

## Schools Forum 17 October 2018

### Proposed Schools Local Funding Formula 2019/20

#### 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 (DSG) funding that the Council receives to the mainstream schools in the Borough of Walsall. The Department for Education (DfE) requires each Local Authority, 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 Cabinet meetings this therefore normally requires the agreement in advance of the DfE informing each Local Authority of their Dedicated Schools Grant (DSG) for that year (as this is not normally provided until the last week in December each year).
- 1.2 Following the commencement of the implementation of a National Funding Formula by central government in April 2018 a consultation exercise has been undertaken with all Walsall mainstream primary and secondary schools over a four week period (running from 24 October 2018 to 21 November 2018) to seek to inform the basis of the local funding formula to be utilised for 2019/20.
- 1.3 The outcome of this consultation is set out in this report, and Schools Forum are asked to recommend a formula based on the outcome of the consultation.

#### 2. Recommendations

- 2.1 That Schools Forum notes the outcome of the consultation exercise and recommends the values set out in Appendix 1 to form the basis of the local Schools Funding Formula for 2019/20.
- 2.2 Schools Forum are asked to note that this recommendation will then be reported to Cabinet on 12 December 2018 to seek their approval.

#### 3. Report detail

- 3.1 Between July and October 2018 a working group of Schools Forum member undertook work to seek to identify the most appropriate methodology for setting the local funding formula for 2019/20.
- 3.2 This resulted in the identification of four potential options which were reported in detail to Schools Forum at their meeting on 17 October 2018, and Cabinet at their meeting on 24 October 2018.
- 3.3 At those meetings a formal consultation process with all mainstream primary and secondary schools was supported, and this ran from 24 October 2018 to 21 November 2018.

**4. Consultation Responses Received From Individual Mainstream Schools**

4.1 The consultation information was sent out to 104 mainstream Walsall schools, and responses were received from 59 of these (representing a response rate of circa 57%).

4.2 The tables below shows the breakdown of options supported from each of the 59 responses received from schools.

<b>Consultation Responses – Based on Individual School Votes</b>		
<b>Option</b>	<b>Number of Schools Supporting (of those who Returned a vote)</b>	<b>% of Schools Supporting (of those who Returned a Vote)</b>
1	10	17%
2	28	47%
3	20	34%
4	1	2%
<b>Total</b>	<b>59</b>	<b>100%</b>

<b>Consultation Responses – Based on Pupil Numbers represented by each Schools Vote</b>		
<b>Option</b>	<b>Number of Pupils Represented by Schools Supporting (of those who Returned a Vote)</b>	<b>% of Pupils within Schools Supporting (of those who Returned a Vote)</b>
1	8,000	32%
2	9,860	40%
3	5,975	24%
4	985	4%
<b>Total</b>	<b>24,820</b>	<b>100%</b>

**N.B.** Pupil numbers utilised are based on unvalidated October 2018 census returns (apart from 1 school where these figures are not yet available and therefore October 2017 census return pupil numbers have been utilised).

4.3 The responses clearly show that option 2 was the preferred option for the largest number of schools who responded, and for the largest number of pupils, and in line with this outcome this option is therefore recommended to Schools Forum as the basis of the local schools funding formula for 2019/20.

**5. Other Responses Received as Part of the Consultation**

5.1 Although the recommendation is based on the responses received from individual mainstream schools within Walsall (as it is these schools with which the local funding formula is utilised to allocate funding), responses were also received as part of the consultation from the following:

**Member of Parliament For Walsall North** – setting out the representations and concerns that had been raised with them with regard to option 1, and urging Schools Forum and Cabinet to reject that option.

**Walsall Association of Secondary Heads** – setting out their support for the principles contained within option 1.

**The Ladder Alternative Provision Free School** – setting out their support for option 1.

## **6. Schools Funding Formula**

6.1 Set out below is a brief summary of the factors included within the proposed funding formula for 2019/20:

### Age Weighted Pupil Unit (AWPU)

6.2 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. Under the operational guidance the ESFA insist on minimum AWPU rates per pupil of at least £2,000 for reception, key stage 1 and key stage 2 (Primary age) children, and £3,000 for key stage 3 and 4 (Secondary age) children.

