

Cabinet – 24 October 2018

Proposed Schools Local Funding Formula 2019/20

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: No

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 Central Government, in line with the commitment set out in its manifesto document, has begun the implementation of the schools National Funding Formula (NFF), 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).
- 1.3 This commenced from April 2018, with authorities informed in September 2017 that for 2018/19 and 2019/20 although allocations for each school would be calculated nationally by the Educations & Skills Funding Agency (ESFA) under the values associated with the NFF, these individual school level calculations would not be paid directly to schools and would instead be aggregated to calculate an allocation for each local authority – with each authority able to then still operate a local funding formula for each of those years.
- 1.4 In support of this a working group of Schools Forum members was set up to review the options available for revising and setting the local funding formula for 2018/19. The outcome of this working group was reported to Walsall Schools Forum at their meeting on 5 December 2017, and then on to Cabinet at their meeting on 13 December 2017, where Cabinet supported a formula that started to move the local

funding factor values toward those included within the NFF and which saw a more even share of gains resulting in all schools seeing an increase in their funding (assuming no change in pupil numbers or characteristics between 2017/18 and 2018/19).

- 1.5 These reports to Schools Forum and Cabinet also recommended that further work was undertaken during 2018/19 to identify additional changes that could be made to the local funding formula for 2019/20 to ensure schools were prepared for the full implementation of the NFF from 2020/21.
- 1.6 However in August 2018 the DfE confirmed that the full implementation of the NFF would now be moved back to 2021/22. As such the working group of Schools Forum members was reconvened to seek to identify the most appropriate methodology for setting the local funding formula for 2019/20, taking into account the additional time now available for transition.
- 1.7 The outcome of this working group will be reported to Walsall Schools Forum at their meeting on 17 October 2018, at which Schools Forum are recommended to support a proposed full consultation exercise with all mainstream primary and secondary schools in Walsall to determine the formula that will be utilised to distribute funding to mainstream schools and academies within Walsall for 2019/20.

2. Recommendations

Subject to outcome of the discussion of Walsall's Schools Forum at their meeting on 17 October 2018:-

- 1.1 That Cabinet approves that a full consultation exercise with all mainstream primary and secondary schools in Walsall is undertaken to determine the formula that will be utilised to distribute funding to mainstream schools and academies within Walsall for 2019/20.
- 2.2 That Cabinet notes that the outcome of this consultation will be reported back to Schools Forum at their meeting on 5 December 2018 for recommendation of a final funding formula to Cabinet at their meeting on 12 December 2018.

3. Report detail

- 3.1 The DfE undertook consultations in March 2016 and December 2016 regarding changes to the way that funding for Schools will be allocated nationally going forward, proposing a revision to the factors that can be utilised when then allocating this funding locally, and seeking to move to funding per school being calculated at a national level and allocated on that basis from April 2020 (but with the ability to still seek to operate a local funding formula for 2018/19 and 2019/20 in preparation for this).
- 3.2 The initial consultation and indicative allocations under the NFF showed that the majority of Walsall schools were at risk of losing funding from the implementation. However following feedback throughout the consultation process the final NFF proposals provided indicative allocations that sought to ensure that no school

would lose funding as a result of the introduction of the NFF (assuming no underlying changes in pupil numbers and characteristics between years).

