

Cabinet – 28 October 2020

Proposed Schools Local Funding Formula 2021/22

Portfolio: Councillor Towe, Education and Skills

Related portfolios: Councillor Bird, Leader of the Council

Service: Children's Services: Education

Wards: All

Key decision: Yes

Forward plan: Yes

1. Aim

1.1 The schools local funding formula is the process that is utilised (informed by national guidance which details the funding factors that can be incorporated) to allocate the Schools Block of the Dedicated Schools Grant funding that the Council receives to mainstream schools in the Borough of Walsall. The Department for Education requires all Local Authorities, in consultation with their Schools Forum, to produce a schools local funding formula for the following financial year by the third week in January each year. Due to the timing of Schools Forum and Cabinet meetings, agreement of the proposed direction for consideration in relation to the 2021/22 local funding formula requires agreement in advance of the Department for Education informing the Local Authority of its Dedicated Schools Grant for 2021/22 year, which is not expected to be provided until the last week of December 2020.

2. Summary

2.1 From April 2018 Central Government began the implementation of the schools National Funding Formula, which it believes will allow for a more equitable and comparable distribution of funding to schools across the country compared to the previous methodology (which was in the main based on historic spending on education in each area rather than on the basis of need).

2.2 A report, supported by School Forum and Cabinet, in October 2018 set out Walsall's approach would be to incrementally move local factor values towards those within the NFF over a period of time rather than adopting them all fully at once.

2.3 In July 2020 the government announced that, due to the "need to focus efforts on meeting the challenges of Covid 19", the move to a 'hard' National Funding Formula for schools (NFF) is to be delayed and will not be implemented in April

2021. Therefore local authorities will continue to operate a local funding formula for the forthcoming financial year 2021/22.

- 2.4 A report presented to Schools Forum on 14 October set out the Proposed Schools Funding Formula for 2021/22 and made recommendations on the allocation of any available funding into meeting the new mandatory requirements that the Department for Education have introduced for the year, with any remaining funding allocated to the Low Prior Attainment factor.

3. Recommendations

- 3.1 That Cabinet approves the Schools Funding Formula (**Appendix A**) that was recommended by Walsall's Schools Forum at their meeting on 14 October 2020.
- 3.2 That Cabinet notes that the Department for Education may request revisions to the school funding formula and that values attributed in the formula may need to change once the Department for Education reviews the October 2020 census data.
- 3.3 Cabinet approves to delegate authority to the Executive Director of Children's Services in consultation with the Portfolio Holder for Education and Skills to amend the formula in line with Department for Education requirements and to comply with all and any relevant Department for Education regulations for the 2021/22 Schools Funding Formula.

4. Report detail - know

Context

- 4.1 For 2021/22 local authorities are required to set a local funding formula for their mainstream schools.
- 4.2 An Authority Pro-forma Tool, with pupil data specific to individual authorities, will be published in December 2020. The agreed local funding formula factors will be used within the pro-forma to determine a budget share for all mainstream schools for 2021/22.

Proposed Schools Funding Formula

- 4.3 The Minimum Per Pupil Level (MPPL) factor is compulsory and must be used in local funding formulae at the values set in the National Funding Formula (NFF) - £4,180 for primary and £5,415 for secondary. Therefore to ensure this requirement is met the first call on any additional school block funding available to the authority will need to be utilised to meet the increased MPPL.
- 4.4 In the 2021-22 NFF, the department has increased, as a result of the roll in of Teachers' Pension Grant and Teachers' Pension Employer Contribution Grant, basic per pupil funding rates by 3% and added £180 per pupil to primary and £265 per pupil to Key Stage 3 & 4.
- 4.5 While not compulsory, the department has stated it is their expectation that local authorities will add these amounts to the basic per pupil funding value they would

otherwise have used in local funding formulae, to ensure that they mirror the rolling in of grants for local schools.

