

# Schools Forum Report – School Funding Formula 2021/2022

**Report to:** Schools Forum

**Date of Meeting(s):** 19th November 2020

**Subject:** School Funding Formula 2021/22– Schools Block

**Report of:** Colette Dutton - Director for Children and Families

**Contact Officer:** John McDonald Strategic Finance Manager  
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**Summary:** To provide details of the indicative DSG allocations for 2021/22 and proposed formulas for allocating

**Recommendation(s):** For Schools Forum to note the contents of the report and to consider the funding models presented and to agree the principles to be adopted – Propose Model 3

## **Implications:**

*What are the financial implications?* Contained within report  
*What are the staffing implications?* n/a

**Risks:** n/a

Please list any appendices:-

- 1 Indicative Funding Models
- 2 NFF Factor Values

## **1 SCHOOL FUNDING FORMULA 2021/22**

1.1 The LA will remain responsible for determining the local schools funding formula model to be used to distribute final delegated budget allocations to individual schools (referred to by the DfE as the NFF “soft” approach). Each authority’s process must ensure that there is sufficient time to gain political approval before the APT (authority pro forma tool) deadline in January 2021. Political ratification means approval in line with the authority’s local scheme of delegation, so this may be decisions made by the council cabinet, cabinet member or full council; the Schools Forum does not decide on the formula.

1.2 The government has highlighted its intention to move to a ‘hard’ national funding formula at the earliest opportunity. Schools Forum agreed in 2018/19 that the local formula should mirror the rates within the national funding formula which has continued since.

## **2. SCHOOLS BLOCK**

2.1 The NFF model for the schools block calculates an “indicative” budget for each individual school in their host Local Authority and the aggregated total of such forms the 2021/22 LA baseline schools block allocation. The schools block allocation is expressed as separate per pupil primary and secondary rates for each LA and includes funding for premises based on historic spend and growth on a formulaic basis. The published provisional allocation for 2021/22 is £226,286,485 plus a formulaic allocation for growth. In 2021/22 the value previously provided through the Pay and Pension grants has been rolled into the national funding formula, with a total of £9.8m added to our 2020/21 baselines to reflect this. The schools block allocation has increased by c. £6m (taking into account the value for the pay and pension grants).

2.2 The minimum funding guarantee (MFG) for schools will continue to provide protection and stability to school budgets, but local authorities will have the flexibility to set a local MFG rate between 0.5% and 2.00% per pupil.

2.3 The schools block is ring-fenced, but the LA is permitted to transfer up to 0.5% of the schools block funding allocated to other blocks (i.e. high needs) with the agreement of their Schools Forum. This equates to just over £1m based on the 2021/22 allocation. In 2020/21 forum agreed to a block transfer to High Needs of £0.45m, with a further £0.3m committed from DSG underspends in 2019/20, therefore total contribution was £0.75m.

As reported at the last Schools Forum meeting on 15th October 2020, we are currently forecasting a cumulative High Needs block deficit of approximately £3.7m as at the end of 2020/21 which will be carried forward in to 2021/22. Despite an increase in funding in 2020/21, demand in this area has continued to result in significant financial pressures. In line with the DSG conditions of grant we are required to produce DSG management plan to demonstrate how this deficit will be recovered, work on which is currently ongoing.

The forum sub-group was provided with funding models including £0.45m and £0.75m block transfers for consideration. The proposal around a £0.45m contribution to High Needs block was agreed for recommendation to Schools Forum.

2.4 Representatives have been asked to consult with schools within their sector on the proposed transfer from the Schools Block for 2021/22.

2.5 At the Schools Forum meeting in July 2020 a report was presented in respect of central DSG underspends from 2019/20. It was agreed at that meeting that any surplus remaining after other agreed commitments could be used to support the High Needs block. It is estimated that there will be approx. £0.270m available to support the HNB in 2021/22 from this underspend.