- 3.3 Following this consultation the implementation of the NFF commenced in April 2018, with authorities informed in September 2017 that for 2018/19 and 2019/20 although allocations for each school would be calculated nationally by the Educations & Skills Funding Agency (ESFA) under the values associated with the NFF, these individual school level calculations would not be paid directly to schools and would instead be aggregated to calculate an allocation for each local authority – with each authority able to then still operate a local funding formula for each of those years.
- 3.4 The implementation of the NFF also saw a number of significant changes to the funding system for 2018/19 that were set out in the operational guidance that was released in September 2017. These impacted on the way that funding for mainstream schools would be allocated to Walsall. The biggest of these changes related to the position surrounding the Minimum Funding Guarantee (MFG). The MFG is the process that ensures that the funding individual schools receive does not decrease by more than an allowable value (which in past years has been set at minus 1.5% per pupil per pupil per year). This ensures that any schools that have lost funding through amendments to the formula have sufficient time to manage this change. This is funded through a cap on schools who have gained funding which therefore means that these schools potentially have to wait a number of years to see the full benefit of any increase in funding.
- 3.5 Whilst from 2018/19 local authorities are still be able to utilise an MFG in their local formulas they now have the flexibility to set a local MFG of between plus 0.5% per pupil (which would result in a guaranteed minimum increase in funding for all schools, subject to the totality of funds available within the Schools Block) and minus 1.5% per pupil. Local authorities can use this flexibility to offer higher levels of protection locally, but as above as the overall level of funding is limited any increased protection will need to be met by capping the level of gains at schools who are due to receive increases in funding.
- 3.6 To prepare for the implementation of the full NFF in 2020/21, for 2018/19 Cabinet supported a formula that started to move the local funding factor values toward those included within the NFF and which saw a more equitable share of gains resulting in all schools seeing an increase in there funding (assuming no change in pupil numbers or characteristics between 2017/18 and 2018/19), as shown in **Appendix 1**. Cabinet also supported the recommendation that further work was undertaken during 2018/19 to identify additional changes that could be made to the local funding formula for 2019/20 to ensure schools were prepared for the full implementation of the NFF in the following year.
- 3.7 However in August 2018 the DfE confirmed that the full implementation of the NFF would now be moved back to 2021/22. As such the working group of Schools Forum members was reconstituted to seek to identify the most appropriate methodology for setting the local funding formula for 2019/20, taking into account the additional time now available for transition.

NFF Indicative Allocations 2019/20

- 3.8 The DfE previously published indicative allocations per school for 2018/19 setting out the funding that each would receive under an NFF calculation assuming no underlying changes in pupil numbers and characteristics from 2017/18 to 2018/19. They have now also published these indicative allocations for 2019/20.
- 3.9 This showed that the move to the NFF would see funding for Walsall increase by circa £3.7m from 2017/18 to 2018/19, and by a further circa £2m for 2019/20 (prior to any amendments to funding relating to any increases or decreases in the overall number of pupils being supported). Based on this information it is clear that the move to an allocation of funding on a formulaic basis, informed by underlying need rather than historic spending patterns, proves to be beneficial to the overall level of funding available to support education within Walsall as a whole.
- 3.10 Although these indicative allocations show no school losing any funding on a per pupil basis under the NFF calculations, it should be noted that the actual level of Schools Block DSG that will be payable to Walsall Council for 2019/20, which is normally provided during the last week in December each year, will be based on the pupil numbers and characteristics set out within the Schools Census carried out during October 2018.
- 3.11 There are also a number of schools within Walsall where, due to increased need for places, the Council have completed expansions within the last 7 years which are not yet full in each year group (or where expansions are underway) and due to be in place for September 2019. This group of schools are therefore expected to see an increase in pupil numbers, above those contained within the October 2018 census, for the period September 2019 and March 2020.
- 3.12 As these pupils will not be in place when the October 2018 census is completed no funding will be provided to Walsall Council for them for 2019/20, but the local funding formula must recognise these additional children and seek to allocate funding for them. This must therefore be funded within the overall Schools Block of DSG that will be available.
- 3.13 The impact of the above meant that the Council could not seek to implement the NFF indicative allocations as the basis of its local formula in 2018/19 and as such alternate options were considered. However for 2019/20 the DfE have recognised this and have included a new allocation to each authority which seeks to identify and provide funding for potential 'growing schools' in each area. The inclusion of this factor does mean that the authority should be able to consider replicating the NFF for 2019/20 as one of the options to consider for the local funding formula.

Review of Options for a 2019/20 Local Funding Formula

- 3.14 The working group of Schools Forum members was reconvened to review the options available for revising and setting the local funding formula for 2019/20 with the aim of identifying the most appropriate option for distributing the total funds available to the authority to fund mainstream education in Walsall.

3.15 This group comprised a mixture of primary, secondary and governor representatives from both maintained and academy schools, with the group meeting in July, September and October 2018, to review and work through options.

3.16 The aims of the group were:

- i. To seek to offer some consistency of funding to schools across 2018/19 and 2019/20, to allow schools time to plan / prepare for the implementation of a 'hard' NFF from 2021/22.
- ii. To ensure that where schools do see a reduction in funding, on a per pupil basis, for 2019/20 compared to the local funding formula allocations calculated by the authority for 2018/19, the number of schools is kept at as low a level as possible and the value of reductions are at a manageable level.

