

Final Mainstream Schools Funding Formula for 2019/20

16 January 2019

1. Purpose of report

- 1.1 Schools Forum endorsed, and Cabinet approved, the funding formula for mainstream primary and secondary schools for 2019/20 in December 2018. The DfE have now given details of the amount of Dedicated Schools Grant (DSG) that Walsall will receive in 2019/20. This has allowed the authority to carry out further analysis of the cost of applying the formula. This has shown that at the factor values that were approved in December there would be a variance between the funding (income) and the cost (expenditure) of applying the formula on the most recent pupil data. This report therefore sets out the actions taken and seeks Schools Forums view to ensure funding allocated to schools is in line with that available.
- 1.2 The Education and Skills Funding Agency (ESFA) requires the final submission of the 2019/20 Authority Pro-forma Tool (APT) by 19 January 2019. 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. The timescale for finalising the funding formula is tight, as has been the case in recent years, as the EFA only supplied the final DSG figures on 17 December 2018.

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 2019/20 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 B).
- 2.3 To endorse and recommend the formula (as set out at Appendix B), including the changes to funding factor values that are indicated above and 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 Following notification of the Dedicated Schools Grant (DSG) for 2019/20, financial analysis indicates that when comparing it to the current schools formula and unit resource values, the formula would not be affordable for 2019/20 as it would require more funding to be allocated than that received in the Schools Block. This report sets out the changes therefore required to the formula factor values 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 EFA 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) 2018/19 and 2019/20		
	2018/19 DSG £m	2019/20 @ Dec.'18 £m
Schools Block	204.813	209.028
High Needs Block (Incl. additional funding for 2018/19 and 2019/20 announced 17/12/18)	31.543	33.140
Early Years Block	20.364	20.366
Central Schools Services	1.332	1.375
Total DSG	257.349	263.910

- 3.4 Table 2 below shows the value of monies allocated to mainstream primary and secondary schools in 2018/19 (based on values shown in appendix A) and the expected allocations in 2019/20 (based on values shown in appendix B - incorporating the changes set out in the report below to funding factor values) and how expenditure is funded.

Table 2 – Mainstream Primary and Secondary School Funding 2018/19 (based on appendix A values) and 2019/20 (based on appendix B values)		
	2018/19 £m	2019/20 £m
Value of Funding to be allocated to schools	204.813	209.067
Funded By:		
Schools Block DSG	204.813	209.028
Central Schools Services Block	0.000	0.039
Support from High Needs block	0.000	0.000

4. 2019/20 Schools Funding Formula Pro-forma

- 4.1 Walsall's Schools Block Unit of DSG for 2019/20 was notified in late December 2018 and totals £209.028m (and increase of £4.2m from the 2018/19 total of £204.813m). The amount of funding attracted on the basis of numbers of pupils totals £206.163m, the value per primary pupil being £4,251 and £5,395 per secondary pupil. In addition Walsall has attracted pupil growth funding of £928k and £1.9m relating to premises costs.