### Deprivation

6.3 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). The updated regulations now also include the ability to allocate funding via an 'Ever 6' Free School Meals factor (which represents the number of pupils per school who have been eligible for free school meals at any point in the last 6 years). Previous work has highlighted that this composite measure should ensure that all schools experiencing deprivation will receive some funding to help them. DfE also allocate Pupil Premium funding outside of Walsall's formula to support deprivation, and this is also allocated utilising the 'Ever 6' Free School Meals measure.

### Lump Sum

6.4 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. The maximum lump sum allowable under the regulations is currently £175,000 per school.

### Low Attainment

6.5 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.

Looked After Children (LAC)

- 6.6 LAC pupils nationally have some of the lowest levels of educational attainment. To support schools that have LAC children, where they have supported them continuously for 6 months, the guidance allows authorities to provide an additional sum of money to reflect the additional costs that schools may therefore see. However with the implementation of the NFF from 2018/19 the funding previously associated with this factor has now been removed from DSG and will be paid to schools via the Pupil Premium grant. As such the local funding formula has set a value of £0 against this factor to take account of this change in funding stream nationally.

English as an Additional Language

- 6.7 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.

Business Rates

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

Split Sites

- 6.9 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

- 6.10 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.

- 6.11 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
- Post-16 – Not applicable as this can only be used where the authority had such a factor in 2015/16 (which Walsall did not)
- Pupil Mobility – Not used, however this measure allow 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).
- Sparsity – Not applicable as this factor is used to support schools in rural areas where there are on average smaller year groups.

**7. Financial implications**

- 7.1 As required under the DfE guidelines, the proposed local funding formula allocates all of the funding that Walsall Council receives within the Schools Block of its DSG to schools in Walsall.
- 7.2 Under the proposed formula no school will see a reduction in funding per pupil between the 2018/19 and 2019/20 financial year. If schools see fluctuations in pupil numbers between years 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).
- 7.3 Once the authority receives final details of its DSG allocation for 2019/20 a further review of proposed funding factor values may be required, under the delegations set out within the recommendations for the report, 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.

**8. Legal implications**

- 8.1 The DfE has prescribed the way in which schools should be financed for the 2019/20 financial year. These guidelines are set out in the Schools revenue funding 2019 to 2020 operational guide, and can be found at the following link:

<https://www.gov.uk/government/publications/pre-16-schools-funding-guidance-for-2019-to-2020>

- 8.2 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.

**9. School Improvement**

- 9.1 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.

**10. Members eligible to vote**

- 10.1 All elected members with voting rights are asked to note the outcome of the consultation exercise recommend the values set out in Appendix 1 to form the basis of the local Schools Funding Formula for 2019/20.

**Detail of funding formula allocation factors for 2019/20 with unit values based on  
Consultation Model 2**

Factor		Indicator / Criteria / Data		£ Unit / multiplier	
Basic Entitlement (AWPU) excluding distribution of one off surpluses	mandatory	October 2018 census		Primary	2,875.13
				Secondary	4,331.86
Deprivation - Primary	mandatory	via Free School Meal %		1,228	
		The IDACI score has been matched, by DfE, to pupil records where the pupil's postcode is known and then placed into six bands. Only pupils with an IDACI score above 0.2 can be funded.	0.2 < 0.25	Band F	200
			0.25 < 0.3	Band E	240
			0.3 < 0.4	Band D	360
			0.4 < 0.5	Band C	390
			0.5 < 0.6	Band B	420
			0.6 < 1	Band A	575
Deprivation - Secondary	mandatory	via Free School Meal %		1,473	
		The IDACI score has been matched, by DfE, to pupil records where the pupil's postcode is 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	290
			0.25 < 0.3	Band 2	390
			0.3 < 0.4	Band 3	515
			0.4 < 0.5	Band 4	560
			0.5 < 0.6	Band 5	600
			0.6 < 1	Band 6	810
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> – Total of EYFSP score mapped to census for pupils in years 1,2,3,4 &amp; 5.</p> <p>Yrs 1-2 the % pupils not achieving good level of development</p> <p>Yrs 3-5 the % pupils scoring below 78 points on EYFSP</p> <p><i>In secondary</i> – Total of pupils achieving level 3 or below in either English or Maths</p>		<p>Primary - 568</p> <p>Secondary – 838.50</p>	
Looked After Children	optional	Number of Looked After pupil as at March 2018 mapped to Jan '18 census.		0	

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English as Second Language	optional	Pupils whose language is not English and who appear on the school census for the first, second or third year.	515
Business Rates	optional	Rateable value of premises as at Jan.'18, with discretionary relief applied where appropriate.	0.493
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