- 4.6 It is therefore proposed to follow operational guidance and increase the Walsall Basic Entitlement rate for primary and secondary by 3% and add £180 per pupil to the primary rate and add £265 per pupil to the secondary rate. It should be noted that, unlike the NFF, the local formulae will continue to fund at a single rate for both key stage 3 and 4.
- 4.7 Provisional DSG allocations for 2021/22 indicate that the amount of new funding available will be sufficient to meet the compulsory increase in MPPL and the proposed increases to Basic Entitlement for primary and secondary pupils.
- 4.8 To date, once any mandatory changes have been accommodated, any remaining new DSG school block funding has been invested in areas where the NFF rates are higher than the local factor rate, namely English as an Additional Language (EAL), Low Prior Attainment (LPA) and Deprivation funding via IDACI data, with this latter factor mirroring the NFF banding rates in 2019/20 and 2020/21.
- 4.9 However current indications are that with the proposed changes to MPPL and Basic Entitlement there will only be limited new funding remaining, and it is proposed that whatever funding is available is fully invested in to the local LPA rate – which is currently only at circa 77% of the NFF LPA rates.
- 4.10 It should also be noted that even though deprivation banding rates will be unchanged, the incorporation of the 2019 update to the Income Deprivation Affecting Children Index (IDACI) will result in an increase in the total amount of funding allocated to schools for deprivation.
- 4.11 Appendix 1 to this report details the proposed local funding factors values for 2021/22 incorporating the above changes.

Council Corporate Plan priorities

- 4.12 The funding formula is seen as equitable and is transparent to those who have been consulted with when setting the formula. The funding formula will not alter the total amount of funding given to Walsall schools and as such the role that schools play in meeting Council objectives will not be adversely impacted by the proposed funding formula.

Risk management

- 4.13 The Department for Education, in their consultation with Local Authorities and schools in March 2012, recognised that smaller schools may become less financially viable under the new funding formula that was adopted nationally from 2013/14. Walsall Council's proposed funding formula for 2021/22 will continue to provide the maximum allowable lump sum. This lump sum commitment should continue to provide support to allow smaller schools time to manage these impacts.

Financial implications

- 4.14 As required under DfE guidelines, it is estimated that the proposed Local Funding Formula would allocate all of the funding that Walsall Council receives within the Schools Block of its DSG to schools in Walsall.
- 4.15 Once the authority receives final details of its DSG allocation for 2021/22 a further review of proposed funding factor values may be required to ensure that the final factor values utilised are affordable within the overall level of funding that will be available to the authority.
- 4.16 Where schools see fluctuations in pupil numbers between 2020/21 and 2021/22 this will impact on budgets as it always has (and there will also be schools who gain from this process where pupil numbers have increased). The recently published local authority formulae arrangements in 2021 to 2022 allow the Minimum Funding Guarantee (MFG) to be set between +0.5% and +2% per pupil. The MFG in the proposed allocations in this report is included at the minimum +0.5% (the highest level that is affordable without capping gains at some schools to pay for a higher level of MFG). This means that all schools will see an increase in their funding allocations on a per pupil basis.

Legal implications

- 4.17 The Department for Education has prescribed the way in which schools should be financed for the 2021/22 financial year. These guidelines are set out in the Schools Revenue Funding 2021 to 2022 operational guide, and can be found at the following link:

<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2021-to-2022>

- 4.18 The purpose of these arrangements is to help secure greater consistency in the way in which funding is distributed to schools. The Council is bound to adhere to the rules issued by Department for Education, and the proposed Walsall Funding Formula sets out how funding will be allocated to schools in Walsall within the prescribed arrangements.

Procurement Implications/Social Value

- 4.19 None relating directly to this report.

Property implications

- 4.20 Unless any schools in Walsall were to close, there will be no property implications associated with this report.

Health and wellbeing implications

- 4.21 The content of this report has taken into account the Marmot objectives and it is confirmed that the proposals have been tested against the relevant considerations in this respect. As such there has been no indication that the proposed school funding formula would have any adverse impact on the health and wellbeing of staff and pupils based at Walsall schools.

