
Schools Funding Formula 2021/22

Report being considered by: Schools Forum on 19th October 2020

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Item for: Decision **By:** All Forum Members

1. Purpose of the Report

- 1.1 To set out the requirements and changes for setting the primary and secondary school funding formula for 2021/22 and to approve West Berkshire Council's funding proposals to go out to consultation with all schools.

2. Recommendation

- 2.1 To approve the consultation to be undertaken with all schools before setting the school funding formula for 2021/22.

Will the recommendation require the matter to be referred to the Council or the Executive for final determination?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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3. Introduction

- 3.1 2021/22 is the fourth year of the National Funding Formula (NFF). In light of the need to focus efforts on meeting the challenges of Covid-19, government is not changing local authorities' (LA) role in the distribution of school funding in 2021/22. The government has confirmed its intention to move to a single 'hard' NFF to determine school's budgets directly, rather than through local formulae set independently by each LA, and will put forward its proposals later this year.
- 3.2 For 2021/22, each LA will continue to have discretion over their schools funding formulae, in consultation with local schools. The LA is responsible for making the final decisions on the formula. Political ratification must be obtained before the 31 January 2021 deadline.
- 3.3 The Government has produced a number of policy and operational documents relating to the funding. These documents can be found on this webpages:
<https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>
- 3.4 Provisional 2021/22 local authority allocations were published by the Department for Education (DfE) in July 2020. The DfE calculate this at a school level in order to determine the local authority allocation. However, the notional school level allocations are not the same as the final allocation which will be calculated using updated pupil numbers, business rates information, baselines and other local factors.

4. National Funding Formula

4.1 The funding factors used in the 2021/22 national formulae remain the same, with two technical changes which do not require consultation with schools:

- (1) Funding from the teachers' pay grant and the teachers' pension employer contribution grant, including the supplementary fund, has been added to the formula from 2021/22.
- (2) The 2019 update to the Income Deprivation Affecting Children Index (IDACI) has been incorporated so that deprivation funding is based on the latest data.

4.2 School funding is increasing by 4% overall in 2021/22.

- (1) The key factors in the NFF will increase by 3%.
- (2) The minimum per pupil level ensures that every primary school receives at least £4,000 per pupil, and every secondary school at least £5,150 per pupil.
- (3) On top of this, these schools will receive a further £180 and £265 per pupil respectively to cover TPG and TPCG.
- (4) The funding floor is set at 2% meaning, every school will be allocated at least 2% more pupil led funding per pupil compared to its 2020/21 NFF baseline. The free school meals factor will also increase by 2%, as the factor value is now based on an estimate of the actual cost of providing the meals.
- (5) Premises funding will continue to be allocated at a LA level on the basis of actual spend in 2019/20.
- (6) Funding through the sparsity factor will increase in 2021/22, with primary schools attracting up to £45,000 compared to £26,000 previously.
- (7) LAs will continue to set a Minimum Funding Guarantee (MFG) which must be between +0.5% and +2%.
- (8) LAs continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval.

4.3 High needs funding is increasing by a further £730m, or 10%, in 2021/22.

- (1) The high needs NFF will ensure that every local authority receives an increase of at least 8% per head of population (funding floor), with a limit on gains of 12% before capping.
- (2) The TPG and TPCG are incorporated within the formula.

4.4 Central schools services funding in 2021/22 is £257m, an increase of 3.8%, to fund the ongoing responsibilities that local authorities continue to have to carry out central functions on behalf of maintained schools and academies.

5. Funding allocation

- 5.1 Based on the October 2019 census data, our formula funding available to allocate totals £113.3m which is an increase of £9.7m (9.4%) from 2019/20. This excludes the growth fund which is allocated separately.
- 5.2 A transfer of funding out of the schools block is allowable in order to support funding requirements in other blocks such as High Needs. This is subject to a maximum of 0.5% and requires approval from the Schools Forum. If approved, this would enable a transfer of up to £566k, leaving £112.8m to be allocated to schools.
- 5.3 The amount of funding we receive will change with the October 2020 census pupil numbers. (Note that the funding will not change as a result of pupil characteristics or an increase to business rates).
- 5.4 West Berkshire Council replicates the NFF as far as possible. However, after funding business rates uplifts, pupil characteristic changes and any transfers of funding, the formula will need to be altered to ensure we remain within the total funding available.
- 5.5 After consultation, it is the LA's decision on how the funding is allocated to schools through the formula factors. There is no requirement to use the NFF rates, or to use all the factors other than the mandatory minimum per pupil funding factor.
- 5.6 The DfE recognises that some authorities still cannot afford to pay off the historic deficit from the DSG over the next few years. In these cases, the DfE expects to work together with LA's to agree a plan of action to pay off its deficit. The DfE expects to approach selected authorities to begin discussions during 2020 and expand discussions to other authorities during 2021/22 and subsequent years.

6. Proposals

- 6.1 To approve the consultation to go out to schools asking the following questions:

1. Do you agree that, subject to final affordability, West Berkshire should mirror the DfE's 2021/22 NFF and that this formula should be used to calculate funding allocations? If not, please let us know your reasons why.

2. Do you agree that, as an exception to following the NFF, the authority should award a lower increase to the primary schools sparsity factor, and allocate the remaining funding across all primary schools?

3. Do you agree that any shortfall in funding is addressed by using Option 1, using reduced AWPU values? If not, please let us know your reasons why.

4. Would you support a transfer of funding of up to 0.5% from the schools block to the High Needs Block? If yes, what percentage would you support?

5. Do you agree with the criteria set to access additional funds outside the school formula? If not, please let us know your reasons why.

6. Do you agree with the services being de-delegated? If you do not agree with any, please let us know your reasons why.

7. Next Steps

- 7.1 The consultation will last for 3 weeks from 21 October 2020 to 11 November 2020.

8. Conclusion

- 8.1 Since the government intends to move towards a “hard” NFF formula it is logical for West Berkshire to continue to replicate these rates as far as possible and to follow the same methodology as last year in the formula setting.
- 8.2 When the actual allocation is received in December the formula will be allocated according to the principles above with political ratification being made in January 2021.

9. Appendices

Appendix A: Briefing and Consultation document for schools.
Appendix B: Criteria for allocating Growth Fund
Appendix C: Criteria for allocating the Schools in Financial Difficulty Fund
Appendix D: Criteria for allocating the Additional High Needs Fund