

School Funding Formula Review - Document for Consultation (Primary, All age and Secondary)

(Dates: 7 November – 1 December 2023)

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Summary of proposed changes

This formula review consultation is asking for your views on the following areas:

- A. Changes to the way the formula distributes **notional ALN funding** in both the Primary and Secondary phase mainstream formulae.
- B. Changes to the way the formula distributes funding based on a factor for **deprivation** in both the Primary and Secondary phase mainstream formulae.
- C. Changes to the way the formula distributes funding for **premises** in both the Primary and Secondary phase mainstream formulae.

1. Background

- 1.1. The Schools Funding (Wales) Regulations 2010 stipulate that a local authority must determine the formula which they will use to allocate the Schools Delegated Budget to determine individual schools' budget shares for each financial year. These regulations also state that the local authority must consult with the Schools Forum and every governing body and headteacher of every maintained school "about any proposed changes to the factors and criteria which are taken into account or the method, principles and rules which were adopted in their formula" in the preceding

financial year. Consultation must take place in sufficient time to allow the outcome to be taken into account in the determination of the authority's formula and in the initial determination of schools' budget shares, although the final decision on any changes to the formulae rests with the Council's Cabinet.

- 1.2. The local authority must have regard to the desirability of such a formula being simple, objective, measurable, predictable in effect and clearly expressed.
- 1.3. The integrity of the funding formulae is dependent upon the quality of the data used. Data quality can be measured using six dimensions¹:
 - **Completeness** – all records that should be included are included;
 - **Uniqueness** – there is no duplication in records;
 - **Consistency** – consistent source and consistent with other records;
 - **Timeliness** – the degree to which the data is an accurate reflection of the period they represent and that the data and its values are up to date;
 - **Validity** – where the data fits within the expected criteria;
 - **Accuracy** – free from error, influence or bias, objective;
- 1.4. For the purposes of funding distribution, it is also important to ensure that the data used are:
 - **Objective** – accurate, free from error or manipulation, unbiased;
 - **Robust** – can tolerate variations in its collection, is resistant to errors, re-usable and can be updated;
 - **Current** – is the most up-to-date data available;
 - **Representative** – represents the characteristics that influences the need to spend and therefore adequately reflects the relative need to spend
- 1.5. The data used also needs be drawn from sources that are both reliable, stable and can be replicated easily on an annual basis without the need for multiple manual data entry, manipulation or cleansing.
- 1.6. The funding formulae used to distribute the schools delegated budget to all Powys schools have been fundamentally reviewed over the last two years, moving to an age weighted funding amount per learner plus a notional ALN element for mainstream schools and a band-led amount per learner for special schools, supplemented by specific top ups for certain defined unique factors. These funding formulae will be fully implemented for the financial year 2024-25, when the phasing-in of the primary phase and special school formulae is completed.
- 1.7. The funding formulae will continue to be reviewed on an ongoing basis to ensure that they continue to provide a transparent and equitable distribution methodology for the funding delegated to schools. The formulae should underpin the local authority's vision for the education of its school learners, as set out in the Strategy for Transforming Education in Powys 2020-2032, with learner entitlement at its core, aiming to:
 - Create a **more equitable provision for all learners** across Powys

¹ [The Government Data Quality Framework - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/frameworks/data/government-data-quality-framework)

- **Support the aspirations of the transformation programme**
- **Support all learners** including helping **offset the effects of disadvantage**
- **Support a collaborative schools' community** which offers effective professional learning to facilitate the self improving system.
- **Support inclusion and bilingualism, and promote access to excellence for all learners.**

2. Priority areas for review in 2023

2.1. There were three main priorities for the formula review work in 2023:

- Reviewing the way in which the notional funding for Additional Learning Needs (ALN) is distributed to all mainstream schools;
- Reviewing the way in which the mainstream school funding formulae takes account of factors related to deprivation and disadvantage; and
- Reviewing the way in which the school formulae for all mainstream school sectors distributes funding for premises, including utilities.

2.2. The proposals on which we are consulting are intended to support the learner-led formulae whilst also maintaining a fair, equitable and inclusive provision for learners across Powys. They also aim to reflect the current legislative and economic changes, and the impact these are having on schools' relative need to spend.

2.3. These proposals apply to all mainstream primary, secondary and all-age schools within Powys.

2.4. It is important that any proposals do not destabilise schools' finances, particularly in the current public sector finance environment. To this end, it may be considered prudent to introduce any changes on a phased implementation to minimise this risk. It should also be noted that should any of the proposals require additional funding, then implementation will not commence until sufficient funding for full implementation has been identified.

3. Over-arching methodology

3.1. The Formula Review Group (FRG) for 2023 was established with a range of Council officers and stakeholders from across the schools' sectors. The group has met on two occasions, in July and September 2023 to review the existing formula and develop proposals for consultation.

3.2. Between meetings, officers undertook detailed work on the areas for review and proposals to be considered, bringing that work back to the FRG for discussion. Comparisons with funding formulae from other Welsh authorities were also undertaken.

