

Final Mainstream Schools Funding Formula for 2017/18

10th January 2017

1. Purpose of report

- 1.1 Schools Forum endorsed the funding formula for mainstream primary and secondary schools for 2017/18 in October 2016. The DfE have now given details of the amount of Dedicated Schools Grant (DSG) that Walsall will receive in 2017/18. This has allowed the authority to carry out further analysis of the cost of applying the formula. This has shown that at the current factor values there would be a variance between the funding (income) and the cost (expenditure) of applying the formula on the most recent pupil data. This report therefore sets out the actions taken and seeks Schools Forums view to ensure funding allocated to schools is in line with that available.
- 1.2 The Education Funding Agency (EFA) requires the final submission of the 2017/18 funding pro-forma by 20 January 2017. The aim of this report is to obtain the endorsement of Schools Forum, which for legal and governance reasons will then require approval by the Director of Children's Services at Walsall Council, in consultation with the portfolio holder for Children's Services and Education, before then being submitted to the EFA. The timescale for finalising the funding formula is tight, as has been the case in recent years, as the EFA only supplied the final DSG figures on 20 December 2016.

2. Recommendations

- 2.1 To note the overall level of DSG funding.
- 2.2 To note the adjustments to funding factor values that are required for 2017/18 to ensure that allocations to mainstream schools via the local funding formula are affordable within the funding that is available (updated values are set out at Appendix B).
- 2.3 To endorse and recommend the formula (as set out at Appendix B), including the changes to funding factor values that are indicated above and set out within the report, to the Director of Children's Services, portfolio holder for Children's Services and Education, and the EFA.

3. Background

- 3.1 Following notification of the Dedicated Schools Grant (DSG) for 2017/18, financial analysis indicates that when comparing it to the current schools formula and unit resource values, the formula would not be affordable for 2017/18 as it would require more funding to be allocated than that received in the Schools Block. This report sets out the changes therefore required to the formula factor values currently used to ensure allocations remain within available Schools Block DSG funding.

- 3.2 The Dedicated Schools Grant is divided into 3 notional blocks. These blocks are Schools, Early Years and High Needs. Walsall Council, with the endorsement of Schools Forum, has sought as much as possible to allocate funding in line with the EFA notional blocks.
- 3.3 DSG can be broken down for the current and next financial year as per table 1 below:

Table 1 – DSG Funding 2016/17 and 2017/18		
	2016/17 DSG £m	2017/18 @ Dec.'16 £m
Schools Block	194.951	198.822
ESG Transfer (covered in separate report)	0	0.695
High Needs Block	27.603	28.356
Early Years Block (includes in 2017-18; EYPP; New EY Disability Access Fund; Additional 3&4 entitlement eligible working parents; transitional Maintained Nursery Supplement)	15.399	19.810
Funding for Induction of NQTs	0.06	0
Total DSG	238.013	247.683

- 3.4 Table 2 below shows the expected value of monies allocated to mainstream primary and secondary schools in 2016/17 (based on values shown in appendix A) and 2017/18 (based on values shown in appendix B - incorporating the changes set out in the report below to funding factor values for 2017/18) and how expenditure is funded.

Table 2 – Mainstream Primary and Secondary School Funding 2016/17 (based on appendix A values) and 2017/18 (based on appendix B values)		
	2016/17 £m	2017/18 £m
Value of Funding to be allocated to schools	194.376	198.155
Centrally funded items (e.g. Schools Admissions and CRC)	0.668	0.667
Total	195.044	198.822
Funded By:		
Schools Block DSG	(194.951)	(198.822)
Support from High Needs block	(0.093)	0