3.17 With the above principles in mind the working group reviewed a number of options for implementing changes to the local funding formula for 2019/20. These models can be summarised as follows:

Model 1 – Keeping the Local Funding Formula factor values unchanged from 2018/19 to 2019/20, and include an MFG of 0%. Pupil numbers for growth in schools which have / will be expanded were adjusted in the modelling.

This would see budget allocations to all mainstream primary and secondary schools within Walsall for 2019/20 stay at the same level as those for 2018/19 (assuming no change in pupil numbers or characteristics).

However as the overall level of funding within the Schools Block is likely to increase by circa £2m (based on the indicative allocations provided by the DfE) this model would not allocate the totality of funding available – which is required within the operational funding guidance.

As such this model could not be utilised as the basis for the local funding formula for 2019/20 (additionally as the highest level of positive MFG that the authority can set is +0.5% per pupil, the full schools block funding cannot be allocated through amending just the MFG as even at this level the full indicative Schools Block funding is still not allocated in totality).

Model 2 – Seek to replicate the NFF in full within the Local Formula for 2019/20 (relevant values set out in Appendix 2).

With the addition of the growth funding factor by the DfE (referred to in paragraph 3.13 above) the authority could seek to move schools to the potential allocations they would see under the NFF in 2019/20 rather than 2021/22.

Whilst this would mean that all schools would see an increase in per pupil funding (assuming no changes in pupil characteristics) over the period between 2017/18 to 2019/20, it would mean that when comparing funding between 2018/19 and 2019/20 some schools would see a reduction in the overall level of funding (as the local formula chosen for 2018/19 did not replicate the NFF allocations per school for that year and in the main saw growth shared more evenly across all schools

rather than seeing some schools gaining the higher increases they would have seen under the NFF) - the result of therefore moving to the NFF allocations removes this outcome).

As a result this model would see would see 56% of mainstream primary and secondary schools within Walsall see a gain in their budget for 2019/20 compared to the local funding formula allocations calculated by the authority for 2018/19 (assuming no change in pupil numbers or characteristics), with a maximum gain of £349k and an average change for these schools of £37k.

Conversely 44% of schools would see a reduction in funding compared to the local funding formula allocations calculated by the authority for 2018/19 (assuming no change in pupil numbers or characteristics), with a maximum loss of £24k and an average loss of £11k.

The average movement across all schools in this model is a gain of circa £16k.

Model 3 – Seek a further incremental move of local factors towards those included within the NFF by investing the expected additional funding that will be received for 2019/20 (circa £2m as set out in paragraph 3.9) by amending the value applicable to Low Prior Attainment. This model also retained an MFG of 0%. Pupil numbers for growth in schools which have / will be expanded were adjusted in the modelling (relevant values set out in Appendix 3).

The local funding formula approved for 2018/19 started to move toward the NFF factor values by harmonising the factors values associated with IDACI in line with those included in the NFF, and also starting to increase the values associated with both Low Prior Attainment (LPA) and English as an Additional Language (EAL) toward those in the NFF. However the 2018/19 LPA rates for both primaries and secondary's, and the EAL rate for secondary's (though not primaries which was amended to 100% of the NFF rate) were still significantly below the values included within the NFF.

As such this option seeks to further move the local formula toward the NFF by investing the increased funding that is estimated to be available for 2019/20 into an additional increase in the LPA rates so that the rate for both primaries and secondary's included within the local funding formula would be circa 54% of that include within the NFF (which would fully utilise the additional funds that are estimated to be available for 2019/20).

This would see 86% of mainstream primary and secondary schools within Walsall gain, and the remaining 14% of schools see no change (due to the inclusion of the 0% MFG), to their budget for 2019/20 compared to the local funding formula allocations calculated by the authority for 2018/19 (assuming no change in pupil numbers or characteristics), with a maximum gain of £162k and an average gain across all schools of circa £16k.

Model 4 – Seek a further incremental move of local factors towards those included within the NFF by reducing the value applicable to Age Weighted Pupil Units (AWPU) to harmonise them with the NFF, and investing the

funding that this releases in to creating an Ever6 Free School Meals factor and setting this and the Free School Meals factor in line with the NFF rates.

This also allowed the value associated with English as an Additional Language for secondary schools to be set at the NFF level (in line with the primary rate) and a further investment in to the values applicable to Low Prior Attainment.