4. Amending the Notional ALN funding: Mainstream Schools

4.1. Context

- 4.1.1. The distribution of the notional ALN funding for mainstream schools is driven by the need to create a fair and inclusive educational system that better supports learners with ALN, ultimately leading to improved educational outcomes and broader social and behavioural benefits.
- 4.1.2. Funding for ALN is often criticised for being insufficient to meet the diverse needs of learners with ALN in mainstream schools. It is highlighted that the lack of funding equity can result in educational inequalities and hinder the ability of schools to provide adequate support to meet the needs of their most vulnerable learners. It is expected that all schools be inclusive learning environments, and it is widely understood that the most appropriate place for learners with ALN is in their local schools with peers from their community. The notional ALN funding within the schools funding formulae needs to align with the goals of inclusion. There is a rising prevalence in the identification and in some cases diagnoses, of ALN. It is crucial that there is equity of notional ALN funding across mainstream schools that is based on the prevalence of ALN within those schools.
- 4.1.3. The introduction and implementation of the Additional Learning Needs and Education Tribunal (Wales) Act, 2018 and corresponding ALN Code, 2021 has provided agencies, including schools and the authority, with a prescriptive road map for supporting learners that have ALN. The Act ensures that the learner and their family are at the centre of all discussions and decisions made regarding support and provision. It also gives statutory responsibility to schools to maintain an integrated plan – called an Individual Development Plan (IDP), that clearly defines the ALN needs that a learner has, and subsequent Additional Learning Provision (ALP) needed to support that ALN. It is the responsibility of a school to provide the ALP listed within the School IDP. Where a learner has more complex ALN needs, they will be provided with a Local Authority (LA) IDP. The code stipulates that schools must support the local authority to provide any ALP listed within the LA IDP.
- 4.1.4. The Covid-19 pandemic has had far-reaching implications across various aspects of society, and notably, there has been a significant increase in the number learners with ALN and the complexity of those needs. As the world adapted to the challenges of the pandemic, learners with diverse additional learning needs faced unique challenges. Many ALN learners were unable to access vital support services such as speech and language therapy, occupational therapy, and counselling, leading to regression in their progress. Learners with ALN (and many other learners) experienced heightened stress and anxiety, exacerbating emotional and behavioural challenges. Learners with social and communication challenges, including children that had not yet begun statutory age schooling, suffered due to the lack of in-person social interaction during the lockdowns and this has had a detrimental effect on their development.
- 4.2. The current formula methodology for notional ALN funding
- 4.2.1. The current mainstream primary phase formula allocates the notional ALN funding (totalling £1 million) to mainstream primary schools and the primary phases of all age schools based on the following proxy indicators using three-year averages of the current academic year and the previous 2 years.

- Learners on the Special Educational Needs (SEN) / ALN Register (80% / £800,000)
 - Learners entitled to Free School Meals (eFSM) (20% / £200,000)²
- 4.2.2. Where schools close, the notional ALN and band led funding based on the learners at the closing schools is allocated to the school that receives the learners.
- 4.2.3. The current secondary phase formula allocates notional ALN on the following bases:
- ALN Lump sum – 1 full time equivalent (FTE) Additional Learning Needs Coordinator (ALNCo) and 1 FTE pastoral teaching assistant (TA) support, totalling £1.2m . There are no proposals to change this element of the secondary phase formula.
 - “First class of 15” funding includes £1.536 million of notional ALN funding – each year group in each stream and on each site that has 16 or more learners is funded for an initial teacher-learner ratio of 1 FTE teacher to 15 learners. The total funding distributed through this element of the formula amounts to £3.007 million, of which £1.536 million was the notional ALN funding used to fund the “First class of 15” and £1.471 million was general schools delegated funding, including disadvantaged learners.
- 4.2.4. In addition to this formula-led notional ALN funding, some learners with ALN also draw in band-led funding, provided to the school to supplement formula funding. This is drawn from the “ALN Retained” budget which totals £1.670 million.
- 4.2.5. In exceptional circumstances, where a school has evidenced that they have appropriately utilised their existing delegated ALN funding, they may apply to the local authority for ‘exceptional funding’. This is done by the school submitting a referral into the local authority containing a pen portrait of the learner that needs additional resources to support their learning, and a detailed plan of expenditure on ALN. Exceptional resources are normally time limited and one off.
- 4.2.6. In addition to the Notional ALN funding distributed in this way, for primary schools with specialist centres, the learners in those centres are included within their overall learner numbers at a rate of 50% to allow for re-integration. This is not the case for secondary phase schools with specialist centres.
- 4.3. The case for change
- 4.3.1. By changing the methodology for distributing notional ALN funding to schools and delegating the majority of funds, there are benefits for all stakeholders and the potential to reduce the long term societal and financial costs associated with learners who may struggle without early intervention and consequent proper support.
- 4.3.2. There are numerous advantages for schools associated with the adoption of the proposed methodology for delegating ALN funding.

² Deprivation related factor as required by the School Funding (Wales) Regulations 2010

- **Local Autonomy:** It allows schools to have more control over their budget, enabling them to tailor support and resources specific to the needs of their ALN learners.
- **Responsiveness:** Schools can respond more quickly to the changing needs of ALN learners, ensuring timely interventions and support.
- **Accountability:** Delegation of the majority of the ALN funding can enhance transparency and accountability. Schools will be responsible for managing their resources effectively and be able to demonstrate the impact of their ALN spending.
- **Customisation:** Schools can allocate ALN funds based on the unique requirements of their learners, which can lead to more personalised support and services.
- **Resource Allocation:** Delegation of the majority of ALN funding can lead to more efficient resource allocation, reducing administrative overheads and ensuring that funds are directed towards provision and support for ALN learners needs in schools.
- **Empowerment:** It enables school leaders and staff to make decisions that benefit their ALN learners in their school to ensure learners receive the right support to reach their full potential.
- **Equity:** Schools can address the specific needs of their ALN population, potentially reducing disparities in access to resources and support.

