

Final Mainstream Schools Funding Formula for 2021/22

January 2021

1. Purpose of report

- 1.1 Schools Forum endorsed, and Cabinet approved, the funding formula for mainstream primary and secondary schools for 2021/22 in October 2020. Following this decision the DfE have now published details of the amount of Dedicated Schools Grant (DSG) that Walsall will receive in 2021/22. This has allowed the authority to carry out further analysis of the cost of applying the formula at the factor values approved in October, including the costs associated with the required increase in the compulsory Minimum Per Pupil Funding (MPPF) factor and the inclusion of the Teachers Pay and Teachers Pension grants within local funding formulae.
- 1.2 The Education and Skills Funding Agency (ESFA) requires the final submission of the 2021/22 Authority Pro-forma Tool (APT) by 21 January 2021. 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 Education and Skills, before then being submitted to the ESFA.

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 2021/22 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 A).
- 2.3 To endorse and recommend the formula (as set out at Appendix A), including the changes to funding factor values set out within the report, to the Director of Children's Services, the portfolio holder for Education and Skills, and the ESFA.

3. Background

- 3.1 This report sets out the changes to the local funding formula factor values for 2021/22 previously approved by Schools Forum to ensure allocations remain within available Schools Block DSG funding.
- 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:

Table 1 – Total Walsall DSG Funding (before any top-slice) 2020/21 and 2021/22		
	2020/21 DSG £m	2021/22 DSG £m
Schools Block	220.462	238.954
High Needs Block	39.344	43.725
Early Years Block	21.565	21.920
Central Schools Services	1.416	1.561
Total DSG	282.787	306.160

4. 2021/22 Schools Funding Formula Pro-forma

- 4.1 Walsall's Schools Block Unit of DSG for 2021/22 totals £238.954m (an increase of £18.492m from the 2020/21 total of £220.462m). The amount of funding attracted on the basis of numbers of pupils totals £235.597m, the value per primary pupil being £4,706 and £6,066 per secondary pupil. In addition the Schools Block has attracted £2.18m relating to premises costs and £1.178m pupil growth funding.
- 4.2 As stated in paragraph 1.1 Schools Forum has previously endorsed the funding rates for the 2021/22 funding formula for mainstream primary and secondary schools, with the aim that units of resource for each factor would largely remain unchanged from 2020/21, the exceptions being the required increase to Minimum Per Pupil Funding (MPPF) rates, set by the DfE at £4,180 for primary and £5,415 for secondary, and an increase in Basic Entitlement factor (AWPU) reflecting the rolling-in of the funding associated with the Teachers Pay and Pension grants at the rate of £180 per primary pupil and £265 per secondary pupil. Additionally the proposed local funding formula for 2021/22 also mirrored the National Funding Formula's (NFF) 3% increase to the Basic Entitlement.
- 4.3 Validated pupil data from the October 2020 census confirms that funded pupil numbers have increased overall by 0.5% compared to October 2019. However totals by sector indicate a reduction of -0.8% in primary schools and an increase of 2.4% in secondary. Deprivation data also shows an overall increase of 3.3% in the number of disadvantaged pupils to be funded in 2021/22.
- 4.4 A more significant increase, however, is in the number of pupils eligible for free school meals, 13% in primary and 21% in secondary at an additional cost of £2.505m.
- 4.5 It is due mainly to this increase that the previously endorsed funding rates for Basic Entitlement will not be affordable within the confirmed 2021/22 Schools Block and the proposed increase of 3% in the basic per pupil rates has been

reduced to 2.55%. The Basic Entitlement rates will now be £3,129 per primary pupil and £4,708 per secondary pupil, reduced from the proposed rates of £3,142 and £4,728 respectively.

4.6 In summary the 2021/22 local funding formula allocates an additional £18.845m, when compared to 2020/21, across the four funding factors detailed below, which is largely funded by the £18.492m increase in the School Block for 2021/22. The balance of the funding needed has been possible by the redistribution of funds from four other formula factors where a reduction in allocated resources has occurred:

- £14.878m funds the roll-in of Teacher Pay & Pension grants and a 2.55% increase to Basic Entitlement rates, plus the increase in overall pupils.
- £2.505m of additional funding allocated on the basis of free school meals eligibility.
- £538k required to meet the increase in the Minimum Per Pupil Funding rates.
- £924k additional funding allocated for Deprivation

4.7 Other than the change to the Basic Entitlement rates detailed in paragraph 4.5, all other remaining units of resource within 2021/22 local funding formula are unchanged to those endorsed by Schools Forum and approved by Cabinet in October 2020.

4.8 As in previous years the local authority is required to set a minimum funding guarantee (MFG) in our local formulae to protect schools from excessive year-on year changes. For 2021/22 the MFG has been set at the minimum permitted i.e. +0.5% and is unchanged from October proposals.

4.9 The +0.5% MFG will mean that all schools see an increase on per pupil level funding of at least 0.5% between 2020/21 and 2021/22.

4.10 The recommended final funding formula values for 2021/22, incorporating the change set out above, is 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

5.1 After analysing the level of Dedicated Schools Grant (DSG) available for 2021/22 and the value of funding set out within the Schools Block, comparing it to the updated formula and values set out in Appendix A, this report confirms the formula would be affordable for 2021/22.

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 2021/22 Authority Pro-forma Tool (APT) by 21 January 2021, 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 October 2020 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 2021/2022

Factor		Indicator / Criteria / Data		Notional SEN %	£ Unit / multiplier		
Basic Entitlement (AWPU)	Compulsory	October 2020 census		3.1% / 3.2%	Primary	£3,129.39	
					Secondary	£4,708.57	
Minimum Per Pupil Funding	Compulsory	MPPF levels are prescribed in guidance - £4,180 p/primary pupil, £5,415 per secondary pupil					
Deprivation	Compulsory	Via Free School Meals - % pupils eligible		27.9%	Primary	£1,228	
					Secondary	£1,473	
		Via IDACI bands				Primary	Secondary
		Uses IDACI 2019 ranks to group each lower super output area (LSOA - an area with typically about 1,500 residents) into one of six bands of decreasing deprivation, “A” being the most deprived. (In the past IDACI bands have been defined on the basis of scores. The 2021 to 2022 uses ranks instead of scores to define bands)	Pupils in the first 10% most deprived LSOA	0%	Band F	£210	£300
			Pupils in the next 10% most deprived LSOA	0%	Band E	£250	£405
			Pupils in the next 5% most deprived LSOA	0%	Band D	£375	£535
			Pupils in the next 5% most deprived LSOA	0%	Band C	£405	£580
			Pupils in the next 5% most deprived LSOA	0%	Band B	£435	£625
Pupils in the most deprived 2.5% LSOA	0%		Band A	£600	£840		
Lump Sum		Maximum allowable		14.28%	£175,000		
Low Prior Attainment	Optional	Primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP).		100%	Primary	£820.84	
		Secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths.			Secondary	£1,240.89	
English as Second Language	Optional	Pupils identified in the October census with a first language other than English attracting funding for up to three years after they enter the statutory school system.		0%	£535		
Business Rates	Optional	Rateable value of premises with discretionary relief applied where appropriate.		0%	£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		0%	£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		0%	£54,000		
MFG		Minimum funding guarantee			Set at +0.5%		