4. 2017/18 Schools Funding Formula Pro-forma

- 4.1 Walsall's Schools Block Unit of Funding (SBUF) for 2017/18 was notified in late December 2016, the value per pupil of £4,684 represents a slight increase over the 2016/17 SBUF of £4,662.
- 4.2 As stated in paragraph 1.1 Schools Forum has previously endorsed the funding factors for the 2017/18 funding formula for mainstream primary and secondary schools, with the aim at that time that, with the exception of business rates which uses the actual multiplier for the financial year, units of resource for each factor would remain unchanged from 2016/17. Appendix A summarises the funding factors and units of resource for 2017/18 if this were the case (as reported to Schools Forum in October 2016).
- 4.3 Validated pupil data from the October 2016 census confirms that funded pupil numbers show an increase over 2016/17 of 1.9%.
- 4.4 The DfE have considered concerns raised by LAs in the first stage of the national funding formula consultation and have agreed to update the IDACI banding methodology to return the IDACI bands to a roughly similar size (in terms of the proportion of pupils in each band) as in 2015/16. The revised bands are named "A" to "G" with the most deprived being captured in band "A" (previously bands 6 & 5).
- 4.5 The release of the DfE's data set for 2017/18, includes the new IDACI bands and, as indicated by the DfE, the number of pupils in the most disadvantaged band has greatly increased compared to 2016/17.
- 4.6 The financial impact being that the total amount of funding allocated via IDACI banding is some £2.5m higher than in 2016/17, should current banding values be maintained. Although the overall Schools Block funding has increased by £3.8m, as set out at 4.3 above this additional money is needed to fund the growth in pupils, therefore the increase in deprivation costs needs to be funded by reviewing other funding factor values.
- 4.7 Forum will recall that the IDACI update for the 2016/17 financial year resulted in a reduction of pupils in the most disadvantaged bands when compared to 2015/16, which in turn saw a reduction in budget shares for many schools and created an unforeseen increase in the value of the Minimum Funding Guarantee (MFG). Forum therefore agreed that additional funding of approx. £1.4m would be added to AWPU in order to ensure the MFG costs could be met.
- 4.8 However in order to maintain the IDACI banding values it will be necessary to initially return AWPU values to pre 2016/17 values, i.e. transfer the £1.4m added in 2016/17 into AWPU back into the deprivation factor, and additionally a small reduction in the FSM funding value within deprivation is also required

to ensure total deprivation allocations are in line with the totality of funding allocated for deprivation.

- 4.9 The overall increase in deprivation allocations has however had a positive impact on the 2017/18 MFG in that the value of MFG has reduced by £600k, which helps further offset the £2.5m increase in deprivation allocations. The balance of the funding needed will be met from additional DSG notified.
- 4.10 The updated funding formula values for 2017/18 are set out at Appendix B, and these are affordable within the available Schools Block of DSG.
- 4.11 The DfE dataset has also confirmed a further change that is required to include a specified national weighting to be used as part of the secondary schools Lower Prior Attainment factor.
- 4.12 For financial year 2017/18, the year 7 cohort will include a much higher proportion of pupils identified as 'low prior attainment' (LPA)⁵ than other secondary year groups. This is because year 7 was the first to take the new, more challenging key stage 2 tests (at the end of academic year 2015/16).
- 4.13 The use of the weighting will ensure there is not a disproportionate influence within the total for the LPA factor in the mainstream formula. Therefore the national weighting will be used to scale back the proportion of year 7 pupils as LPA, to a level commensurate with the number of pupils identified as LPA in years 8 – 11 under previous key stage 2 tests.

5. Financial implications

- 5.1 After analysing the level of Dedicated Schools Grant (DSG) available for 2017/18 and the value of funding set out within the Schools Block, and comparing it to the updated formula and values set out in Appendix B, this report confirms the formula would be affordable for 2017/18.

6. Legal Implications

- 6.1 The report ensures that the school funding formula complies with school funding regulations, and provides sufficient time to allow the authority to finalise the submission of the 2017/18 funding pro-forma by 20 January 2017, in line with EFA requirements.

7. School Improvement

- 7.1 As part of making any decisions regarding possible changes to the funding formula factor values, consideration should be made of the potential impact on the desired outcomes of the Walsall school improvement programme.

8. Members eligible to vote

- 8.1 All elected members with voting rights are eligible to vote on this matter.

**Illustration of mainstream schools funding formula allocation factors for
2017/18 - based on current 2016/17 unit values as endorsed by Schools Forum
in October 2016**