4.3.3. The Additional Learning Needs and Education Tribunal (Wales) Act 2018 and the Additional Learning Needs Code for Wales 2021 which came into force on 1 September 2021 introduced 3 new categories for ALN:

- Universal Learning Provision (ULP)
- School Individual Development Plans (School IDPs)
- Local Authority Individual Development Plans (LA IDPs)

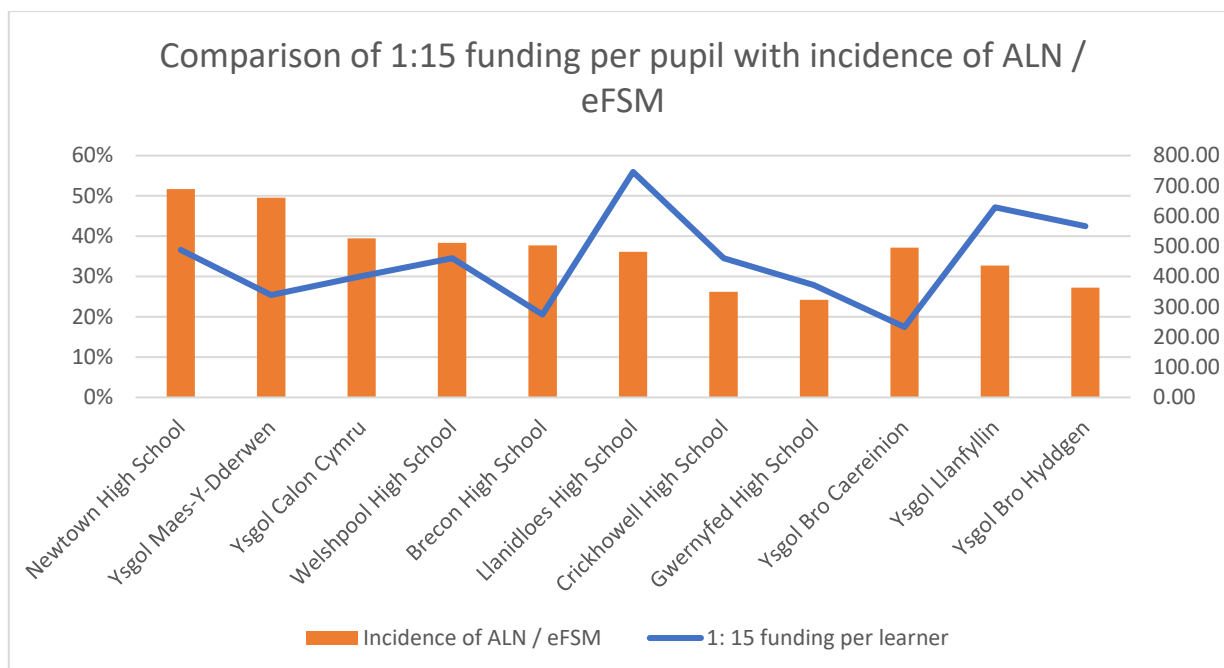
4.3.4. Powys County Council invested in a new online system, called TYFU³, that enables all settings, schools and the council to create and update records and plans for learners with ALN. A phased roll-out programme was developed to allow for a timely transition of existing learners' details onto TYFU while ensuring that all new were entered directly to TYFU, in line with Welsh Government directives regarding the implementation of the ALN Act. The timeline for converting learners to the new ALN system is set out in the table below.

Spring and summer terms, school year 2021 to 2022	Nursery Years 1 or 2, Year 1, Year 3, Year 5, Year 7 and Year 10
School year 2022 to 2023	Learners with provision via school action/school action plus: Any learner who were in Nursery, Year 1, Year 3, Year 5, Year 7 and Year 10 in 2021/22 who were not moved to the ALN system

³ [New inclusion platform launched for children with additional learning needs - Powys County Council](#)

	during 2021/22. Learners with provision via statements: Nursery, Reception, Year 6, Year 10 and Year 11.
School year 2023 to 2024	Learners with provision via school action/school action plus: Nursery, year 2, Year 4, Year 6, Year 8 and Year 10 Learners with provision via statements: Year 2, Year 3, Year 4, Year 5, Year 6, Year 8, Year 9 and Year 10.

- 4.3.5. In preparation for the changes proposed below, a request was issued to all schools to update Tyfu for the ALN status for all their ALN learners by the end of the Summer term 2023, while the transfer of their full details could continue in line with the phased implementation.
- 4.3.6. To reduce the administrative burden on schools, there was no expectation the schools would continue to update the data relating to the SEN register on the TeacherCentre system. This means that the quality of the data relating to learners on the SEN / ALN register, currently used within the primary phase formula cannot be guaranteed.
- 4.3.7. The “First class of 15” methodology does not cater for the variation between individual schools in the range of challenges that the secondary sector faces in meeting the diverse range of needs of ALN learners. The number and diversity of needs of ALN learners has significantly increased, including a range of neuro-diverse conditions like autism, ADHD and Tourette’s and significant emotional and behavioural difficulties. The school must adapt to meet the demands of the needs of their ALN learners, and the “First class of 15” methodology does not provide sufficient flexibility to be able to respond to individual and cohort needs. To be inclusive, secondary schools need to adapt their curriculum and corresponding learning materials, classroom environments and teaching strategies to support their learners with ALN. Transition from the primary sector to secondary is particularly challenging for ALN learners. This includes integration into the new learning environment and managing the social and emotional experiences, which may lead to social isolation or stigma. This can impact on their overall wellbeing and educational experience.
- 4.3.8. The chart below compares the funding per pupil distributed through the “First class of 15” methodology to the incidence of ALN and eFSM within secondary schools in Powys. It clearly demonstrates that the pattern of funding does not follow the pattern of need. It should be noted that the incidence of ALN used in the chart does not reflect the complexity of ALN needs within each school. Detailed statistics for individual secondary phase schools are shown in Appendix A.



