

**Schools Forum  
17 January 2023**

**Final Mainstream Schools Funding Formula for 2023/24**

**1. Purpose of report**

- 1.1 In December 2022, following a full consultation with all mainstream schools in Walsall in October 2022, Schools Forum endorsed, and Cabinet approved, a gradual transition to full National Funding Formula rates over a period of two years (2023/24 and 2024/25).
- 1.2 Following receipt of the final confirmation of the Schools Block funding for 2023/24, this report outlines the minor changes that are now required to finalise the formula that will be utilised for 2023/24. The Education and Skills Funding Agency (ESFA) requires the final submission of the Authority Pro-forma Tool (APT), which captures that detail, by 20 January 2023.
- 1.3 The aim of this report is to therefore obtain the endorsement of Schools Forum, which in line with legal requirements and governance will then require approval by the Director of Children's Services at Walsall Council, in consultation with the portfolio holder for Education and Skills, before then being submitted to the ESFA.

**2. Recommendations**

- 2.1 Schools Forum to note the overall level of Dedicated Schools Grant (DSG) funding that will be received for 2023/24.
- 2.2 Schools Forum to note the funding factor values for 2023/24 which ensure that allocations to mainstream schools via the local funding formula are both affordable within the funding that is available, and also meet the requirement to ensure that all Schools Block funding is fully allocated (updated values are set out at Appendix A).
- 2.3 Schools Forum to endorse and recommend the formula (as set out at Appendix A), including the final minor changes to funding factor values that are required (as set out in paragraph 4.6 of the report) to the Director of Children's Services, the Portfolio Holder for Education and Skills, and the ESFA.

**3. Background**

- 3.1 Following the previous report to Schools Forum, and Cabinet, in December 2022, and receipt of the final confirmation of the Schools Block funding for 2023/24, this report sets out the minor changes to the local funding formula factor values for 2023/24 that are required to ensure allocations remain within available Schools Block Dedicated Schools Grant (DSG) funding, and also meet the requirement to ensure that all Schools Block funding is fully allocated.

- 3.2 The Dedicated Schools Grant is divided into 4 notional blocks. These blocks are Schools, Early Years, High Needs and the Central Schools Services block. Walsall Council, with the endorsement of Schools Forum, has sought as much as possible to allocate funding in line with the ESFA notional blocks.
- 3.3 DSG can be broken down for the current and next financial year as per table 1 below:

<b>Table 1 – Total Walsall DSG Funding (before academy recoupment) 2022/23 and 2023/24</b>		
	<b>2022/23 DSG £m</b>	<b>2023/24 DSG £m</b>
Schools Block	249.278	264.753
High Needs Block	49.143	55.826
Early Years Block	21.614	22.774
Central School Services	1.663	1.768
<b>Total DSG</b>	<b>321.698</b>	<b>345.120</b>

#### **4. 2023/24 Schools Funding Formula Pro-forma**

- 4.1 Walsall's Schools Block Unit of DSG for 2023/24 totals £264.753m (an increase of £15.475m from the 2022/23 total of £249.278m). The amount of funding attracted based on numbers of pupils totals £261.524m, with the value per primary pupil being £5,083 and per secondary pupil being £6,626. In addition, the Schools Block has attracted £2.105m relating to premises costs and £1.124m of pupil growth funding.
- 4.2 As set out in paragraph 1.1 Schools Forum has previously endorsed the funding rates for the 2023/24 funding formula for mainstream primary and secondary schools, with the aim that the transition to full NFF rates will take place over a period of two years. This would mean that Walsall local funding formula rates would move 50% closer to NFF rates during 2023/24 with then full implementation of NFF rates from 2024/25.
- 4.3 Validated pupil data from the October 2022 census has now been received and this confirms that funded pupil numbers have increased overall by 0.7% compared to October 2021. Totals by sector indicate an increase of 0.1% in primary schools and an increase of 1.6% in secondary. Deprivation data also shows an overall increase of 0.6% in the number of disadvantaged pupils to be funded in 2023/24.
- 4.4 A more significant increase, however, is in the number of pupils eligible for free school meals, with increases of 2% in primary and 11% in secondary at an additional cost of £1.505m.

4.5 The 2023/24 local funding formula allocates an additional £16.209m of funding, when compared to 2022/23, across the six pupil-led funding factors as follows:

- £10.523m funds the increase in pupil numbers in this area and the changes to Basic Entitlement rates (Average Weighted Pupil Unit AWPU) – based on the endorsement to move to the full NFF rates over a 2 year period.
- £1.505m of additional funding allocated on the basis of the increase in free school meals eligibility.
- £299k additional funding for English as an Additional Language (EAL) – based on the endorsement to move to the full NFF rates over a 2 year period.
- £1.246m additional funding allocated for Deprivation – based on the endorsement to move to the full NFF rates over a 2 year period.
- £2.505m additional funding for Low Prior Attainment – based on the endorsement to move to the full NFF rates over a 2 year period.
- £131k additional funding for Mobility – based on the endorsement to move to the full NFF rates over a 2 year period.

This £16.206m is largely funded by the £15.475m increase in the School Block for 2023/24, with the balance of the funding requirement being made possible by the redistribution of funds from reducing the lump sum funding factor (again linked to the endorsement to move to the full NFF rates over a 2 year period, with the lump sum for 2022/23 being above that which is allocated in the NFF).

