

## **Cabinet – 12 December 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:** Yes

#### **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 will also be reported to Schools Forum at its meeting on 5 December 2018 at which, in line with the outcome of the consultation exercise, they are asked to support option 2 to form the basis of the 2019/20 funding formula and recommended that formula to Cabinet.
- 1.4 As the Schools local funding formula will result in the Local Authority allocating funds to individual schools, and those schools utilising this for expenditure which will be significant, the approval of the formula is a key decision

#### **2. Recommendations**

Subject to outcome of the discussion of Walsall's Schools Forum at its meeting on 5 December 2018:-

- 2.1 That Cabinet notes the outcome of the consultation exercise and approves the Schools Funding Formula (**Appendix 1**) that was recommended by Walsall's Schools Forum at its meeting on 5 December 2018.
- 2.2 That Cabinet notes that the Department for Education may request revisions to the school funding formula and that values attributed in the formula may need to change once the Department for Education review the October 2018 census data.
- 2.3 Cabinet delegates authority to the Director of Children's Services in consultation with the Portfolio Holder for Children's Services and Education to alter or amend the formula in line with Department for Education requirements and to comply with all and any relevant Department for Education regulations for the 2019/20 Schools Funding Formula.

### **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 its meeting on 17 October 2018, and Cabinet at its 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. Council Corporate Plan priorities**

- 7.1 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.

## **8. Risk management**

- 8.1 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 model recommended for Walsall Council's proposed funding formula for 2019/20 continues to provide the maximum allowable lump sum or the lump sum. This lump sum commitment should continue to provide support to allow smaller schools time to manage these impacts.

## **9. Financial implications**

- 9.1 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.

- 9.2 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).
- 9.3 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.

## **10. Legal implications**

- 10.1 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>

- 10.2 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.

## **11. Property implications**

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

## **12. Health and wellbeing implications**

- 12.1 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.

## **13. Staffing implications**

- 13.1 The different models that will be consulted on will provide details of the potential individual per school impact. Where any school suffers 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.

## **14. Reducing inequalities**

- 14.1 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.

- 14.2 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.
- 14.3 The 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.

## **15. Consultation**

- 15.1 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.
- 15.2 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 basis of the 2019/20 formula.

## **Background papers**

Schools Forum Report 5 December 2018 – Proposed Schools Local Funding Formula 2019/20

Cabinet Report 24 October 2018 – Proposed Schools Local Funding Formula 2019/20

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

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3 December 2018



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3 December 2018



**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>		Primary - 568	Secondary – 838.50
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		515	

		school census for the first, second or third year.	
<b>Business Rates</b>	optional	Rateable value of premises as at Jan.'18, with discretionary relief applied where appropriate.	0.493
<b>Split Site – fixed sum</b>	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
<b>Premise Rental</b>	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