4.3.9. The distribution mechanism for notional ALN in the primary and secondary formulae need to be aligned and based on the same proxy indicators to ensure equity for all and a continuum of support across their educational career. Aligning primary and secondary funding formulae and basing them on the same proxy indicators can offer several advantages:

- **Equity:** It will promote a more equitable distribution of resources, ensuring that both primary and secondary schools receive funding based on similar criteria, which can be used to target the specific needs of learners, reducing disparity in quality and level of support. Schools that have high levels of learners with ALN will receive higher levels of funding, irrespective of which phase of education the learners are in to enable them to provide the necessary interventions and support
- **Consistency:** Using the same proxy indicators for both phases of education creates a consistent and transparent funding system, making it easier for headteachers to understand and manage resources.
- **Targeted Support:** Common proxy indicators can help identify specific needs across a learners'/cohort's entire educational journey, allowing for more targeted support and interventions throughout a learners' schooling.
- **Efficiency:** Aligning funding formulas simplifies administrative processes leading to more efficient resource allocation.
- **Accountability:** A consistent approach to funding can enhance accountability as it becomes easier to evaluate the effectiveness and impact of investments in ALN resources based on common indicators.
- **Learner Transitions:** When funding is aligned, the transition from primary to secondary education can be smoother for ALN learners, as the same criteria are used to allocate resources and enabling resources to 'transfer' with a learner, wherever they go.

- 4.3.10. Aligning the proxy indicators and methodology in this way also means that the adjustment of 50% for learner numbers in specialist centres needs to be applied to secondary phase schools.
- 4.3.11. The authority holds an “ALN Retained” budget which is used to provide the existing band-led funding to schools as well as any new band-led funding required. Distribution of further funding from the “ALN Retained” budget is based on schools making referrals, through TYFU, to the Powys Inclusion Panel (PIP), with a decision being made at the subcommittee - the Extraordinary Resources Panel (ERP). This process can be labour intensive for both the school and authority officers and can take time to complete. PIP will remain as the forum for discussion regarding ALN support and guidance for schools. Exceptional resources panel (ERP) will no longer be required as schools will have the decision-making power around their ALN delegated funding and how they provide support to their ALN learners from that.
- 4.3.12. School funding is further supported by grants, many of which use formulae that incorporate elements of PLASC data. It is essential that all schools ensure that ALN data on school MIS systems and submitted in statutory data returns is fully reflective of individual learners needs and appropriately captures whether they have a school level or LA IDP. Incorrect data could result in incorrect allocations.

4.4. Proposals for change

- 4.4.1. Senior managers within the local authority have liaised with colleagues within other local authorities to gain a perspective of the national picture for delegating ALN funding to schools across Wales. Nearly all of the local authorities that responded to requests for information delegate the entirety or the majority of ALN funding directly to schools. Some local authorities retain a minimal amount for unpredictable situations and emergencies. Schools cannot request further funding from the local authority. PCC is proposing to mirror the process utilised by the other local authorities in Wales. It is important to note that by delegating the majority of the ALN funding to schools, the authority is not delegating its responsibility for LA IDPs. The local authorities that liaised with Powys senior managers stated that there were initial concerns from schools when the new model of funding was introduced, however, they now see the benefit of being able to manage ULP and ALP themselves. In addition, it was noted that schools benefitted from being able to make long term plans to enhance ALP, and plan for future cohorts of learners. Furthermore, there was hope that staff retention would be improved as longer-term contracts could be offered to staff instead of short, fixed term contracts giving stability within the workforce.
- 4.4.2. The authority is keen to move to using the new categories of ALN as the basis for distributing the notional funding for ALN in the mainstream school funding formulae. It is also keen to increase the amount delegated through the mainstream formulae at the start of the financial year and to minimise the ALN retained budget. It is anticipated that this will reduce the administrative burden on schools' staff and on authority officers of the current PIP or ERP processes. It will also give headteachers greater flexibility in how they utilise resources to meet the specific needs of their learner demographic.
- 4.4.3. **It is proposed** that the ALN retained budget be reduced to £300,000 per annum, which would only be available to provide funding to new complex presentations of

ALN, whether through a learner being new to a Powys school or a learner suffering a life-changing event / illness. This budget would also be expected to provide funding to Special Schools for any learner number adjustments required at the start of each academic year.

4.4.4. **It is proposed** that the following funding streams:

- The remaining £1.370 million of the ALN retained budget (which also currently provide band-led funding to schools); plus
- The £0.800 million delegated through the notional ALN element of the current mainstream primary phase formula; (this equates to the total £1.000 million less the £0.200 million currently distributed on the basis of free school meal eligibility); plus
- the £1.536 million ALN funding currently delegated through the “First class of 15” element of the mainstream secondary phase formula

be pooled to provide a total of £3.699 million to be distributed as notional ALN funding to all mainstream schools.

4.4.5. **It is proposed** that the total of £3.699 million notional ALN funding for mainstream schools is distributed to schools based on the number of learners each mainstream school has in each of the new categories of ALN, namely ULP, School IDP and LA IDP. **It is further proposed** that this would no longer be supplemented by additional band-led funding.

4.4.6. **It is proposed** that this data would be extracted from the TYFU system on the same date as the locally agreed date for the learner count date, i.e. the first Friday following the Autumn half-term (also known as the “November count date”).

