

to All Primary, Secondary and Special Headteachers
Wirral 6th Form College and Wirral Met Collegedate 5th September 2018

your ref
my ref 19-20 funding formula consultation
service
tel 0151 666 4644 Please ask for Mr Shaun Allen
fax
email shaunallen@wirral.gov.uk

Dear Headteacher,

Schools Funding Consultation 2019-20

I am writing to you to seek your views on proposals for the Schools funding formula in 2019-20. The changes being considered as part of this paper follow confirmation by the Department for Education (DfE) of the National Funding Formula (NFF) for 2019-20, and are in line with guidelines that have been issued.

The format of the NFF for 2019-20, which forms the basis of Wirral's Schools Block allocation in the Dedicated Schools Grant, remains largely unchanged from 2018-19. The most important changes in the way DfE allocate funding to Local Authorities are:

- The funding floor will increase giving a 1% gain per pupil against 2017-18 baselines;
- The gains cap will increase to 6.09% per pupil against 2017-18 baselines;
- The minimum per pupil funding levels have increased to £4,800 for secondary schools, and £3,500 for primary schools (from £4,600 and £3,300 respectively);
- A reduction in the Low Prior Attainment factor value from £1,050 in 2018-19 to £1,022;
- Growth funding for 2019-20 will be allocated to Local Authorities on a formulaic approach, based on pupil data from the October 2018 census;
- The overall Schools' Block funding provided to LAs will continue to be ring-fenced, with limited flexibility to transfer up to 0.5% out of the Schools' Block to High Needs, subject to consultation and Schools' Forum approval;

The 2019-20 "indicative" Schools' Block allocation for Wirral (based on October 2017 pupil numbers) is £200m. This provides an additional £1.4m in 2019-20, equivalent to a 2.4% increase per pupil against the published 2017-18 baseline.

Wirral remains responsible for the local funding formula and the delegated budget allocations to all schools in 2019/20 (the "Soft" NFF). The DfE have now confirmed that LAs will also determine local formulae in 2020-21, due to the progress LAs across the country have made in moving towards the NFF in their local formulae. It is assumed that the NFF "Hard" formula will therefore be implemented in 2021-22.

School Funding principles, consultation and timelines.

The DfE's intention remains that school budgets should ultimately be set on the basis of a single national formula following a sensible transition period, recognising the importance of stability. The local school funding formula aims to:

- Provide a fair funding allocation to all schools linked to specific pupil and school characteristics;
- Provide stability to schools with changes in pupil characteristics (FSM's etc) through the minimum funding guarantee (MFG) of 0%;

The consultation document seeks your views relating to:

1. Retaining the local funding formula or a move towards the NFF;
2. Retaining the current MFG of 0%;
3. Use of any "Headroom" monies;

The table below provides a summary of the key dates within the budget setting cycle:

| | Date(s) |
|--|--|
| Consultation period | Wednesday 5th September – Wednesday 17th October 2018 |
| Schools Forum meeting | 26th September 2018 |
| Schools Forum meeting | 7th November 2018 |
| Schools Funding settlement (DfE) | Mid December 2018 |
| Schools Forum meeting | 16th January 2019 |
| Formula submission to DfE | 21st January 2019 |
| Budget Cabinet meeting | 18th February 2019 |
| Issue final school budget figures (latest) | 28th February 2019 |

Detailed Consultation questions

1. **Should Wirral retain the current local funding formula or adopt some or all of the NFF factor values from April 2019?**

The unit values for Wirral's school funding formula differ from the National Funding Formula, as demonstrated on the attached file (worksheet 1). The main changes within the NFF are the movement of money out of basic entitlement per pupil (AWPU) into Deprivation and Prior Attainment. Prior Attainment weightings differ for Primary and Secondary schools, as do deprivation measures which become broader, using revised IDACI weightings and Ever 6 FSM data. The NFF has a lump sum for all schools of £110,000, an increase from Wirral's £100,000 and the NFF also moves some funding from secondary to primary schools in comparison to Wirral's current formula. The changes will redistribute funding over more children and between schools.

As with any formula changes some schools will gain more as a result than others. 5 models have been produced as potential funding formulas for 2019-20:

- Model 1 represents Wirral's current formula, with additional funding allocated over all factors;
- Model 2 adopts the individual factor values in the NFF.

The remaining models adopt some of the NFF factor values as a further transition towards the NFF, with each model reflecting one of the major changes from Wirral's formula to the NFF:

- Model 3 is Wirral's current formula with NFF's deprivation factor values, including Ever6 which Wirral does not currently use;
- Model 4 is Wirral's current formula with NFF's Prior Attainment values;
- Model 5 is Wirral's current formula but with the NFF lump sum amount of £110,000 for all schools. This also has the effect of moving some funding from secondary to primary schools, which is another feature of NFF for Wirral.

