

Schools Forum 6 December 2022

Proposed Schools Local Funding Formula 2023/24

1. Summary

- 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 the mainstream schools in the Borough of Walsall. The Department for Education (DfE) requires all Local Authorities, in consultation with their Schools Forum, to finalise 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 2023/24 local funding formula requires agreement in advance of the Department for Education informing the Local Authority of its Dedicated Schools Grant for 2023/24 year, which is not expected to be provided until the last week of December 2022.
- 1.2 In response to the Government's plan to move forward with implementing the National Funding Formula and considering the recognition for a period of managed transition to avoid unnecessary and unexpected disruption to schools, Cabinet at their meeting on 18 October 2022 approved the undertaking of a full consultation exercise with all Walsall mainstream primary and secondary schools over a 2 week period (running from 31 October 2022 to 11 November 2022) to seek their views on the preferred local funding formula option to be utilised in 2023/24 as well as the direction of travel schools wish to take in subsequent years.
- 1.3 The outcome of the consultation is set out in this report, and will also be reported to Cabinet at its meeting on 14 December 2022.

2. Recommendations

- 2.1 That Schools Forum review and note the outcome of the consultation exercise, which recommended funding option 5 as the basis for the Schools Funding Formula for 2023/24 (implement National Funding Formula rates in full as set out in Appendix 1).
- 2.2 That Schools Forum recommend funding option 5 to be used as the basis of the Schools Funding Formula for 2023/24, which will be reported to Cabinet at their meeting on 14 December 2022.
- 2.3 Should Schools Forum not support the recommended outcome of the consultation (option 5) they would clearly need to identify which of the other options of those consulted on they would instead recommend to Cabinet for consideration, and clearly set out why this was the case rather than supporting the recommended option from the consultation, so that Cabinet can appropriately consider this.

3. Report detail

- 3.1 Following delays in the implementation of the National Funding Formula, consultations on completing the Reforms to the NFF have taken place during the last year. The Government's response to these consultations is that it is the intention to move forward with plans to implement the NFF in full but with a period of managed transition as well as a requirement for local funding formulas to include the use of all mandatory funding factors.
- 3.2 In preparation for this a working group of Schools Forum members reviewed a number of proposed options for revising and setting the local funding formula for 2023/24 with the aim of identifying the most appropriate option for meeting the regulations set out by government and distributing the total funds available to the authority to fund mainstream education in Walsall.
- 3.3 This resulted in the identification of five potential modelled options which could be used to distribute funding to all mainstream primary and secondary schools in Walsall. Details of each option were reported to Schools Forum at its meeting on 18 October 2022, and Cabinet at its meeting on 18 October 2022.
- 3.4 At those meetings a formal consultation process with all mainstream primary and secondary schools was approved. Following this approval the consultation was carried out and ran for a two week period, between 31 October 2022 and 11 November 2022.
- 3.5 The five options consulted on were:
- Option 1 – transitioning to the NFF over time in line with DfE minimum requirements;
 - Option 2 – gradual transition over 4 years;
 - Option 3 – gradual transition over 3 years;
 - Option 4 – gradual transition over 2 years;
 - Option 5 – implement NFF in 2023/24 financial year.

Consultation Responses Received From Individual Mainstream Schools

- 3.6 The consultation documents were sent to 104 mainstream Walsall schools, and responses were received from 69 schools, representing a response rate of 66%.
- 3.7 The tables below show the breakdown of models supported from each of the 69 responses received from schools.

| Consultation Responses – Based on Individual School Votes | | |
|--|--|---|
| Option | Number of Schools Supporting (of those who returned a vote) | % of Schools Supporting (of those who returned a vote) |
| 1 | 11 | 16% |
| 2 | 9 | 13% |
| 3 | 6 | 9% |
| 4 | 32 | 46% |
| 5 | 11 | 16% |
| Total | 69 | 100% |

| Consultation Responses – Based on Pupil Numbers represented by each Schools Vote | | |
|---|--|---|
| Option | Number of Pupils Represented by Schools Supporting (of those who returned a vote) | % of Pupils within Schools Supporting (of those who returned a vote) |
| 1 | 3,123 | 10% |
| 2 | 2,901 | 11% |
| 3 | 2,366 | 9% |
| 4 | 9,065 | 33% |
| 5 | 10,159 | 37% |
| Total | 27,614 | 100% |

N.B. Pupil numbers utilised are based on October 2021 census data.

