

Schools Forum

14 January 2021

Schools National Funding Formula 2021-22

This report relates to both academy and maintained mainstream schools and is for decision by all school and PVI members of Schools Forum.

Recommendations

1. Schools Forum agree a consensus on its advice to Cabinet regarding the continuation of moving to the 'hard' National Funding Formula in 2021-22.
2. Schools Forum agree a consensus on its advice to cabinet to support the extension of sparsity funding to all our small schools.

1. Purpose of the Report

- 1.1. Inform Schools Forum of the Schools Block DSG Allocation for 2021-22 and how it will be allocated to schools using the 'hard' National Funding Formula (NFF).
- 1.2. The report also considers the funding impact of the options agreed by schools forum at its meeting on 18 November 2020.

2. National Funding Formula 2021-22

- 2.1. The schools block DSG allocation for 2021-22 is £381.6 million and is an increase of £31.9 million (9.12%) from the 2020/21 allocation and is due to several reasons.

2.2. Firstly, total Number on Roll for 2021-22 has increased by 576 pupils (0.75%) above 2020-21 pupil numbers. Table 1 shows the Number on Roll changes by phase.

	Total
Primary	26
Secondary	475
All-through	75
Total	576

Table 1: Distribution of increased NOR 2021-22

2.3. Secondly, Minimum pupil funding for Primary Schools has increased to £4,000 in 2021-22 from £3,750 in 2020-21. Minimum pupil funding for secondary schools is to remain at £5,000.

2.4. Thirdly, all funding formula factors were increased by at least 2.2% above 2020-21 funding levels and the Minimum Funding Guarantee has been set at +2.00%.

2.5. Lastly, and most significantly, funding for teachers pay increases for September 2018 and 2019 along with Employers Teachers Pension Increases from September 2019 are now included within the NFF from 1 April 2021. Previously these had been paid to schools as direct grant and these payments will now end in 2020-21. In order to fund these additional burdens on schools the minimum pupil funding in 2021-22 has been increased to £4,180 for primary schools and £5,415 for secondary schools.

2.6. The DSG allocation for 2021-22 has allowed the Local Authority to continue to apply the 'hard' NFF in 2021-22 as follows:

- Set the Age Weighted Pupil Unit (AWPU) rate in line with the 'hard' NFF.
- Use all Deprivation rates (Free Schools Meals and Income Deprivation Affecting Children Index) in line with the 'hard' NFF.
- Allocate funding for English as an additional language for the maximum 3 eligible years in line with the 'hard' NFF.
- Prior attainment set at 100% in line with the 'hard' NFF.
- All schools are allocated a lump sum of £117,800, in line with the 'hard' NFF. an increase of £3,400 (3%) above 2020-21 funding.
- Split sites allocated £38,500 per site and this is a local factor.
- Business Rates are fully funded and this is mandatory.
- Funding to meet minimum per pupil funding (£4,180 for primary school pupils and £5,415 for secondary school pupils) in line with the 'hard' NFF.
- Set the Minimum Funding Guarantee at +2.00% in line with the 'hard' NFF.

- Allocate £2.423 million to the Growth Fund as agreed by Schools Forum in December 2020.
- 2.7. Once all funding is allocated in line with the 'hard' NFF this leaves £2.698 million unallocated. A breakdown of funding by factors together with a comparison with 2020-21 funding is included in the Appendix.

3. Additional Allocations 2021-22

- 3.1. Schools Forum on 19 November 2020 agreed several funding proposals above the NFF, subject to affordability. These were:
- Transfer of 0.5% to the High Needs Block
 - Extending sparsity funding to all small schools
 - Increasing the lump sum for all schools
- 3.2. Since that report census data for October 2020 saw an increased uptake of 26.11% for Free School Meal eligibility above October 2019 census data. This has meant an additional £1.2 million has been allocated through this factor and so has reduced the overall funds available for additional allocations in 2021-22. This is offset by a slight increase in surplus DSG for 2021-22 once the 'hard' national formula is implemented. The overall potential surplus currently stands at £3.5 million, including the £2.5 million unallocated schools block DSG in 2020-21.
- 3.3. It can now be confirmed that the Local Authority proposes to fund the following from within the schools block DSG surplus allocation in 2021-22.