All of the 5 models are shown with both a minus 1.5% MFG and 0% MFG on worksheets 3 to 5.

You will be aware that for the 2018-19 budget allocations, the overall schools block was top-sliced by 0.5% to support High Needs as approved by Schools Forum, following consultation with all schools. It is important to note that this consultation and attached models **do not** assume a similar top-slice. This will be considered separately later in the autumn term.

Your views are sought on retaining the local Wirral formula or moving towards the NFF by adopting one of the alternative funding models.

Some of the main considerations may be:

- The local formula targets funding using priorities that have been developed over a number of years and have been the subject of consultation, as such the formula will be reflective of agreed local needs.
- Headroom (any additional funding) can then be allocated over formula funding rates which would minimise turbulence. This model is shown as Model 1.
- However a Hard formula may still be implemented in 2021-22, at which time there is no guarantee of additional funding to smooth transition.
- A hybrid position can give transition, whereby some of the elements within the NFF are introduced alongside the current formula, for example by introducing NFF deprivation or prior attainment values, or an increased lump sum. These are shown in models 3, 4 & 5 respectively, and could give a transition to the NFF in stages. The extension of the 'soft' formula extends the period available to implement the transition.

2. A Minimum Funding Guarantee of 0%

The MFG for schools continues, with flexibility to set a local MFG of between minus 1.5% and plus 0.5% per pupil. The current 2018-19 formula has an MFG rate of 0%. MFG is a protection for schools against significant year-on-year changes in pupil-led funding. A higher MFG percentage (i.e. more protection) will result in a longer period to bring Wirral's local formula in line with the NFF.

The consultation proposal is for an MFG of 0% in 2019-20. This would provide protection and stability in funding. A 0% MFG ensures that no school can lose pupil funding unless there is a reduction in pupil numbers.

Your views are sought regarding the future MFG percentage.

3. Use of Headroom in the Formula

Headroom, additional funding, is £1.4m for Primary and Secondary schools (using 2018 -19 data). If the local funding formula continues to be used and there are no other agreed proposals headroom would be allocated over all formula elements. Existing weightings will be maintained to keep the current percentage distribution.

Your views are sought regarding the use of Headroom.

Supporting Information

A file has been attached with a number of worksheets to provide information about the impact of changes on Primary and Secondary school budgets.

Worksheet 1 compares the factor values in Wirral's 2018-19 funding formula with the NFF;

Worksheet 2 explains the 5 funding formula models and summarises the number and value of schools with MFG / Cap for each;

Worksheet 3 shows model 1 (current formula) and model 2 (NFF factor values) compared with the current 2018-19 budget allocations for each school. Both models are shown with 0% MFG and minus 1.5% MFG;

Worksheet 4 shows model 3 (current formula with NFF deprivation factor values including Ever6) and model 4 (current formula with NFF LPA factor values) compared with the current 2018-19 budget allocations. Both models are shown with 0% MFG and minus 1.5% MFG;

Worksheet 5 shows model 5 (current formula with NFF lump sum of £110,000) compared with the current 2018-19 budget allocations. The model is shown with 0% MFG and minus 1.5% MFG.

I appreciate there is a lot of information in the attached file, but it is felt important to give a range of alternative models for comparison purposes. As stated above the models represent the main differences between Wirral's current funding formula and the NFF.

This consultation is being conducted online, although I would recommend preparing your answers prior to clicking on the link - questions can be found on the form at the end of this letter. Please follow this link to complete the survey:

<https://www.surveymonkey.com/r/T7KP55N>

However, if you are unable to complete this online please complete the form at the end of this letter. The deadline for completion is Wednesday 17th October 2018. You will no longer be able to access the survey after this date.

You are welcome to discuss this with your colleagues as part of your cluster or headteacher groups, however please respond on behalf of your individual school only.

If you have any queries regarding the contents of this paper please contact:

Shaun Allen – Schools Accountant 666 4644
Richard Edwards – Schools Funding Formula 666 5548.

I look forward to receiving your responses

Yours Sincerely



Shaun Allen
Principal Accountant - Schools
Business Management

Schools Funding Consultation 2019-20 - Response Form

School Name:

Completed by:

Signed:

Date:

1. Should Wirral retain the local school funding formula or adopt some or all of the NFF factor values from April 2019? Please indicate below:

Model 1 – use existing funding formula

Model 2 – adopt individual factor values from NFF

Model 3 – transition and introduce deprivation elements of NFF (including Ever6)

Model 4 – transition and introduce prior attainment elements of NFF

Model 5 - transition and introduce lump sum value of NFF

Why have you selected this option?

Do you have any other comments?

2. A Minimum Funding Guarantee of 0%

Do you agree that the MFG should remain unchanged at 0%? Yes / No

Comments:

3. Use of Headroom in the Formula

Do you have any comments on this proposal?

Please return **by Wednesday 17th October** to:

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