- 3.8 The outcome of the consultation clearly shows that the majority of schools want to see a move to the full NFF in as short a time period as is practically possible (with 62% of school based votes, and 70% of pupil based votes supporting either option 4 or 5).
- 3.9 In line with this outcome, and noting that as the majority of the funding factors in the NFF are pupil-led meaning it would seem more appropriate to make a final recommendation based on pupil numbers represented rather than just numbers of schools, option 5 has been recommended to Schools Forum and Cabinet to form the basis of the Local Schools Funding Formula for 2023/24.
- 3.10 Should option 5 be approved as recommended, the local funding formula for 2023/24 will mirror NFF funding factor rates in the 2023/24 financial year onwards.

Schools Local Funding Formula

- 3.11 Set out below is a brief summary of the factors included within the proposed funding formula for 2023/24:

Age Weighted Pupil Unit (AWPU)

AWPU is the biggest part of the funding formula, it is the funding which has not been allocated to the other specific factors and is allocated on a per pupil basis. The AWPU rates are different for Primary and Secondary children.

Deprivation

Walsall allocates funds to schools to meet the additional needs that children from deprived backgrounds may face for both the Income Deprivation Affecting Children Index (IDACI) measure of deprivation and the number of children who receive free school meals (FSM). Funding Factor FSM6 (which represents the number of pupils who have been eligible for free school meals at any point in the last 6 years) is also included in the 2023/24 funding formula for the first time as it is now a mandatory factor within the funding regulations.

Lump Sum

A lump sum is an amount of funding that each school receives without reference to pupil numbers, deprivation, buildings etc. This is designed to cover the costs all schools need to meet regardless of their size.

Low Attainment

The only factor allowable to take account of Special Educational Needs (SEN) in the funding formula for mainstream schools is low attainment, which looks at the number of Primary pupils identified as not achieving the expected level of development. The Walsall funding formula then allocates an amount of funding to provide schools with the resources required to support these children.

English as an Additional Language

For pupils where English is an additional language funding is allocated through the formula to allow schools to provide additional support for a period of up to 3 years after they enter the statutory school system.

Pupil Mobility

This measure allows authorities to allocate additional funding to schools based on numbers of pupils who entered a school during the last three academic years, but did not start in August or September (or January for reception pupils).

Business Rates

Business rates for each school are funded through the formula based on an estimate of cost.

Split Sites

The purpose of this factor is to support schools which have unavoidable extra costs because the school buildings are on separate sites.

Premise Rental – Exceptional Factor

One school in the Borough has to pay extra costs relating to rent. The rationale for allowing this funding factor is that it is similar to business rates. There has been individual agreement with the DfE to allow this factor.

The following factors are allowable but have either not been used in the Walsall funding formula or do not apply:

- Private Finance Initiative (PFI) contracts – Not applicable as there are no schools in Walsall where there are additional unfunded costs due to PFI contracts
- London fringe – Not applicable as this is only applicable to local authorities who have some but not all of their schools within the London fringe area
- Sparsity – Not applicable as this factor is used to support schools in rural areas where there are on average smaller year groups.