The NFF also incorporates a minimum per pupil funding amount overall – based on the total values associated with all pupil led factors (i.e. excluding any funding associated with lump sum, rates, exceptional factors). These are £3,500 per pupil for Key Stage (KS) 1 and 2, £4,600 per pupil for KS3 only schools, £5,100 per pupil for KS4 only schools, and £4,800 per pupil for KS3 & 4 schools. This option was included within this model.

This model included an MFG of 0% (and a cap on gains of 1.85% was required to fund this). Pupil numbers for growth in schools which have / will be expanded were adjusted in the modelling (relevant values set out in Appendix 4).

This model seeks to address the same issues described within Model 3 by implementing a further movement of local rates toward those set out in the NFF. However rather than just seeking to invest the additional funds that are estimated to be available it seeks to reduce the AWPU values to those included within the NFF and utilise the funding that this releases to invest in other factors.

This allows the creation of an Ever6 Free School meals factor, and fro the value associated with that and the current Free School Meals factor to be aligned to those within the NFF.

The value associated with EAL for secondary schools was harmonised to 100% of the NFF rate (in line with the harmonisation already seen for the primary EAL rate) with the remaining funding then invested into the LPA rates so that the rate for both primaries and secondary's included within the local funding formula would be circa 79% of that include within the NFF.

Finally the model also incorporated the minimum per pupil funding rates set out within the NFF – these are based on the total values associated with all pupil led factors (i.e. excluding any funding associated with lump sum, rates, exceptional factors), and are set at £3,500 per pupil for Key Stage (KS) 1 and 2, £4,600 per pupil for KS3 only schools, £5,100 per pupil for KS4 only schools, and £4,800 per pupil for KS3 & 4 schools. This option was included within this model.

This would see 65% of mainstream primary and secondary schools within Walsall gain, and the remaining 35% of schools see no change, to their budget for 2019/20 compared to the local funding formula allocations calculated by the authority for 2018/19 (assuming no change in pupil numbers or characteristics), with a maximum gain of £110k and an average gain across all schools of circa £16k.

Model 5 – Seek a further incremental move of local factors towards those included within the NFF by reducing the value applicable to Age Weighted Pupil Units to the average between the 2018/19 rates and the NFF rates, and

investing the funding that this releases in to creating an Ever6 Free School Meals factor and setting this and the Free School Meals factor in line with the NFF rates.

This also allowed the value associated with English as an Additional Language for secondary schools to be set at the NFF level (in line with the primary rate) and a further investment in to the values applicable to Low Prior Attainment.

This model also included the minimum per pupil funding amounts included in model 4.

This model included an MFG of 0% (and a cap on gains of 2.19% was required to fund this). Pupil numbers for growth in schools which have / will be expanded were adjusted in the modelling (relevant values set out in Appendix 5).

This model focuses on the same principles as model 4, however it does not reduce the AWPU values completely to those within the NFF, and instead moves them half way between their current value and the NFF values.

This releases less funding overall, therefore whilst most areas of investment set out within model 4 can be made (Ever6 Free School Meals, Free School Meals rate, Secondary EAL rate) the LPA rates can only be increased to 58% of those included within the NFF (rather than the 74% achieved in model 4).

Again this model also incorporated the minimum per pupil funding rates set out within the NFF – these are based on the total values associated with all pupil led factors (i.e. excluding any funding associated with lump sum, rates, exceptional factors), and are set at £3,500 per pupil for Key Stage (KS) 1 and 2, £4,600 per pupil for KS3 only schools, £5,100 per pupil for KS4 only schools, and £4,800 per pupil for KS3 & 4 schools. This option was included within this model.

This would see 56% of mainstream primary and secondary schools within Walsall gain, and the remaining 44% of schools see no change, to their budget for 2019/20 compared to the local funding formula allocations calculated by the authority for 2018/19 (assuming no change in pupil numbers or characteristics), with a maximum gain of £131k and an average gain across all schools of circa £16k.