4.4.7. In order to ensure that the funding distributed in this way does not exceed the £3.699 million available, it is necessary to be able to measure each category in relation to one another to establish a relationship between each category, which should equate to the differing levels of additional support needed for each category. **It is proposed** that each category is expressed as a “ULP equivalent”. Based on modelling to date, **it is proposed** the following ratios are applied:

Table 1 – ULP equivalents of ALN categories

Category	ULP equivalent
Universal Learning Provision (ULP)	1 x ULP
School Individual Development plan (SCH IDP)	14 x ULP
Local Authority Individual Learning Provision (LA IDP)	50 x ULP

4.4.8. For example, if a school had 15 learners within the ULP category, 5 within the School IDP category and 2 within the LA IDP category the total number of ULP equivalents would be calculated as follows:

Table 2 – example school

Learner details	ULP equivalents	Total ULP equivalents
15 learners in the ULP category	15 x 1 x ULP	15 ULP
5 learners in the School IDP category	5 x 14 x ULP	70 ULP
2 learners in the LA IDP category	2 x 50 x ULP	100 ULP
Total ULP equivalents feeding into the funding distribution		185 ULP

- 4.4.9. **It is also proposed** that where there are existing one-off arrangements for specific funding agreements with individual schools, these continue. In these circumstances a learner will have had a statement of special educational need for a significant time, and as a result may have had resources attached to a specific element of the statement. It would be unreasonable to immediately remove this. However, when the learner's statement of special educational need is converted to an IDP, it will be reviewed to determine whether it is still required. If the new proposal is accepted and implemented it is anticipated that the delegated funds will adequately replace previous funding agreements.
- 4.4.10. **It is proposed** that there is an adjustment to the learner numbers for secondary schools for 50% of the learners registered in the secondary phase specialist centres.

4.5. Risks and mitigations

- 4.5.1. It is acknowledged that using data that is input by individual schools and based on that school's assessment could mean that there is a risk in relation to the desirable data characteristics of consistency, objectivity and robustness, particularly if linked with additional funding. While LA IDPs must all be agreed by a relatively small number of officers, this is not the case for ULP and School IDP categories, although it is noted that once identified, appropriate support must also be provided.
- 4.5.2. Also, as the data was inputted in response to a specific request to schools, rather than as part of the phased transfer of records onto Tyfu, there is also a related risk around completeness and accuracy.
- 4.5.3. To mitigate for these risks, it is proposed that a quality assurance / moderation system is implemented that will help to ensure that the data on Tyfu is accurate, complete, robust and consistently recorded and comparable across all schools, in terms of ULP and School IDP. It is proposed that ALNCo Champions in each cluster would support with this work and ensure that the data is complete and accurate on at least an annual basis. Following consultation with ALNCo, the ALNCo Cluster Champions are producing guidance to provide information on strategies and schools- based resources to meet the differing needs of learners,

including where Universal Learning Provision (ULP) is required. This will become a 'Toolkit' for ALNCOs.

4.5.4. In order to minimise the risk of inconsistency between schools / clusters across Powys, it is proposed that ALN officers will undertake a thorough, systematic and careful quality assurance process; the various measures that will be undertaken will include:

- **Robust Guidance and Policies:** Clear guidelines to assist schools in appropriately identifying learners with ALN that are aligned to regional and national regulations.
- **Training and Support:** Provide training and support to schools (ALNCOs and SLT) to enhance their ability to identify learners with ALN. This will include training in recognising different types of ALN, working through a graduated approach to need and following a plan, do review cycle.
- **Transparency:** Each school should prepare a policy that demonstrates how they identify ALN within their school and the steps that are undertaken.
- **Regular Review:** The ALN team will mandate regular reviews of a schools ALN register, ensuring that learners' needs are accurately assessed and that those who require ALN support are appropriately identified and supported.
- **Multi-Agency Assessment:** Schools should utilise the expertise of external agencies and specialists through the Joint Assessment Meeting (JAM) process, and via the numerous professional support mechanisms provided by the LA. This will help to provide an objective perspective.
- **Quality Assurance Audits:** Periodic spot checks will be undertaken by the ALN team to assess the accuracy and effectiveness of a school's ALN register and monitoring.
- **Data Sharing:** Schools need to ensure that learner information is accurate and uploaded to Tyfu in a timely manner; this will aid the LA in ensuring that the accuracy of a school's ALN identification processes.
- **Continual Monitoring:** ALNCOs and ALN Link Governors will meet regularly to discuss strengths and areas for development related to ALN and will include the appropriate identification of learners with ALN and the consequent use of ALN funding. The ALNCO should prepare an ALN Self-Evaluation Report for the governing body annually, this should also be received by the LA.
- **Moderation:** ALNCOs within each cluster will meet regularly, and at least annually to peer review each other's ALN registers to ensure consistency across the cluster. This will be facilitated by the Cluster ALNCO Champion, that is funded by the LA, and who has had appropriate training to assist them in their Cluster Champion responsibilities. In the 2023/24 financial year, the LA provided funding for nine days of cover at £250 per day. This was provided through grant funding and will remain within this funding model.

4.6. Consultation questions

- Question 1:** Do you agree that the existing “First class of 15” distribution mechanism in the secondary phase formula does not adequately reflect the variance in characteristics of the learner cohorts, and therefore the relative level of ALN support required in secondary phase schools in Powys?
- Question 2:** Please provide any additional comments you have in relation to the existing “First class of 15” distribution mechanism.
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- Question 7:** Do you agree with the ratios of ULP equivalents set out in Table 1?
- Question 8:** Do you agree that an adjustment is made to secondary phase school learner numbers for 50% of the learners registered at the secondary phase specialist centres, to align with how primary schools are funded for reintegration?
- Question 9:** Please provide any additional comments you have in relation to the proposed distribution of notional ALN funding.