Transfer 0.5% to the High Needs Block (£1.824 million)

- 3.4. Schools forum approved the transfer of 0.5% of the school block DSG to the high needs block DSG in 2021-22. This is a one-off transfer and any future year transfers will have to follow the same process of consultation with mainstream schools and approval of schools forum.
- 3.5. The 0.5% transfer is calculated after deducting the additional funding for pay and pension costs within the NFF for 2021-22. Therefore the monetary value of the transfer is £1.824 million.

Sparsity (£0.315 million)

- 3.6. A meeting was held at 3:00 pm on Friday 8 January 2021 with the ESFA. At that meeting the Local Authority was informed that our disapplication to change the sparsity distance from 2 miles (as the crow flies) to zero miles had been rejected as it would mean a policy change.
- 3.7. Following discussion with the ESFA it was agreed that we could use the road distance between schools. Analysis of the road distances for our 30 small schools has been undertaken and 7 schools have their next nearest school over 2 miles away by road. Therefore these 7 schools will attract £45,000 sparsity funding in 2021-22.

Lump Sums (£2.576 million)

- 3.8. The lump sum is currently set at £118,800 per school in line with the NFF. Local Authorities can increase this to a maximum of £175,000, subject to affordability. The Local Authority is proposing that the lump sum for 2021-22 is increased to £130,000 for all mainstream schools and academies. As a consequence of increasing lump sums some schools may not see an overall increase in funding this will be off-set by decreases in minimum per pupil funding and the minimum funding guarantee. In total this will mean these factors will decrease by approximately £1.345 million meaning an additional £1.231 million is actually allocated to schools through this factor.

Contingency (£0.094 million)

- 3.9. After the application of the NFF, transfer of funding to the High Needs Block, applying sparsity based on road distances and increasing lump sums there remains a surplus of £0.094 million. As in previous years this will be held within the Growth Fund as a contingency against any future pressures against this funding. This will be in addition to the £2.423 million allocated to the Growth Fund in 2021-22 as agreed by Schools Forum in December 2020.

Neill Butler

Schools Funding & Strategy Manager

Author Contact Details

Email: neillbutler@warwickshire.gov.uk

Tel: 01926 412240

Comparison of NFF allocations 2020-21 and 2021-22

Factor	2020-21 £m	2021-22 £m	Difference £m	Difference %	Reason for Change
Age Weighted Pupil Unit (AWPU)	261.4	288.2	+26.8	+10.25	Pupil led factor + Increase to reflect cost of pay and pension increases
Deprivation	20.4	21.8	+1.4	+6.86	Pupil led factor + increase uptake of 26.11% for Free Schools Meals due to impact of Covid-19
English as an Additional Language	2.4	2.3	-0.1	-4.17	Pupil led factor + 5% drop in eligible children in 2021-22
Prior Attainment	24.0	24.4	+0.4	+1.67	Pupil led factor
Lump Sum	26.3	29.9	+3.6	+13.69	Increase lump sums to £130,000
Split Sites	0.2	0.2	0.0	0.00	
Sparsity	0.3	0.9	+0.6	+200.00	Increased rate and more schools eligible
Rates	3.6	3.6	0.0	0.00	Actual costs of rate bills are fully funded
Minimum Pupil Funding	5.8	7.7	+1.9	+32.76	Changes in allocations for 201-22. (£4,180 for primary schools and £5,415 for secondary schools)
Minimum Funding Guarantee	1.0	0.6	-0.4	-40.00	All schools get +2.00% increase (+1.84% in 2020-21) so fewer schools receive MFG
Growth Fund	1.9	2.4	+0.5	+26.32	More growing schools
Unallocated	2.4	0.1	-2.3	-95.83	Use of schools block surplus
Total (subject to roundings)	349.7	382.1	+32.4	+9.27	