

Schools Block Funding Formula 2021-22



Report to:	Schools Forum
Date of Meeting(s):	15 October 2020
Subject:	Schools Block Funding Formula – 2021/22
Report of:	Colette Dutton – Director Children and Families
Contact Officer:	John McDonald Strategic Finance Manager Anthony Meehan – Group Finance Manager

Summary:	A report outlining the currently known information in relation to the Funding Formula in 2021/22 including provisional allocations.
Recommendation(s):	To note the information included within the report. To agree to convene a sub-group meeting to review the modelling of school allocations for 2021/22.
Implications:	
<i>What are the financial implications?</i>	n/a
<i>What are the staffing implications?</i>	n/a
Risks:	n/a

Please list any appendices:-

Appendix number or letter	Description
N/A	N/A

1. Introduction

- 1.1 The national funding formula was introduced in 2018/19. As in previous years, in 2021/22, each Local Authority will continue to have responsibility for setting a local schools funding formula to determine the funding to be distributed to individual schools (referred to by the DfE as the NFF 'soft approach'). The government has confirmed its intention to move to a 'hard' national funding formula in the future. It was agreed by Forum in 2018/19 that Wigan's local formula should mirror the national funding formula rates and this has continued since.
- 1.2 In July 2020 provisional funding allocation for 2021/22 were received and a summary note was circulated to forum members.
- 1.3 The purpose of this report is to provide Forum members with a further summary of the provisional allocations, the key elements of the formula and to outline a timeline of actions to ensure the timely approval of next year's school level allocations.

2. National Funding Formula (NFF) 2021/22

- 2.1 In September 2019 the Government announced a 3 year funding package in relation to the DSG. This confirmed that in 2021/22 funding would be increased by £2.2 billion compared with 2020/21. It has now been confirmed that of this £2.2 billion, £730 million will be used to increase High Needs funding.
- 2.2 There have been two technical changes to the formula for 2021/22, namely:
 - Funding from the teachers' pay and pension grants has been added to the NFF allocations from 2021-22. The funding has been added to basic per pupil entitlement, to the minimum per pupil funding levels, and to schools' baselines so that it is protected. Therefore, this funding will now be provided to schools through their core budget and not through separate grants.
 - The 2019 update to the Income Deprivation Affecting Children Index (IDACI) has been incorporated so that deprivation funding allocated through the formulae is based on the latest data.
- 2.3 Other key points of note in respect of the 2021/22 National Funding Formula are outlined below:
 - Key factor values within the NFF have been increased by 3%. Also, as highlighted above £180 for primary pupils and £265 for secondary pupils has been added to the basic entitlement factors in lieu of the Pay and Pension Grants.
 - Minimum funding levels (MFL) per pupil have been changed as follows:
 - Primary School MFL's increased to £4,180 per pupil (£180 reflects changes to Pay and Pension Grant), from £3,750 in 2020/21.

- Secondary School MFL's have changed to £5,415 (£265 Pay and Pension Grants), from £5,000 in 2020/21.
- The NFF funding floor has been set at 2% for pupil led funding compared with the funding baseline.
- LA's will continue to set a minimum funding guarantee, for 2021/22 this can be set between 0.5% and 2%.
- Again, LA's will be able to transfer up to 0.5% of their schools block allocation to other DSG blocks, however, any funding associated with the Pay and Pension Grants is excluded from this and must remain in the schools block.
- There has been a significant increase in Sparsity Funding, however, currently no Wigan schools qualify for this funding. The criteria is due to change in 2022/23 for this factor which the DfE are due to consult on in the coming year.

3. Provisional Funding Allocations

3.1 Provisional funding allocations were received in July 2020. This initial funding information is based on October 2019 census data and pupil numbers, which will be adjusted in the final allocation received in December 2020 to reflect October 2020 data. The pupil numbers used for the provisional funding details were 44,720 (26,369 Primary and 18,351 Secondary). Information on Growth Fund allocations will only be received in December.

3.2 Provided in the tables below is a summary of the provisional funding information for 2021/22. Included below is £9.8m which represents the pay and pension grant protection which has been incorporated into our baselines as a result of the changes to the formula and is included below for comparison purposes.

Table 1: Provisional Funding Details 2021/22

	Values
2020/21 Schools Block (exc. Growth)	£210.5m
Rolled in Pay and Pension Grant Protection	£9.8m
Total 2020/21 Comparative Allocation	£220.3m
2021/22 Provisional School Block (exc Growth)	£226.3m
Increase	£6m

Provisional Allocation is calculated as follows:

Element	Number	Value (£)	Total (£)
Primary Unit of funding	26,369	4,519	119,163,049
Secondary Unit of funding	18,351	4,572	105,551,614
Premises			1,571,823
Total			226,286,485

- 3.3 As highlighted by the table above the provisional Schools Block funding for 2021/22 totals **£226,286,485** which is an increase of approx. £6 million having incorporated the Pay and Pension Grant into the baseline figures for 2020/21. The total provisional schools block figure for 2021/22 represents a per pupil value of £5,060, which is an increase of around 2.8% on 2020/21.

4. Next Steps

- 4.1 Modelling is currently ongoing to determine indicative funding allocations for schools. This will be based on the October 2019 census data for initial modelling purposes.
- 4.2 In December 2020 final allocations and an updated pro-forma tool including the October 2020 census data will be received and the final allocations can then be determined. The details of the final school level allocations need to be submitted to the ESFA for approval by 21st January 2021. Political approval is also required prior to submission.
- 4.3 As in previous years it is proposed that a sub-group of Schools Forum meets to consider the key principles and school level notional allocations prior to the next Forum meeting in November. A further detailed report in relation to the formula factors will then be presented at the November meeting.
- 4.4 Once key principles have been agreed at the November Forum meeting indicative budget allocations will be provided to maintained mainstream schools to support with the completion of the three year budget exercise.

5. Recommendations

- 5.1 Schools Forum to note the information in relation to the 2021/22 funding formula outlined in this report.
- 5.2 To agree to convene a meeting of the sub-group to review initial modelling of the school's allocations for 2021/22. The proposed date for this meeting is 6th November 2020.