4.6 It should be noted that whilst all factors were initially moved 50% closer to NFF rates, as endorsed by Schools Forum and approved by Cabinet in December 2022, this did not fully allocate all funding that was available within the Schools Block (as is required in the regulations). As such the following additional changes have been required, which both ensure that the remaining funding is allocated to every school:

- i. As AWPU rates in use in 2022/23 were almost in line with NFF rates, rather than moving 50% closer to these the full NFF AWPU rates for primary, KS3 and KS4 have been applied.
- ii. The lump sum has moved approximately 30% closer to NFF rates (rather than 50% - which is still significantly above the minimum 10% movement that the regulations require) – though it should be noted that the full move to the NFF rates for the lump sum payment (along with other factors) will still take place from 2024/25.

4.7 As in previous years, the local authority is also required to set a minimum funding guarantee (MFG) in its local formulae to protect schools from excessive year on year changes. For 2023/24 the maximum MFG that is allowable is

+0.5%, and as such this maximum value has been utilised and is affordable within the overall level of Schools Block funding that is available.

- 4.8 The +0.5% MFG will mean that all schools see an increase to per pupil level funding of at least 0.5% between 2022/23 and 2023/24. Given this the analysis of the impact of the final funding formula shows that, prior to deductions for de-delegation, the only schools that see a reduction in overall funding between the 2022/23 local formula and the 2023/24 local formula would be those that have seen a reduction in pupil numbers and/or changes in pupil characteristics.
- 4.9 The recommended final funding formula values for 2023/24, incorporating the change set out at 4.6 above are shown at Appendix A, and it can be confirmed that these factor values would be affordable within the available Schools Block of DSG.

## **5. Financial implications / Value for Money**

- 5.1 After analysing the level of Dedicated Schools Grant (DSG) available for 2023/24 and the value of funding set out within the Schools Block, and comparing it to the updated formula and values set out in Appendix A, this report confirms the formula would be affordable for 2023/24.
- 5.2 As has always been the case, there will be schools that have seen a reduction in overall pupil numbers in October 2022, when compared to October 2021, which will see a reduction in funding via the basic entitlement AWPU funding factor. Additionally where schools have seen a change in pupil characteristics (i.e. numbers of children eligible for free school meals or who fall within each category of deprivation etc) they will also see changes to their funding allocations.
- 5.3 However, given the +0.5% MFG that has been utilised the analysis of the impact of the final funding formula shows that, prior to deductions for de-delegation, the only schools that see a reduction in overall funding between the 2022/23 local formula and the 2023/24 local formula would be those that have seen a reduction in pupil numbers.

## **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 2023/24 Authority Pro-forma Tool (APT) by 20 January 2023, in line with ESFA requirements.

## **7. School Improvement**

- 7.1 As part of making any decisions regarding 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 This report provides an update on the changes that have been required to the formula endorsed by Schools Forum in December 2022 and seeks Schools Forums endorsement of the revised formula (as set out at Appendix A), and recommendation to the Director of Children's Services, the portfolio holder for Education and Skills, and the ESFA. As such, no formal vote is required.

## Appendix A

### Local Funding Formula Factors and their values for 2023/2024

Factor		Indicator / Criteria / Data		£ Unit / multiplier		
Basic Entitlement (AWPU)	Compulsory	October 2022 census		Primary	£3,405.47	
				Secondary – KS3	£4,801.17	
				Secondary – KS4	£5,411.23	
Minimum per Pupil Funding	Compulsory	MPPL rates have been set in guidance		Primary	£4,405.00	
				Secondary – KS3	£5,503.00	
				Secondary – KS4	£6,033.00	
Deprivation	Compulsory	Proportion of pupils eligible for Free School Meals		Primary	£869.56	
				Secondary	£995.01	
		Proportion of pupils eligible for Free School Meals – Ever 6		Primary	£353.69	
				Secondary	£516.74	
					Primary	Secondary
		Now changed to use IDACI 2019 ranks to group each lower super output area into one of six bands of decreasing deprivation. IDACI bands have previously been defined on basis of scores.	Pupils in the next 10% most deprived LSOAs	Band F	£225.01	£323.64
				Band E	£268.47	£435.34
				Band D	£412.74	£584.97
				Band C	£448.17	£638.11
				Band B	£478.58	£686.23
				Band A	£647.28	£903.58
Funding allocated on proportion of pupils in each band.						
Lump Sum	Compulsory			£161,213.67		
Low Prior Attainment	Compulsory	Primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP).		Primary	£1,105.08	
		Secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths.		Secondary	£1,528.84	
English as Second Language	Compulsory	Pupils identified in the October census with a first language other than English may attract funding for up to three years after they enter the statutory school system.		Primary	£564.98	
				Secondary	£1,059.14	
Mobility	Compulsory	Pupils identified as first attending schools from January or May census instead of October.		Primary	£474.10	
				Secondary	£682.30	
Business Rates	Optional	Rateable value of premises with discretionary relief applied where appropriate.		£0.499 for RV < £51,000 £0.512 for RV > £51,000		

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	£16,615
Premise Rental	Exceptional circumstance	An exceptional factor approved by DfE to fund one primary school for the premise rental charged by the diocese of the school	£54,000
MFG		Minimum funding guarantee	Set at +0.5%