5. Revising the teaching and learning top ups in the secondary phase formula

- 5.1. The current methodology for teaching and learning top ups in the secondary phase formula and case for change

- 5.1.1. The current methodology for teaching and learning top ups in the secondary phase formula includes the “First class of 15” funding which would be removed if the proposed amendments to distributing notional ALN funding are agreed. This means that the teaching and learning top ups in the mainstream secondary phase formula need to be recalculated, to remove this element of funding or this will unfairly disadvantage those schools that do not receive teaching and learning top ups.
- 5.1.2. It is proposed that the top ups for individual schools, language streams or campuses with fewer than 600 learners will now be calculated as set out in the tables below for years 7-9 (table 3) and for years 10 and 11 (table 4):

Table 3 – years 7 to 9:

PROPOSED AMENDMENT (EXCL. FUNDING FOR 1ST CLASS OF 1 – 15)				<i>1 FTE teacher = £60,493 (est. 2024-25)</i>	
Year Group Size	Starting point pupil numbers	Starting point top up FTE	FTE Top up per pupil below starting point	<i>Starting point top up</i>	<i>Top up per pupil below starting point</i>
1 – 20	20	0.347	0.044	£20,991	£2,662
21 – 25	25	0.209	0.044	£12,643	£2,662
26 – 30	30	0.193	0.044	£11,675	£2,662
31 – 40	40	0.703	0.044	£42,527	£2,662
41 – 50	50	0.345	0.044	£20,870	£2,662
51 – 60	60	0.109	0.044	£6,594	£2,662
61 – 75	75	0.472	0.044	£28,553	£2,662
76 – 80	80	0.456	0.044	£27,585	£2,662
81 – 90	90	0.098	0.044	£5,928	£2,662
91 – 100	100	0.599	0.044	£36,235	£2,662
101 – 119	119	0.580	0.044	£35,086	£2,662

Table 4: Years 10 and 11:

PROPOSED AMENDMENT (EXCL. FUNDING FOR 1ST CLASS OF 1 - 15)	<i>1 FTE teacher = £60,493 (est. 2024-25)</i>
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Year Group Size	Starting point pupil numbers	Starting point top up FTE	FTE Top up per pupil below starting point	Starting point top up	Top up per pupil below starting point
1 - 24	24	0.175	0.044	£10,586	£2,662
25 - 29	29	0.310	0.044	£18,753	£2,662
30 - 49	49	0.289	0.044	£17,482	£2,662
50 - 59	59	0.217	0.044	£13,127	£2,662
60 - 74	74	0.407	0.044	£24,621	£2,662
75 - 89	89	0.115	0.044	£6,957	£2,662
90 - 99	99	0.534	0.044	£32,303	£2,662
100 - 120*	118	0.058	0.044	£3,509	£2,662

* For year groups 119 and 120, the modelled “top ups” were insignificant / negative, indicating that the per pupil allocations provided sufficient funding for these year group numbers

5.2. Consultation questions

Question 10: Do you agree that the teaching and learning top ups in the mainstream secondary phase formula be revised?

Question 11: Please provide any additional comments you have in relation to the teaching and learning top ups in the mainstream secondary phase formula.

6. **Disadvantaged Learners – Mainstream**

6.1. ‘The Welsh Government has made improving education in Wales a national mission, with a major focus on both improving overall school standards and reducing inequalities. The school funding system represents a means to achieve these goals. It delivers the funding schools and local authorities need to provide a high-quality education. It also represents a means to potentially combat inequalities by providing extra funding and resources to schools with more learners from disadvantaged backgrounds.’⁴

6.2. The current formula for social deprivation

⁴ Welsh Government, 2020, ‘Review of School Spending in Wales: Building in evidence, fairness, transparency and clear expectations’, <https://www.gov.wales/sites/default/files/publications/2020-10/review-of-school-spending-in-wales.pdf>, accessed 26.10.23, p. 6

- 6.2.1. The School Funding (Wales) Regulations 2010 stipulate that “A local authority must, in determining budget shares for both primary and secondary schools which they maintain, take into account in their formula a factor or factors based on the incidence of social deprivation among pupils registered at all such schools.”
- 6.2.2. For the purposes of funding distribution, it is considered that this funding is provided to support all disadvantaged learners regardless of their socio-economic background.
- 6.2.3. As set out in paragraph 4.1. above, this is addressed in the current mainstream primary phase formula by distributing £200,000 across all mainstream primary settings based on the three-year average number of eFSM at each school.
- 6.2.4. The current methodology through the mainstream primary phase formula provides the same amount per learner eligible for eFSM, regardless of the overall proportion of the school’s population that is eligible for eFSM.
- 6.2.5. It is noted that currently there is no equivalent allocation for mainstream secondary settings. Instead, in the secondary phase formula, each school receives an amount to cover the cost of the free school meals provided. In 2022-23, £298,573 was allocated to secondary phase schools in relation to this. Secondary schools will continue to receive an amount to cover the cost of the free school meals provided.
- 6.3. The case for change
- 6.3.1. Powys County Council is ‘work[ing] to tackle poverty’⁵ in order ‘to deliver better outcomes for those who experience inequality and socio-economic disadvantage’⁶
- 6.3.2. ‘One in three Welsh children live below the poverty line’⁷ and ‘[t]here is a wealth of research evidencing that poverty has a huge impact on children’s learning at school and consequent educational attainment levels.’⁸ For example, ‘[i]n Wales, in 2019 a total of 63.8 per cent of children eligible for FSM achieved the expected level at the end of the Foundation Phase compared with 84.2 per cent of children not eligible for FSM’.⁹
- 6.3.3. The importance of focussing on poverty and disadvantage in all aspects of educational provision continue to be highlighted by the Welsh Government and by the Minister for Education and the Welsh Language, Jeremy Miles. For example, in attendance guidance issued on 24 October 2023, the Welsh Government stated

⁵ Powys County Council, 2022, ‘Stronger, Fairer, Greener – Our Corporate and Strategic Equality Plan’, <https://en.powys.gov.uk/ourvision>, accessed 27.10.23

⁶ Powys County Council, 2022, ‘Stronger, Fairer, Greener – Our Corporate and Strategic Equality Plan’, <https://en.powys.gov.uk/ourvision>, accessed 27.10.23