Primary / Secondary Funding Ratio Split

3.18 With regard to Models 2, 3, 4 and 5 the funding ratio split between primary and secondary schools was also reviewed for each – this showed the following:

- The current 2018/19 funding formula allocates funding at a ratio of 1:1.238 between primary and secondary schools, reflecting the greater cost of supporting students at the higher levels of educational attainment.
- Model 2 would see a ratio of 1:1.288 - although it should be noted that as this model is based on the NFF this split of funding would be in line with that which government would determine as the preferred level
- Model 3 would see this ratio change to 1:1.249
- Model 4 would see a ratio of 1:1.246

- Model 5 would see a ratio of 1:1.264

Recommended Model and Rationale

- 3.19 Model 1 is not able to be progressed as it does not allocate all Schools Block funding (which is required within funding guidelines).
- 3.20 With regards to the other models set out, Schools Forum have recommended that Cabinet consider and support a full consultation exercise with all mainstream primary and academy schools in Walsall able to vote on their preferred methodology to form the basis of 2019/20 formula.
- 3.21 If supported it is recommended that this consultation runs for a period of 4 weeks from the date of the Cabinet meeting on 24 October 2018, and would therefore close on 21 November 2018.
- 3.22 The consultation will provide a copy of this report, details of each model, the current funding factor values in use for 2018/19 and those that each model would result in (appendices 1 – 5 of this report), and the total budget value attributable to each individual school that each model would result in (based on the October 2017 census data – to ensure like for like comparison to calculated 2018/19 budgets).
- 3.23 The outcome of this consultation would be reported back to Schools Forum at their meeting on 5 December 2018 for recommendation of a final funding formula to Cabinet at their meeting on 12 December 2018.
- 3.24 Cabinet should note that the DfE guidelines require formal consultation with all schools to be undertaken where any new factors are to be added in to the formula (which would be required under options 2, 4 and 5 – as all of these models would add a new Ever6 factor to the formula). However, whilst the guidelines require Schools Forum to recommend an option with regard to the schools funding formula, the formal approval rests with Cabinet, and as such if Cabinet were not minded to support a consultation and instead were supportive of progressing with model 3 at this point (which does not add any new factors in to the formula) they could seek to approve model 3 at this stage without the need for a formal consultation.
- 3.25 It must also be noted that any formula that is agreed will only apply to mainstream schools and academies (as those providers who support children with additional needs e.g. special schools / pupil referral units, and also early year's providers are subject their own funding arrangements).

4. Schools Funding Formula

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

Age Weighted Pupil Unit (AWPU)

- 4.2 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

- 4.3 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

- 4.4 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

- 4.5 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)

- 4.6 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 for 2018/19 set a value of £0 against this factor to take account of this change in funding stream nationally.

English as an Additional Language

- 4.7 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

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

Split Sites

- 4.9 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

- 4.10 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.

- 4.11 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.

5. Council Corporate Plan priorities

- 5.1 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.

6. Risk management

- 6.1 The DfE, 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. The models considered for Walsall Council's proposed funding formula for 2019/20 either continue to provide the maximum allowable lump sum or the lump sum included within the NFF. This ongoing lump sum commitment should continue to provide support to allow smaller schools time to manage these impacts.

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 The different models that will be consulted on will provide details of the potential individual per school impact. 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. Property implications

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

10. Health and wellbeing implications

- 10.1 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.

11. Staffing implications

- 11.1 The different models that will be consulted on will provide details of the potential individual per school impact. Where the models see any school suffer a budget reduction Finance officers will continue to work with and support any schools that

do experience financial difficulties so that they can plan the most appropriate way in which to manage these changes.

12. Reducing inequalities

- 12.1 When undertaking the consultation on the implementation of the National Funding Formula, DfE prepared an equality impact assessment. A copy of this is attached to this report.
- 12.2 With regard to equality implications the principles that were followed when reviewing different models for allocating funding for 2019/20 are set out within the report, which were based on seeking consistency of funding between years, and to limit any financial impact to as small a value and number of schools as possible.
- 12.3 The current, and proposed 2019/20, 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. The funding associated with Looked After Children will now be allocated via the Pupil Premium grant, and the factor value associated with this within the local funding formula has therefore been reduced to £0. 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.

13. Consultation

- 13.1 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.

