825,000</b>

- it was agreed that the £100k for school meals should not result in a budget increase. All schools face cost pressures.

- Proposed changes to top up funding (CLD and SEMH) were full year figures, but should only be 7/12ths as would only be from September 2018.

- The above figures include an increase of £125k being an increase of 0.5% to special school budgets in line with primary and secondary schools. It also includes £190k previously funded from reserves. It was felt that the increase should only be the difference of these 2 figures, as the 0.5% increase to primary/secondary school budgets is offset by the removal of reserves, and so should be the same here.

- The increase for Emslie Morgan and AP was discussed, more information is needed. This was a full year increase and should also be part year.

## Consultation/Briefings

The models will be revised as described above, and included within the consultation. It was requested that AR attends Headteacher groups to explain the consultation and answer any questions.



**Schools responding to the Formula Funding Consultation**

Pensby High School  
West Kirby Grammar School  
Weatherhead High School  
Wirral Grammar Boys  
St Anselms  
Birkenhead Park School  
Upton Hall School  
Wirral Grammar Girls  
South Wirral High  
Prenton High School  
Irby Primary  
Fender Primary  
Sacred Heart Catholic Primary  
Mersey Park  
St Peters Heswall  
Woodlands  
Great Meols  
Pensby Primary  
Church Drive  
Christchurch Moreton  
St Michaels and All Angels  
Riverside Primary  
St Peter's and Paul's  
Holy Spirit  
Oxton St Savours  
Well Lane  
Foxfield  
Orrets Meadow  
Wirral Hospital School  
Meadowside  
Kilgarth  
Gilbrook