Factor		Indicator / Criteria / Data		£ Unit / multiplier	
Basic Entitlement (AWPU)	mandatory	October 2016 census		Primary	2,913.09
				Secondary	4,387.70
Deprivation - Primary	mandatory	via Free School Meal %		1,241.85	
		2015 updated IDACI score mapped to autumn 2015 census postcodes, where known, and then placed into six bands. Only pupils with an IDACI score above 0.2 can be funded.	0.2 < 0.25	Band 1	222.82
			0.25 < 0.3	Band 2	272.34
			0.3 < 0.4	Band 3	346.61
			0.4 < 0.5	Band 4	445.64
			0.5 < 0.6	Band 5	544.67
			0.6 < 1.0	Band 6	792.25
Deprivation - Secondary	mandatory	via Free School Meal %		1,490.22	
		2015 updated IDACI values mapped to autumn 2015 census postcodes, where known, and then placed into six bands. Only pupils with an IDACI score above 0.2 can be funded	0.2 < 0.25	Band 1	267.39
			0.25 < 0.3	Band 2	326.81
			0.3 < 0.4	Band 3	415.94
			0.4 < 0.5	Band 4	534.78
			0.5 < 0.6	Band 5	653.62
			0.6 < 1	Band 6	950.72
Lump Sum		Maximum allowable		175,000	
Low Attainment	optional	<p>EYFSP and Key Stage 2 results are used as indicators for low cost, high incidence SEN.</p> <p><i>In primary:</i> Yrs 1,2,3 & 4 - the % pupils not achieving good level of development</p> <p>Yrs 5 & 6 - the % pupils scoring below 78 points on EYFSP</p> <p><i>In secondary:</i> Total of pupils achieving level 4 or below in either English or Maths</p>		214.995	
Looked After Children	optional	Number of Looked After Children as recorded on SSDA903 return at March 2016 mapped to Jan.16 census.		1,406.00	

English as Second Language	optional	EAL funding is attracted by pupils if they are grouped as "2_OTH" on the autumn 2016 census and shown to have been in the school system for less than three years. Pupils grouped as UNK_3 are excluded.	438.85
Business Rates	optional	Multiplier to be used with rateable value of premises as at Jan.'17, with discretionary relief applied where appropriate.	0.479
Split Site – fixed sum	optional	A separate site is recognised either where a single school occupies more than one building separated by a public highway or following an amalgamation of two schools where the new school continues to use the two former sites and have two entrances e.g. one for infant pupils and one for junior pupils, thus necessitating two reception & admin areas.	16,615
Premise Rental	exceptional circumstances	An exceptional factor approved by DfE to fund one primary school for the premise rental charged by the diocese of the school	38,000

Final mainstream schools funding formula allocation factors for 2017/18

Factor		Indicator / Criteria / Data		£ Unit / multiplier	
Basic Entitlement (AWPU)	mandatory	October 2016 census		Primary	2,873.34
				Secondary	4,329.16
Deprivation - Primary	mandatory	via Free School Meal %		1,228.00	
		IDACI score mapped to autumn 2016 census postcodes, where known, and then placed into six new bands. Only pupils with an IDACI score above 0.2 can be funded.	0.20 < 0.25	Band F	222.82
			0.25 < 0.30	Band E	272.34
			0.30 < 0.35	Band D	346.61
			0.35 < 0.40	Band C	445.64
			0.40 < 0.50	Band B	544.67
			0.5 < 1.00	Band A	792.25
Deprivation - Secondary	mandatory	via Free School Meal %		1,473.00	
		IDACI values mapped to autumn 2016 census postcodes, where known, and then placed into six new bands. Only pupils with an IDACI score above 0.2 can be funded	0.20 < 0.25	Band F	267.39
			0.25 < 0.30	Band E	326.81
			0.30 < 0.35	Band D	415.94
			0.35 < 0.40	Band C	534.78
			0.40 < 0.50	Band B	653.62
			0.5 < 1.00	Band A	950.72
Lump Sum		Maximum allowable		175,000	
Low Attainment	optional	<p>EYFSP and Key Stage 2 results are used as indicators for low cost, high incidence SEN.</p> <p>In primary: Yrs 1,2,3 & 4 - the % pupils not achieving good level of development Yrs 5 & 6 - the % pupils scoring below 78 points on EYFSP</p> <p>In secondary: Total of pupils yrs 8 to 11 achieving level 4 or below in either English or Maths. Total year 7 pupils, weighted, assessed in KS2 2016 as not achieving expected standard in reading or writing or maths.</p>		215.00	
Looked After Children	optional	Number of Looked After Children as recorded on SSDA903 return at March 2016 mapped to Jan.16 census.		1,406.00	

English as Second Language	optional	EAL funding is attracted by pupils if they are grouped as "2_OTH" on the autumn 2016 census and shown to have been in the school system for less than three years. Pupils grouped as UNK_3 are excluded.	438.85
Business Rates	optional	Multiplier to be used with rateable value of premises as at Jan.'17, with discretionary relief applied where appropriate.	Actual
Split Site – fixed sum	optional	A separate site is recognised either where a single school occupies more than one building separated by a public highway or following an amalgamation of two schools where the new school continues to use the two former sites and have two entrances e.g. one for infant pupils and one for junior pupils, thus necessitating two reception & admin areas.	16,615
Premise Rental	exceptional circumstances	An exceptional factor approved by DfE to fund one primary school for the premise rental charged by the diocese of the school	38,000