

to All Primary, Secondary and Special Headteachers date 23rd September 2019
Wirral 6th Form College and Wirral Met College

your ref
my ref 2020-21 schools funding formula consultation
service
tel 0151 666 4644 Please ask for Mr Shaun Allen
fax
email shaunallen@wirral.gov.uk

Dear Headteacher,

Schools Funding Formula Consultation 2020-21

I am writing to you to seek your views on proposals for the schools funding formula in 2020-21. You will no doubt have seen announcements of additional funding for schools within the Spending Round on 4th September 2019, the main points of which were:

- An additional £14.6 billion to schools across England over 3 years;
- Cash increase, compared to 2019-20 of £2.6 billion to core schools funding in 2020-21, £4.8 billion in 2021-22 and £7.1 billion in 2022-23;
- Every secondary school will be allocated at least £5,000 per pupil next year, with primary school allocated £3,750, then £4,000 per pupil the following year (currently £3,500 for Primary and £4,800 for secondary). An analysis of Wirral schools currently already achieving these levels is on worksheet 2 of the attached document;
- The intention to move to a hard national funding formula, where all schools' budgets are set on the basis of a single national formula, was reaffirmed;
- It will be compulsory from 2020-21 for local authorities to use the national minimum per pupil funding levels in their own local funding formulae.
- Local authorities will continue to set a Minimum Funding Guarantee in their local formulae, which in 2020-21 must be between +0.5% and +1.84%.
- This additional investment includes £700m to support children with Special Educational Needs and Disabilities.
- Teachers' pay grant and teachers' pension employer contributions grant will both continue to be paid separately from the NFF in 2020-21.

Unfortunately there have not yet been any further details in how the additional funding will be allocated to Local Authorities, or confirmation of what changes will be made to the individual factor rates within the National Funding Formula (NFF). Further details, including indicative local authority allocations, are not expected until mid to late October 2019.

It was agreed with Schools Forum on 26th June 2019 that in the absence of any indicative allocation for Wirral, the formula models included within the consultation would assume an unchanged NFF and the same total funding as Wirral's 2019-20 allocation. However, with the

newly announced range for allowable Minimum Funding Guarantee (MFG) i.e. with a minimum +0.5% MFG this is not possible.

It has therefore not been possible to produce funding models with illustrative school by school allocations this year as in previous years, without significantly delaying the consultation while still allowing a meaningful consultation period, as any assumed total funding level to distribute would be guesswork, as would factor values for the 2020-21 NFF.

It is therefore important that when responding to the consultation you should consider the principles described below.

Wirral remains responsible for the local funding formula and the delegated budget allocations to all schools in 2020-21 (the "Soft" NFF). It is assumed at this stage that the NFF "Hard" formula will be implemented for all schools 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).

The consultation document seeks your views relating to:

1. Retaining the local funding formula or a move towards the NFF;
2. The level of protection in the formula;
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	w/c 23 rd September – Friday 25 th October 2019
Schools Forum meeting	25 th September 2019
Schools Forum meeting	6 th November 2019
Schools Funding settlement (DfE)	Mid December 2019
Schools Forum meeting	15 th January 2020
Formula submission to DfE	17 th January 2020 (approx.)
Budget Cabinet meeting	17 th February 2020
Issue final school budget figures	28 th February 2020

Detailed Consultation questions

- 1. Should Wirral retain the current local funding formula or adopt all the NFF factor values from April 2020?**

For the 2019-20 schools funding formula, Wirral largely retained its existing formula structure but included National Funding Formula (NFF) factor values for Prior Attainment as well as the minimum per pupil funding rates. The remaining unit values for Wirral's school funding formula

differ from the NFF, as demonstrated on the attached file (worksheet 1). The main differences are the movement of money out of basic entitlement per pupil (AWPU) into Deprivation.

Deprivation measures become broader in the NFF, using revised IDACI weightings and Ever 6 FSM data. The NFF has a lump sum for all schools of £110,000, an increase of £10,000 from Wirral's formula, 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. Your views are sought on retaining the current local Wirral formula or adopting the factor values included in the NFF.

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.
- However, the government's intention remains to implement a hard national funding formula, which may be implemented in 2021-22.

2. Minimum Funding Guarantee

Minimum Funding Guarantee (MFG) is a protection for schools against significant year-on-year changes in pupil-led funding, which is funded by capping schools due to gain from the previous year. Wirral's current funding formula has an MFG rate of 0%, which means schools could not lose per-pupil funding from the previous year (although could still lose funding if pupil numbers reduce).

In 2020-21 local authorities have the flexibility to set a local MFG of between +0.5% (meaning all schools would gain at least 0.5% per pupil funding from the previous year, subject to pupil number changes) and +1.84%.

A higher MFG percentage (i.e. a higher guaranteed minimum increase per pupil) may result in some schools due to gain most from the formula having their gain capped to fund the increase for those schools not due to gain as much.

The consultation seeks your views on the level of MFG for 2020-21. The three options are as follows:

- + 0.5% - this would give all schools at least the minimum 0.5% increase in per pupil funding and allow those due to gain most from the formula (i.e. those deemed underfunded) to gain closer to their full allocation.
- + 1.0% - this would offer a greater minimum increase in per pupil funding but may result in some schools due to gain most having their gain capped.
- + 1.5% - this would increase the minimum per pupil funding increase further, but similarly may increase the cap on some gaining schools as a result.

Your views are sought regarding the future MFG percentage.

3. Use of Headroom in the Formula

Headroom is additional funding available for the schools funding formula for Primary and Secondary schools once standard adjustments, such as estimated increases in rates, PFI inflation, falling/rising roll etc have been applied.

In previous years headroom has been allocated across all formula elements, with existing weightings maintained to keep the existing percentage distribution. This is possible if the Wirral's existing formula is retained (option 1 above) and would ensure that all available funding is allocated to individual school budgets.

Alternative uses could involve the creation of a centrally held growth or falling rolls fund.

Your views are sought regarding the use of Headroom.

Supporting Information

A file has been attached with two worksheets to provide some background information:

Worksheet 1 compares the factor values in Wirral's 2019-20 funding formula with the factor values within the NFF;

Worksheet 2 compares funding per pupil (after MFG) in Wirral schools 2019-20 formula budgets with the increased minimum per pupil funding levels for 2020-21 and 2021-22;

Responding

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.co.uk/r/NX3MSNK>

The deadline for completion is **Friday 25th October 2019**. 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 – Principal Accountant (Schools) 666 4644.

I look forward to receiving your responses.

Yours Sincerely,



Shaun Allen
Principal Accountant - Schools
Business Management

Schools Funding Consultation 2020-21

- 1. Should Wirral retain the current local school funding formula or adopt the factor values included in the National Funding Formula from April 2020?**

Please confirm which formula you believe should be adopted for 2020-21.

Option 1 – use existing funding formula

Option 2 – adopt individual factor values from National Funding Formula

- 2. Why have you selected this option?**

- 3. Do you have any other comments regarding the formula?**

- 4. What level of Minimum Funding Guarantee (MFG) do you think should be included in the funding formula from April 2020?**

Option 1 – + 0.5%

Option 2 – + 1.0%

Option 3 – +1.5%

- 5. Why have you selected this option?**

- 6. Do you have any other comments regarding Minimum Funding Guarantee?**

- 7. Use of Headroom in the Formula**

Do you have any comments on the use of any headroom funding?