- 4.2 As stated in paragraph 1.1 Schools Forum has previously endorsed the funding factors for the 2019/20 funding formula for mainstream primary and secondary schools, with the aim that units of resource for each factor would remain unchanged from 2018/19 (with the exception of business rates which uses the actual multiplier for the financial year) apart from the factor value for Prior Attainment which would be uplifted to invest any additional funding that was available within the overall Schools Block.
- 4.3 Validated pupil data from the October 2018 census confirms that funded pupil numbers show an increase over 2018/19 of 1.01%, in addition the number of pupils eligible for free school meals shows a marked increase of 12%.
- 4.4 Some £3.01m of the additional £4.2m confirmed 2019/20 Schools Block funding is therefore required to meet the increased costs in per pupil AWPU funding and FSM factors. In addition a further £478k is committed to the ongoing increases in reception places for several schools and an estimated further 105 new reception places that are assumed to be required from September 2019.
- 4.5 An increase of 2.8% in the number of secondary disadvantaged pupils has also resulted in an additional allocation of funding of £210k being required via IDACI band factors.
- 4.6 Other changes include an estimated 6% increase in the overall cost of business rates and an increase in the costs associated with the application of the minimum funding guarantee (which Schools Forum endorsed to be built in at 0%).
- 4.7 In the 2019/20 funding model, recommended by Schools Forum (following consultation) and approved by Cabinet, it had been hoped to increase Prior Attainment factor values from £500 for primary and £600 for secondary to £538 and £838.50 respectively. However given the other increases in costs set out at paragraphs 4.4 to 4.6 above this level of increase has not been possible.
- 4.8 It has, however, been possible to meet the cost a net 1% increase in the number of pupils identified as low attaining and target the remaining funding to Prior Attainment which has resulted in the ability to offer a small increase in the Prior Attainment factor values to £518 for primary and £622 for secondary.
- 4.9 It should also be noted that, as agreed at the December Schools Forum meeting, table 2 above also identifies a sum of £39,000, from the Central Schools Services Block, to be delegated via AWPU at 88p per pupil, to fund admissions appeals, thereby increasing the AWPU resource values when compared to 2018/19.
- 4.10 The proposed final funding formula values for 2019/20, incorporating the changes set out above, is shown at Appendix B, and it can be confirmed that these factor values would be affordable within the available Schools Block of DSG (with the associated £39k contribution from the Central Schools Services Block in relation to admission appeal costs).

5. Financial implications

- 5.1 After analysing the level of Dedicated Schools Grant (DSG) available for 2019/20 and the value of funding set out within the Schools Block, and comparing it to the updated formula and values set out in Appendix B, this report confirms the formula would be affordable for 2019/20.

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 2019/20 Authority Pro-forma Tool (APT) by 19 January 2019, in line with EFA requirements.

7. School Improvement

- 7.1 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.

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 2018 and seeks Schools Forums endorsement of the revised formula (as set out at Appendix B), 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.

Detail of funding formula allocation factors in use for 2018/19 with unit values

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 eligible numbers taken from autumn census	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 matched to Bands A to F can attract funding.	Band F	200
			Band E	240
			Band D	360
			Band C	390
			Band B	420
			Band A	575
Deprivation - Secondary	mandatory	via Free School Meal eligible numbers taken from autumn census	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 matched to Bands A to F can attract funding.	Band 1	290
			Band 2	390
			Band 3	515
			Band 4	560
			Band 5	600
			Band 6	810
Lump Sum		Maximum allowable	175,000	
Low Attainment	optional	EYFSP and Key Stage 2 results are used as indicators for low cost, high incidence SEN. In primary - pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP) In secondary: pupils in years 7 to 11 not reaching the expected standard in KS2 at either reading or writing or maths	Primary – 500 Secondary - 600	
Looked After Children	optional	Number of Looked After pupil as at March 2017	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 January 2018, 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

Final mainstream schools funding formula allocation factors for 2019/20

Factor		Indicator / Criteria / Data	£ Unit / multiplier	
Basic Entitlement (AWPU)	mandatory	October 2016 census	Primary	2,876.019
			Secondary	4,332.749
Deprivation - Primary	mandatory	via Free School Meal eligible numbers taken from autumn census	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 matched to Bands A to F can attract funding.	Band F	200
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			Band 4	560
			Band 5	600
			Band 6	810
Lump Sum		Maximum allowable	175,000	
Low Attainment	optional	EYFSP and Key Stage 2 results are used as indicators for low cost, high incidence SEN.	Primary – 518.37 Secondary – 622.004	
		In primary - pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP) In secondary: pupils in years 7 to 11 not reaching the expected standard in KS2 at either reading or writing or maths		

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Business Rates	optional	Rateable value of premises as at January 2019, 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 e.g. one for infant pupils and one for junior pupils, thus necessitating two reception & admin areas.	16,615
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