⁷ Child Poverty Action Group, 2022, Tackling poverty together: Creating compassionate services to support families in poverty at school, <https://cpag.org.uk/policy-and-campaigns/report/tackling-poverty-together-guide-schools-wales>, accessed 26.10.23, p. 23

⁸ Children in Wales, The Price of Pupil Poverty – A Guide for Governors: Tackling the Impact of Poverty on Education Programme, <https://hwb.gov.wales/repository/resource/780da5bf-2216-476e-bba0-208fa18330e8/en/overview>, accessed 26.10.23, p. 5

⁹ Welsh Government, 2021, ‘Implementing the Socio-economic Duty: A review of evidence on socio-economic disadvantage and inequalities of outcome’, <https://www.gov.wales/sites/default/files/statistics-and-research/2021-11/review-of-evidence-on-socio-economic-disadvantage-and-inequalities-of-outcome-revised.pdf#page=15&zoom=100,92,102>, accessed 26.10.23, p.14

‘that learners with additional learning needs or [those that] are living in poverty are more likely to be absent from school’¹⁰

- 6.3.4. When considering the impact of the Covid-19 pandemic, Estyn noted that [i]n 2021-22, external research and our inspection and engagement work showed that children and young people were disproportionately affected by the pandemic. In many cases, the progress of these learners fell behind that of their more privileged counterparts, and their attendance, which was already poorer, became worse.¹¹
- 6.3.5. Schools suggest that the current formula does not adequately recognise the relative increase in the need to spend related to the incidence of social deprivation or disadvantage in a school.
- 6.3.6. When considering school spend and empirical evidence, the “Review of School Spending in Wales” in 2020 noted that ‘a 10% increase in spending has been found to improve education and later life earning by about 7-10%. These effects are larger for disadvantaged learners.’¹²
- 6.3.7. The Review also recognised that ‘[t]here is a strong empirical evidence base showing that higher school spending has a larger, positive effect on learners from deprived backgrounds and can play a major role in reducing the attainment gap.’¹³ As a result, the Review stated that ‘local authorities should therefore prioritise extra funding for deprivation.’¹⁴
- 6.3.8. ‘[T]he Curriculum for Wales empowers and encourages schools to pro-actively consider the educational effects of disadvantage as an integrated part of their planning and curriculum design, including raising expectations and addressing gaps in learner progress and attainment.’¹⁵ Therefore, it is essential that the formula includes factors for deprivation and disadvantage to enable schools to support learners to engage with and benefit from educational provision.

6.4. Proposals for change

- 6.4.1. The impact of the covid pandemic and the cost-of-living crisis on learners and their families is recognised nationally, regionally and locally. To enable our schools to

¹⁰ Welsh Government, 2023, ‘Belonging, engaging and participating: Guidance on improving learner engagement and attendance’ [Improving school attendance | GOV.WALES](#), accessed 26.10.23, p. 12

¹¹ Estyn, ‘Tackling the impact of poverty and disadvantage’, https://annual-report.estyn.gov.wales/annual_report/tackling-the-impact-of-poverty-and-disadvantage/, accessed 26.10.23

¹² Welsh Government, 2020, ‘Review of School Spending in Wales: Building in evidence, fairness, transparency and clear expectations’, <https://www.gov.wales/sites/default/files/publications/2020-10/review-of-school-spending-in-wales.pdf>, accessed 26.10.23, p. 8

¹³ Welsh Government, 2020, ‘Review of School Spending in Wales: Building in evidence, fairness, transparency and clear expectations’, <https://www.gov.wales/sites/default/files/publications/2020-10/review-of-school-spending-in-wales.pdf>, accessed 26.10.23, p. 9

¹⁴ Welsh Government, 2020, ‘Review of School Spending in Wales: Building in evidence, fairness, transparency and clear expectations’, <https://www.gov.wales/sites/default/files/publications/2020-10/review-of-school-spending-in-wales.pdf>, accessed 26.10.23, p. 9

¹⁵ Welsh Government, 2023, ‘Curriculum for Wales: Annual Report 2023’, <https://www.gov.wales/curriculum-wales-annual-report-2023.html#:~:text=By%20design%2C%20the%20Curriculum%20for,in%20learner%20progress%20and%20attainment>, accessed 26.10.23. p. 11

support disadvantaged learners we are proposing that funding is redistributed equitably across all phases based on the eFSM eligibility indicator.

- 6.4.2. **It is proposed** that a multiplier is used to increase the weighting of the eFSM indicator as the proportion of the school population that is eligible for eFSM increases, as set out in the table below:

Table 5 – proposed multipliers

Proportion of school population eligible for eFSM	Multiplier applied to eFSM indicator
0%	Agreed allocation
1% - 9.9%	1.0
10% - 19.9%	1.5
20% - 29.9%	2.0
30% - 39.9%	2.5
40% +	3.0

6.5. Risks and mitigations

6.5.1. It is acknowledged that free school meal eligibility does not represent all learners living with disadvantage. A range of other proxy indicators were considered:

- the rate of fixed term exclusions, but this was discounted as it could be considered to provide a perverse incentive,
- the Welsh Index of Multiple Deprivation was considered but it was recognised that this data is from 2019 and the impact of the Covid pandemic and the cost of living crisis are not recognised in it.

6.5.2. There is also a risk to the robustness of this particular dataset as a result of the phased roll-out of universal primary free school meal (UPFSM) provision. However, significant work has been undertaken locally to ensure robust data is in place and the validity of the data is also being monitored nationally as the UPFSM programme continues to roll-out.

6.6. Consultation questions

Question 12: Do you agree that funding should be distributed to all mainstream schools on the basis of the eFSM eligibility indicator to support disadvantaged learners?

