



REPORT TO:	SCHOOLS FORUM
Date of Meeting(s):	21st January 2021
Subject:	School Funding Formula 2021/22 – Schools Block
Report of:	Colette Dutton - Director for Children and Families
Contact Officer:	John McDonald Strategic Finance Manager Anthony Meehan Group Finance Manager (Schools)

SUMMARY:	TO PROVIDE DETAILS OF THE DSG ALLOCATIONS FOR 2021/22 AND DETAILS OF THE ALLOCATION PER SCHOOL.
Recommendation(s):	For Schools Forum to sign off the formula and school level allocations for 2021/22. To agree the total growth fund for 2021/22. To agree the allocation of the Central School Service Block (CSSB) funding.
Implications:	
<i>What are the financial implications?</i>	Contained within report
<i>What are the staffing implications?</i>	n/a
Risks:	n/a

Please list any appendices:-

Appendix number or letter	Description
1	School Allocations 2021-22
2	Authority Pro-Forma Tool

1.0 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 and to subsequently notify maintained mainstream schools of their budget shares before 28/02/2021. Political ratification means approval in line with the authority’s local scheme of delegation, so this may mean decisions being 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 in subsequent years.

2.0 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 2020/21 LA baseline schools block allocation. The schools block allocation is expressed as separate per pupil primary and secondary rates for each LA and also includes funding for premises costs (rates) and growth. The total for 2021/22 is **£228,766,725** which includes a formulaic allocation for growth. This also includes protected schools block funding for the pay and pension grants totalling £9,879,446. The pupil numbers for funding purposes have increased by 192 (a reduction of 213 pupils in the primary sector, but an increase of 405 pupils in the secondary sector).
- 2.2 The minimum funding guarantee (MFG) for schools continues to provide protection and stability to school budgets, but local authorities have the flexibility to set a local MFG rate between 0.5% and 2.00% per pupil. In addition, in 2021/22 the formula includes mandatory minimum funding levels of £4,180 per pupil for primary schools and £5,415 for secondary schools.
- 2.3 The schools block is ring-fenced, but the LA is permitted to transfer up to 0.5% of the schools block funding allocation to other blocks (i.e. high needs) with the agreement of their Schools Forum. At the Schools Forum meeting in November 2020, members agreed to a block transfer of £0.450m from the Schools Block to the High Needs block. It was also previously agreed that a further £0.300m can be used from historical central DSG underspends to support the High Needs block in 2021/22, resulting in a total contribution of £0.750m.

3.0 BUDGET ALLOCATIONS

- 3.1 In November 2020 a sub-group of the Forum met and reviewed a range of different funding models with recommendations subsequently being presented at the November Forum meeting. Members of the sub-group also consulted with their peers on the funding proposals. The recommendations from the sub-group were endorsed at the subsequent Forum meeting.

- 3.2 Provided below is a summary of the key principles agreed at the November Forum meeting:
- The NFF factors and associated values (including the Area Cost Adjustment) should be adopted.
 - £0.450m to be transferred to the High Needs Block as highlighted in 2.3 above.
 - Affordability within the funding envelope was to be achieved by reducing the Minimum Funding Guarantee from the maximum 2.00% if necessary.
- 3.3 Following receipt of the final funding allocations and data sets school level allocations have now been determined and are included in **Appendix 1** of this report.
- 3.4 Included at **Appendix 2** of this report is a copy of the funding proforma which provides further details of factor values, eligibility proportions and the total funding allocated through each factor. In order to ensure affordability, the Minimum Funding Guarantee (MFG) has been set at **1.84%** for 2021/22 which is in line with the prescribed parameters between 0.5% and 2.0%.
- 3.5 The notional SEN percentages and de-delegation values to be applied were agreed at the previous forum meetings in October and November 2020.

4.0 GROWTH FUND

- 4.1 Growth funding is allocated to local authorities using a formulaic method based on lagged growth data. The allocations are based on pupil data from the October 2020 census. The total growth funding allocation for 2021/22 is **£1,120,626**.
- 4.2 In October 2019 was presented to schools forum on Growth Funding and it was agreed that our local method of allocation should be maintained until any changes are directed by the DfE. To summarise, Wigan's methodology is as follows:
- 'A school or academy can submit a business case where it has agreed with the authority to provide an extra class in order to meet basic need or where a school has increased its PAN in agreement with the authority. The business case will detail the additional costs to the school for this extra provision, and this will be cross referenced against an amount based on an additional per pupil AWPU increase reflecting the proportion of the year which is not funded within the school's budget share. (The amount paid includes not just the AWPU but all funding factors less the fixed sum)'*
- 4.3 As the growth allocation is within the schools block, the establishment of the growth fund is not treated as a transfer between blocks, however, the Schools Forum are required to agree the total value of the growth fund. As in previous years, it is recommended that the full value of the allocation, £1,120,626 is retained as a growth fund for 2021/22.
- 4.4 Any unspent growth funding remaining at year end will be reported to Schools Forum. Any such underspends will be carried forward to the following funding period and Forum will be consulted on the use of the funding. Any overspends on the growth fund will form part of the overall DSG surplus or deficit balance.

5.0 CENTRAL SCHOOL SERVICES BLOCK

5.1 The central school services block (CSSB) is the fourth block of funding within the DSG framework.

5.2 This block funds local authorities for the statutory duties that they hold for both maintained schools and academies and brings together 3 former funding streams as detailed below:

- Funding previously allocated through the retained duties element of the Education Services Grant (ESG) functions including education welfare and asset management;
- Funding previously top-sliced from the schools block for ongoing responsibilities (i.e. Admissions/Schools Forum); and
- Residual funding for historic commitments, previously top-sliced from the schools block

With effect from next year (2021/22) the CSSB also now incorporates an element of funding for the teacher's pension grant for centrally employed teachers, which was previously allocated through a separate grant payment.

5.3 The CSSB block for 2021/22 is **£818,719**.

5.4 Schools Forum approval is required each year to confirm the amounts for activities within the CSSB and when using centrally held funding, local authorities must treat maintained schools and academies on an equivalent basis.

6.0 ACTIONS

6.1 To agree the funding formula and school block allocations as set out in Appendix 2 for 2021/22.

6.2 To agree the total growth fund for 2021/22.

6.3 To agree to the allocation of the Central Schools Services Block (CSSB) for Local Authority statutory duties.