Staffing implications

- 4.22 Where the proposed funding formula sees any school suffer a budget reduction Finance officers will continue to work with and support those schools that do experience financial difficulties so that they can plan the most appropriate way in which to manage these changes.

Reducing Inequalities

- 4.23 The implications for reducing inequalities have been taken into account and assessed as set out below.
- 4.24 When undertaking the consultation on the implementation of the National Funding Formula, Department for Education prepared an equality impact assessment. A copy of this is attached to this report.
- 4.25 With regard to equality implications the principles followed for allocating funding for 2021/22 are set out within the report, and were based on seeking consistency of funding between years, and to limit any financial impact on individual schools.
- 4.26 The current, and proposed 2021/22, schools funding formula takes account of all funding factors that are allowed to be used, and relevant to Walsall. Funding is allocated to support children where English is an additional language, children with low attainment and to support schools in meeting the additional needs that children from deprived backgrounds may face. There are no further eligible funding factors that can be taken into account in Walsall's funding formula to provide additional support in terms of equality and deprivation.

Consultation

- 4.27 Walsall Schools Forum have received a report on the proposed schools funding formula for 2021/22. Additionally a full consultation exercise was carried out as part of the 2019/20 funding formula and the direction from this exercise has also been incorporated in to the proposed 2021/22 formula.

5. Decide

- 5.1 The operational guidance provided by the Department for Education identifies the mandatory factors and also the optional factors that can be utilised within the local funding formula. The options discussed with Schools Forum were therefore based on ensuring all mandatory factors were met, rolling in of the TPG and TPECG resulting in increasing the Walsall Basic Entitlement by 3%, and on feedback from the full consultation exercise that was undertaken with all mainstream Walsall schools in November 2019.

6. Respond

- 6.1 Subject to approval of the recommendation, and confirmation of the 2021/22 Dedicated Schools Grant in December 2020, local funding formula factors values will be finalised and used to populate the Authority Pro-forma Tool. The completed

pro-forma will be submitted to the Department for Education by the required deadline of January 2021.

- 6.2 A Budget Statement for each maintained school will then be published, confirming their budget share for 2021/22 as determined by the local funding formula. In respect of mainstream academy schools the totality of budget share allocations for these schools will be top-sliced from Walsall's Dedicated Schools Grant and paid directly to academies by the Education and Skills Funding Agency.

7. Review

- 7.1 Any further information releases by Department for Education in respect of the implementation date of a hard National Funding Formula will continue to be reviewed. Should these indicate that the implementation of a National Funding Formula will be moved back beyond 2022/23 the process of determining a local funding formula will, for that year, will need to be decided by Cabinet, in consultation with Schools Forum.

Background papers

Schools Forum Report 14 October 2020 – Proposed Schools Local Funding Formula 2021/22

ESFA – Schools revenue funding 2021 to 2022 operational guide

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Sally Rowe
Executive Director

20 October 2020



Councillor Towe
Portfolio holder

20 October

Proposed Local Schools Funding Formula 2021/22

Factor		Indicator / Criteria / Data		£ Unit / multiplier		
Basic Entitlement (AWPU)	Compulsory	October 2020 census		Primary	£3,142	
				Secondary	£4,728	
Minimum per Pupil Funding	Compulsory	MPPL rates have been set in guidance		Primary	£4,180	
				Secondary	£5,415	
Deprivation	Compulsory	Proportion of pupils eligible for Free School Meals		Primary	£1,228	
				Secondary	£1,473	
		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. Funding allocated on proportion of pupils in each band.			Primary	Secondary
				Band F	£210	£300
				Band E	£250	£405
				Band D	£375	£535
				Band C	£405	£560
Band B	£435			£625		
Band A	£600	£840				
Lump Sum		Maximum permitted		£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). Secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths.		Primary - £ 850 Secondary - £1,270		
English as Second Language	Optional	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		£535		
Business Rates	Optional	Rateable value of premises as at Jan.'21, with discretionary relief applied where appropriate.		£ TBC		
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		