

Cabinet – 14 December 2022

Proposed Schools Local Funding Formula 2023/24

Portfolio: Councillor Statham, 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 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.

2. Summary

2.1 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.

2.2 The outcome of the consultation is set out in this report, and will also be reported to Schools Forum at its meeting on 6 December 2022, where, in line with the outcome of the consultation, School Forum members will be asked to support

option 5 (implement National Funding Formula rates in full) to form the basis of the 2023/24 funding formula and recommend that option to Cabinet.

- 2.3 As the Schools local funding formula will result in the Local Authority allocating funds to individual schools and this being the main funding source for school expenditure, the approval of the formula is a key decision.

3. Recommendations

Subject to outcome of the discussion of Walsall's Schools Forum at their meeting on 6 December 2022:

- 3.1 That Cabinet 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), and the recommendation from Schools Forum at its meeting on 6 December 2022.
- 3.2 That Cabinet approve funding option 5 to be used as the basis of the Schools Funding Formula for 2023/24, or identify another preferred basis from the options set out and consultation feedback provided.
- 3.3 That Cabinet notes that the Department for Education may request revisions to individual funding formula factor values on review of the October 2022 census.
- 3.4 That Cabinet delegates authority to the 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 relevant funding regulations for the 2023/24 Schools Funding Formula.

4. Report detail - know

Context

- 4.1 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.
- 4.2 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.
- 4.3 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.

- 4.4 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.
- 4.5 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

- 4.6 The consultation documents were sent to 104 mainstream Walsall schools, and responses were received from 69 schools, representing a response rate of 66%.
- 4.7 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.

- 4.8 The outcome of the consultation 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).
- 4.9 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.
- 4.10 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

- 4.11 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.

5. Council Corporate Plan priorities

- 5.1 The recommended 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.

6. Risk management

- 6.1 Where schools see fluctuations in pupil numbers (or changes in pupil characteristics) between 2022/23 and 2023/24 they will see an impact on final budgets that are allocated as they always have (and there will also be schools who gain from this process where pupil numbers have increased). Where schools do see a reduction in per pupil funding the authority will seek to provide guidance and support to them where they are experiencing difficulty managing the financial impact of that as and when required.

7. Financial implications

- 7.1 As required under the DfE guidelines, the recommended 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 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).
- 7.3 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.
- 7.4 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.

8. Legal implications

- 8.1 The Department for Education 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>

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

9. Procurement Implications/Social Value

9.1 None relating directly to this report.

10. Property implications

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

11. Health and wellbeing implications

11.1 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.

12. Staffing implications

12.1 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.

13. Reducing Inequalities

13.1 The implications for reducing inequalities have been taken into account and assessed as set out below.

13.2 When undertaking the consultation on the implementation of the NFF, Department for Education prepared an equality impact assessment. A copy of this is attached to this report.

13.3 With regard to equality implications the principles followed for allocating funding for 2023/24 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 whilst at the same time preparing schools for the ultimate transition to the NFF.

13.4 The recommended option for the 2023/24 schools funding formula takes account of all mandatory factors that have to be utilised. 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.

14. Consultation

14.1 Walsall Schools Forum have received a number of reports on the schools funding formula with a working group of members having met several times throughout the year to review the impact of alternate options which looked at changes to factor values set out within the report.

14.2 As set out in the report a full consultation exercise was also undertaken with all mainstream primary and secondary schools within Walsall to inform the final recommendation to form the basis of the 2023/24 formula.

15. Decide

15.1 The operational guidance provided by the Department for Education identifies the mandatory factors that must be utilised within the local funding formula. The options consulted on with Schools Forum, and through the full consultation exercise with all mainstream primary and secondary schools in Walsall, were therefore based on ensuring all mandatory factors were met, and the recommended option does meet these requirements.

16. Respond

16.1 Subject to approval of the recommendations and confirmation of the 2023/24 Dedicated Schools Grant in December 2022, 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 in January 2023.

16.2 A Budget Statement for each maintained school will then be published, confirming their budget share for 2023/24 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.

17. Review

17.1 Any further information releases by Department for Education in respect of the implementation date of full NFF will continue to be reviewed. Until the implementation of full NFF the process of determining a local funding formula will, for any given year, need to be decided by Cabinet, in consultation with Schools Forum, and the outcome of the full consultation exercise that has been undertaken will be utilised to inform that.

Background papers

Schools Forum Report 6 December 2022 – Proposed Schools Local Funding Formula 2023/24

Cabinet Report 18 October 2022 – proposed Schools Local Funding Formula 2023/24

Schools Forum Report 18 October 2022 – Proposed Schools Local Funding Formula 2023/24

ESFA – Schools revenue funding 2023 to 2024 operational guide

DfE NFF consultation [Implementing the direct national funding formula - government consultation.pdf](#)

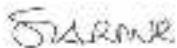
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Sally Rowe

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25th November 2022



Councillor Statham

Portfolio holder Education & Skills

01.12.2022

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%	