2.6 Significant work is currently ongoing in relation to SEND transformation with a view to addressing the financial pressures in the High Needs block. A sub group of schools forum has also been established to review plans for the recovery of the High Needs financial position. Some of the key workstreams/actions which are in progress include:

- Commissioning of additional Resourced Provision places
- Specialist SEMH provision commissioned
- Commissioning agreements/SLA with providers in lieu of spot purchases
- KS2 AP place charges
- Workstreams to support with inclusion and maintaining pupils in the mainstream setting:
  - o SEND Support Panel and EYAR funding to ensure timely and targeted support.
  - o Review of the Outreach offer
  - o Team around the school and short breaks offering wraparound support
  - o Working more closely with community health services
  - o Targeted work around preparing for adult hood
  - o Updates to HEfA, Pathway and Local Offer to support the graduated approach.
  - o Working with schools on Priority 3 of the education strategy to ensure an inclusive education system for all children.

### **3. NATIONAL FUNDING FORMULA**

#### **3.1 Formula Factors**

Provided below is a summary of the formula factors in the NFF together with relevant information on their local application.

##### **Pupil led funding**

- A basic per pupil entitlement

The age weighted pupil unit is the fundamental building block of the formula. The NFF rates (post Area Cost Adjustment) for 2021/22 are:

Primary: £3,140.02

Key Stage 3: £4,428.00

Key Stage 4: £4,990.05

This represents a 3% increase on 2020/21 rates plus amounts of £180 for primary schools and £265 for secondary schools in respect of the rolled in pay and pension grant.

- Minimum Funding Levels for Pupils

The mandatory minimum per pupil funding levels have been increased for both primary and secondary schools. Provided below are details of the 2020/21 and 2021/22 minimum funding levels:

Primary: £3,750 (2020/21), £4,180 (2021/22)

Secondary: £5,000 (2020/21), £5,415 (2021/22)

Similar to the basic entitlement factor the minimum funding levels include £180 (primary) and £265 (secondary) in respect of the rolled in pay and pension grant.

- Minimum Funding Guarantee (MFG)

MFG provides protection to ensure that schools receive a minimum percentage increase per pupil on the pupil led factors of the formula. Under the 2021/22 funding formula the Local Authority can set the MFG between 0.5% and 2%.

- Deprivation

This is a compulsory factor and is identified through 2 measures –eligibility for FSM where this will be current and historic through the EVER6 measure and the level of deprivation in the postcode the student lives (IDACI). The IDACI factor uses 6 bands each of which attracts a different value to reflect varying levels of deprivation. The IDACI data was updated in 2019 and it is this updated data which is to be used in 2021/22. The method for allocating funding through the NFF for IDACI has also been amended from a scoring system to ranks, a change which was necessary to maintain overall deprivation funding levels.

- Low Prior Attainment

This measure is an important tool for schools to identify pupils who are likely to require more support.

A pupil who does not achieve the expected level in Early Years Foundation Stage Profile on entry to primary school will attract an additional £1,095 (based on 2021/22 values) a year throughout their time in that school. A pupil who does not achieve the expected level at KS2 will attract an additional £1,660 (2021/22 values) while in secondary education.

A weighting is applied on the Low Prior Attainment factor for pupils in year groups 7 to 10. This is to ensure this cohort (pupils to sit the new, more challenging Key Stage 2 tests introduced in 2015/16) do not have a disproportionate influence on the prior attainment totals used in the formula model.

- English as an Additional Language (EAL)

EAL pupils will attract funding for a maximum of 3 years after the pupil enters the statutory age school system. Last year the our local formula moved from 2 years funding to 3 years under this factor to align more closely with the NFF.

- Pupil Mobility

The approach for this factor in 2020/21 changed to a formulaic approach rather than being based on historical spend. This tracks census data over a three year period to identify any pupils who have joined the school on a 'non-typical' start date.

The decision was made last year to include this factor in our local formula as this forms part of the NFF, however, only a small proportion of our school population attract funding under this factor.

#### School Led Funding

- Lump Sum

This is a lump sum provided to all Primary and Secondary schools. The value of this factor for 2021/22 after area cost adjustment is £0.118m per school.

- Rates

These must be funded at the authority's estimate of the actual cost. Information is obtained from the LA's NNDR team to support these estimates. For academies information is provided by the ESFA on the rates to include.

As agreed last year, any adjustments required between the actual and estimated rates for maintained schools for the previous year are now included as part of formula. This ensures that we are funded for these adjustments through the premises element of the NFF in the following year.

- Private Finance Initiative (PFI) contracts

This will not apply for Wigan.

- Split Sites

This will not apply for Wigan as we do not currently have any schools on split sites.

- Sparsity

This factor targets extra funding for schools that are both small and remote. No school in Wigan currently meets the criteria.