Question 13: Do you agree that the relative need to spend increases as the proportion of disadvantaged learners in a school increases?

Question 14: Do you agree with the multiplier factors set out in Table 5 above which will increase the funding per learner dependent upon the proportion of the incidence of social deprivation among learners within a school's population?

Question 15: Please provide any additional comments you have in relation to the proposed distribution of funding to support disadvantaged learners.

7. Premises element of funding formulae – Mainstream Schools

7.1. The current formula methodology for premises funding within the formulae

7.1.1. The current formula methodology for premises funding is based on a standard rate per square metre (SQM) for all mainstream and special schools, as shown in the extracts from the current formula descriptions below:

Primary phase formula

Surplus SQM floor area / Grounds area adjustment	<ul style="list-style-type: none"> • Top up provided for any schools where the actual floor area SQM is higher than the standard per learner SQM funded in Component 1. Funded at £39.58 per “surplus” SQM (up to 90% of the internal floor area). • Top up is provided where the actual external grounds area SQM is higher than the standard per learner SQM funded in component 1. Funded at £3.10 per surplus SQM (up to 10% of actual grounds area)
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Secondary phase formula

Surplus SQM floor area / Grounds area adjustment	<ul style="list-style-type: none"> • Top up provided for any schools where the actual floor area SQM is higher than the standard per learner SQM funded in Component 1. Funded at £33.58 per “surplus” SQM. • Top up is provided where the actual external grounds area SQM is higher than the standard per learner SQM funded in component 1. Funded at £0.20 per surplus SQM.
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7.1.2. The current formulae do not take account of whether the school hosts a school kitchen.

7.2. The case for change

7.2.1. Energy costs have experienced significant inflationary increases, but these have not been uniform, either in terms of scale or timing, across the different fuel types

currently used by schools for heating fuel. This has resulted in the standard amount per square metre not reflecting the differences in schools' relative need to spend, depending on their main fuel type used for heating.

7.2.2. Schools have also raised concerns about the impact that hosting working kitchens is having on their budget positions.

7.3. Proposals for change

7.3.1. **It is proposed** that the funding rate per square metre for grounds and premises is revised to exclude utility costs and any additional costs associated with hosting a working kitchen. This new rate would be the standard premises funding that applies to all schools.

➤ $\text{Sqm of school} \times \text{base rate per sqm (excluding utilities)} = \text{standard premises funding}$

7.3.2. **It is further proposed** that a utility specific rate per square metre is used to provide funding for schools based on the main fuel used for heating.

➤ $\text{Sqm of school} \times \text{utility specific rate per sqm} = \text{utilities related funding}$

7.3.3. In addition to this, **it is proposed** that a utility top-up is applied to schools with working kitchens based on a rate per SQM of the kitchen areas.

➤ $\text{Sqm of kitchen area} \times \text{applicable top up rate per sqm} = \text{Kitchen top up}$

7.4. Consultation questions

Question 16: Do you agree that the methodology for distributing funding for premises needs to be updated to reflect the differential utilities inflation experienced in recent years?

Question 17: Do you agree that there should be separate rates per square metre for base premises funding and for each of the utility types?

Question 18: Do you agree that there should be separate top up for schools with working kitchens?

Question 19: Please provide any additional comments you have in relation to the proposed changes to the premises funding.

8. Implementation

8.1. Changes to a distribution method will cause changes to individual schools' total funding, and there can be a risk of significant re-distribution if the proposed changes are significantly different from the existing distribution methodology. How

this is managed is key to a school being able to ensure continuity and smooth transitioning for the staff and learners. Should a school need to make staffing reductions as a result of the redistribution, then sufficient time needs to be allowed to the appropriate processes to take place.

8.2. Proposed implementation of the proposed changes

8.2.1. It is proposed that the implementation of the proposed formula is staggered over 2 years to mitigate any risk and minimise disruption. This will also give the opportunity to review the impact of the new distribution methodology during the first year. It is proposed that the proposed changes for the distribution of funding is phased as follows:

- Year 1 = 50% new formula, 50% current formula.
- Year 2 = 100% new formula

8.3. Consultation questions

Question 20: Do you agree that the implementation of the proposed formula changes should be phased?

Question 21: Please provide any additional comments you have in relation to the implementation of the proposed formula changes.

Appendix A: Learner population characteristics in secondary phase schools

(as at July 2023)

School				Number of Learners				% of school			
	Learner numbers	FSM Eligible 3 Yr Average	FSM as % of school	ULP Learners	SCH IDP Learners	LA IDP Learners	Total Learners with ALN	ULP %	SCH IDP %	LA IDP %	Total % ALN
Brecon High School	543	83	15%	91	20	11	122	17%	4%	2%	22%
Gwernyfed High School	492	63	13%	36	16	4	56	7%	3%	1%	11%
Ysgol Maes-Y-Dderwen	458	105	23%	71	40	11	122	16%	9%	2%	27%
Crickhowell High School	755	62	8%	94	37	5	136	12%	5%	1%	18%
Llanidloes High School	603	92	15%	67	51	8	126	11%	8%	1%	21%
Newtown High School	902	178	20%	245	43	6	294	27%	5%	1%	33%
Welshpool High School	702	121	17%	119	25	4	148	17%	4%	1%	21%
Ysgol Calon Cymru	897	157	18%	111	72	14	197	12%	8%	2%	22%
Ysgol Bro Hyddgen	385	38	10%	26	14	2	42	7%	4%	1%	11%
Ysgol Llanfyllin	694	69	10%	104	24	5	133	15%	3%	1%	19%
Ysgol Bro Caereinion	500	66	13%	100	18	2	120	20%	4%	0%	24%