4. Financial implications

- 4.1 As required under the DfE guidelines, all proposed options for the local funding formula set out in the report would allocate all of the funding that Walsall Council receives within the Schools Block of its DSG to schools in Walsall.
- 4.2 Under the recommended formula a small number of schools may see a reduction in overall funding between the 2022/23 and 2023/24 financial year but, this is mainly due to growth funding for formal expansions coming to an end in 2022/23 (and the modelling associated with option 5 did see the smallest number of schools in this category).
- 4.3 If schools see fluctuations in pupil numbers between years this will impact on allocations, as has been the case in previous years. This could result in both increases or decreases in funding dependent on changes in pupil numbers and characteristics.
- 4.3 Once the authority receives final details of its DSG allocation for 2023/24 a further review of proposed funding factor values may be required to ensure that the final factor values that are utilised are affordable within the overall level of funding that will be available to the authority.

5. Legal implications

- 5.1 The DfE has prescribed the way in which schools should be financed for the 2023/24 financial year. These guidelines are set out in the Schools revenue funding 2023 to 2024 operational guide, and can be found at the following link:

<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2023-to-2024/schools-operational-guide-2023-to-2024>

- 5.2 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 DfE, and the proposed Walsall Funding Formula sets out how funding will be allocated to schools in Walsall within the prescribed arrangements.

6. School Improvement

- 6.1 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.

7. Members eligible to vote

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

Appendix 1

Detail of recommended funding formula factor values for 2023/24 based on Option 5

| Factor | | | 2022/23 | 2023/24 | Current Variance | Option 5 | Option 5 |
|----------------------------|-----------|-----------|-------------|-----------|------------------|----------------------|----------------------|
| | | | Local value | NFF value | | 100% Closer Full NFF | Revised Factor Value |
| | | | £ | £ | £ | £ | £ |
| Basic Entitlement (AWPU) | Primary | | 3,211 | 3,394 | (183) | 183 | 3,394 |
| | Secondary | KS3 | 4,831 | 4,785 | 46 | (46) | 4,785 |
| | | KS4 | 4,831 | 5,393 | (562) | 562 | 5,393 |
| Free School Meals | Primary | | 1,258 | 480 | 778 | (778) | 480 |
| | Secondary | | 1,508 | 480 | 1,028 | (1,028) | 480 |
| Free School Meals 6 | Primary | | - | 705 | (705) | 705 | 705 |
| | Secondary | | - | 1,030 | (1,030) | 1,030 | 1,030 |
| Deprivation | Band F | Primary | 215 | 230 | (15) | 15 | 230 |
| | | Secondary | 307 | 335 | (28) | 28 | 335 |
| | Band E | Primary | 256 | 280 | (24) | 24 | 280 |
| | | Secondary | 415 | 445 | (30) | 30 | 445 |
| | Band D | Primary | 384 | 440 | (56) | 56 | 440 |
| | | Secondary | 548 | 620 | (72) | 72 | 620 |
| | Band C | Primary | 415 | 480 | (65) | 65 | 480 |
| | | Secondary | 594 | 680 | (86) | 86 | 680 |
| | Band B | Primary | 445 | 510 | (65) | 65 | 510 |
| | | Secondary | 640 | 730 | (90) | 90 | 730 |
| | Band A | Primary | 614 | 670 | (56) | 56 | 670 |
| | | Secondary | 860 | 930 | (70) | 70 | 930 |
| Lump Sum | School | | 175,000 | 128,000 | 47,000 | (47,000) | 128,000 |
| Low Prior Attainment | Primary | | 871 | 1,155 | (284) | 284 | 1,155 |
| | Secondary | | 1,302 | 1,750 | (448) | 448 | 1,750 |
| English as Second Language | Primary | | 548 | 580 | (32) | 32 | 580 |
| | Secondary | | 548 | 1,565 | (1,017) | 1,017 | 1,565 |
| Mobility | Primary | | - | 945 | (945) | 945 | 945 |
| | Secondary | | - | 1,360 | (1,360) | 1,360 | 1,360 |
| MFG | | | 0.50% | 0.50% | | 0.5% | |