### 3.2 Growth Fund

Growth funding is allocated to local authorities using a formulaic method based on lagged growth data. The allocations will be based on pupil data from the October 2020 census. It is not reflected in current allocations and will be issued alongside the final DSG allocation in December. Growth Funding received in 2020/21 totalled £1.404m. The process for distributing the Growth Funding to schools is determined locally as set out in the reports previously presented to forum.

We will only know the final growth funding allocation for the January 2021 Forum meeting.

### 3.3 Notional SEND

Within the proforma to be submitted to the ESFA outlining our local funding arrangements it is necessary to identify those factors which make up the notional SEND allocations for schools. Outlined below are the factors and the percentages of each which made up the notional SEND funding in 2020/21:

Basic Entitlement: 3%

Deprivation: 7%

Lower Prior Attainment: 100%

It is proposed that the same factors and percentages are adopted in 2021/22. This increases the notional SEND budget for schools by on average 4%.

## 4. FUNDING MODELS

4.1 In order to support Schools Forum in determining the most appropriate values and formula in allocating the Schools Block funding, different models have been presented with this report.

Please note, the allocations shown are only indicative and will change following receipt of the final funding allocations based on the October 2020 census data. For the purposes of the modelling presented, the October 2019 census data has been used. Although the quantum of funding will be revised to reflect changes in pupil numbers in our final DSG allocation, the PUF and SUF values per pupil remain the same and therefore changes in pupil demographics in the October 2020 census will impact on the final school level allocations and any surplus funding identified in the modelling below may be significantly reduced.

Appendix 1 of this report details the allocations for each school arising from the various models together with a comparison against 2020/21 funding. To support with the review of these models, provided below is a summary of each and the key points to note. Included at Appendix 2 of this report are the NFF values for 2021/22 which have been used for each factor alongside the 2020/21 values.

Model 1

- This model uses all NFF factors and area cost adjusted factor values as outlined in Appendix 2.
- The MFG has been set at the maximum 2.00%.
- This model currently leaves surplus funding of £630,269 (as noted above, this will change with the October 2020 census data). Any surplus funding would need to be allocated. This model is included for illustrative purposes only.
- For comparison purposes, within Appendix 1 on this model we have adjusted the final allocations to remove the Pay and Pension Grant protection which has been rolled in to the formula (column I) to illustrate the actual increase in funding.
- The NFF values included here and outlined in Appendix 2 have been used in all subsequent models unless otherwise stated.

#### Model 2

- In this model the AWPU values have been increased to ensure that the surplus funding in model 1 is allocated. This results in an increase in the AWPU of 1.19% for primaries, KS3 and KS4. The table below shows the changes in value:

	NFF AWPU	AWPU used in Model 2
Primary	£3,140.02	£3,177.51
KS3	£4,428.00	£4,480.86
KS4	£4,990.05	£5,049.62

#### Model 3

- This model allows for a block transfer of £0.45m (0.20%) from the Schools Block.
- Due to the surplus funding outlined in Model 1, this still leaves a surplus at the current time of £180,269.
- If in this eventuality after the block transfer there was still surplus funding it is proposed that this would be allocated through increasing the AWPU proportionately.
- If in the eventuality that the surplus funding was insufficient to cover the block transfer, the MFG would be reduced from the maximum

#### 4.2 Summary of Key Proposals

It is proposed:

- To again adopt NFF factors and values (appendix 2).
- IF there is surplus funding this will be allocated through increasing the AWPU.
- To agree a contribution from the Schools block to the High Needs block of £0.450m
- IF there is insufficient funding to meet all NFF values after the HNB contribution, MFG will be reduced from the maximum 2% to ensure affordability.

### 5. DE-DELEGATIONS

5.1 A report was presented at the October 2020 schools forum meeting at which the de-delegations for 2021/22 were agreed, inclusive of a 2.75% inflationary increase. There is still one

further matter to be determined in respect of the TESS Service offer and secondary schools, which is to be considered as a separate agenda item at this meeting.

6. ACTIONS

6.1 To consider and agree the formula factors and rates to be used for schools block allocations in 2021/22.

6.2 To consider and agree the funding model, including any block transfers for 2021/22. Proposals included in 4.2 above.

6.3 To note that growth funding allocations will only be available in December 2020.