Background papers

Schools Forum Report 17 October 2018 – Proposed Schools Local Funding Formula 2019/20

Cabinet Report 13 December 2017 Schools Funding Formula 2018/19

Schools Forum Report 5 December 2017 – Proposed Local Funding Formula 2018/19

Schools Forum report 19 September 2017 – update on Mainstream Schools Funding Formula 2018/19

DfE consultations in March and December 2016 regarding changes to the way that funding for Schools will be allocated nationally going forward

Cabinet Report 26 October 2016 Schools Funding Formula 2017/18

Schools Forum report 11 October 2016 Schools Funding Formula 2017/18

Cabinet Report 28 October 2015 Schools Funding Formula 2016/17

Schools Forum report 13 October 2015 Schools Funding Formula 2016/17

Cabinet Report 29 October 2014 Schools Funding Formula 2015/16

Schools Forum report 23 September 2014 Dedicated Schools Grant – Fairer Schools Funding and Dedicated Schools Grant – Walsall’s funding formula

Schools Forum report 8 April 2014 – National Fair Funding Formula

Schools Forum report 11 June 2013 – Schools Funding Formula (includes comparison details with other local funding formulas)

Schools Forum report 9 July 2013 – Schools Funding Formula

ESFA – “School funding reform: Next steps to a fairer system” published on 26 March 2012

ESFA – “Review of 2013-14 School Funding arrangements” February 2013
David Laws written ministerial statement on school funding reforms – 4 June 2013

ESFA – Schools revenue funding 2019 to 2020 operational guide

Author

Lloyd Haynes
Senior Finance Manager
☎ 01922 652340
✉ lloyd.haynes@walsall.gov.uk



Sally Rowe
Executive Director
12 October 2018



Councillor Towe
Portfolio Holder
12 October 2018

Detail of current 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 %		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 & 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 - 500</p> <p>Secondary - 600</p>	
Looked After Children	optional	Number of Looked After pupil as at March 2018 mapped to Jan '18 census.		0	

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

Detail of potential funding formula allocation factors for 2019/20 with unit values based on Model 2 – NFF rates

Factor		Indicator / Criteria / Data		£ Unit / multiplier	
Basic Entitlement (AWPU) excluding distribution of one off surpluses	mandatory	October 2018 census		Primary	2,756.09
				Secondary	KS3 – 3,875.44 KS4 – 4,400.34
Deprivation - Primary	optional	Via Ever6 Free School Meal %		540	
	mandatory	via Free School Meal %		440	
		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	optional	Via Ever6 Free School Meal %		785	
	mandatory	via Free School Meal %		440	
		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		110,000	
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 & 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>Primary – 1,022</p> <p>Secondary – 1,550</p>	

		<i>In secondary</i> – Total of pupils achieving level 3 or below in either English or Maths	
Looked After Children	optional	Number of Looked After pupil as at March 2018 mapped to Jan '18 census.	0
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.	Primary – 515 Secondary – 1,385
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

Detail of potential funding formula allocation factors for 2019/20 with unit values based on Model 3

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 & 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	

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

Detail of potential funding formula allocation factors for 2019/20 with unit values based on Model 4

Factor		Indicator / Criteria / Data		£ Unit / multiplier	
Basic Entitlement (AWPU) excluding distribution of one off surpluses	mandatory	October 2018 census		Primary	2,756.09
				Secondary	KS3 – 3,875.44 KS4 – 4,400.34
Deprivation - Primary	optional	Via Ever6 Free School Meal %		540	
	mandatory	via Free School Meal %		440	
		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	optional	Via Ever6 Free School Meal %		785	
	mandatory	via Free School Meal %		440	
		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 & 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>Primary – 829.50</p> <p>Secondary – 1,224.50</p>	

		<i>In secondary</i> – Total of pupils achieving level 3 or below in either English or Maths	
Looked After Children	optional	Number of Looked After pupil as at March 2018 mapped to Jan '18 census.	0
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.	Primary – 515 Secondary – 1,385
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

Detail of potential funding formula allocation factors for 2019/20 with unit values based on Model 5

Factor		Indicator / Criteria / Data		£ Unit / multiplier	
Basic Entitlement (AWPU) excluding distribution of one off surpluses	mandatory	October 2018 census		Primary	2,815.61
				Secondary	KS3 – 4,103.65 KS4 – 4,366.10
Deprivation - Primary	optional	Via Ever6 Free School Meal %		540	
	mandatory	via Free School Meal %		440	
		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	optional	Via Ever6 Free School Meal %		785	
	mandatory	via Free School Meal %		440	
		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 & 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>Primary – 611.10</p> <p>Secondary – 902.10</p>	

		<i>In secondary</i> – Total of pupils achieving level 3 or below in either English or Maths	
Looked After Children	optional	Number of Looked After pupil as at March 2018 mapped to Jan '18 census.	0
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.	Primary – 515 Secondary – 1,385
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