

<b>Schools Management Forum</b>
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**Report of:** Dianne Nielsen

**Subject:** 2021/22 DSG Schools Block

**Date:** 13<sup>th</sup> January 2021

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**1.0 Purpose of the report**

1.1 The purpose of this report is to provide an update to the forum on the DSG Schools Block, National Funding Formulae 2021/2.

**2.0 Background**

2.1 The DSG is a ring fenced grant of which the school block is part of. The schools block is funding for schools. The only other elements that are allowed to be funded from the schools block is the growth fund and any transfer of funds from the schools block to another block (High Needs, Early Years or CSSB). The growth fund and any transfer from the schools block has to be agreed by the Schools Forum.

**3.0 Schools Block National Funding Formula changes for 2021-22**

3.1 The ESFA have confirmed the following key elements for the schools National Funding Formula (NFF) in 2021-2022

- The National Funding Formula (NFF) funding units will be updated for the 2021/22 values (see table below).
- The IDACI data will be updated for the 2019 dataset and will change the banding structure to reflect the new data. This change will ensure that the amount of funding allocated through IDACI does not decrease. The new banding methodology will ensure that the proportion of pupils attracting funding through each band will remain broadly unchanged.
- Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grants (TPECG), including the supplementary fund, to mainstream schools for pupils from reception to year 11 will be allocated through the schools NFF. This will add £180 per pupil at primary and £265 per pupil at secondary to the DSG allocation.
- The minimum per-pupil levels will be set at £4,180 for primary and £5,415 for secondary. These include both TPG and TPECG allocations.
- Sparsity NFF unit rate will increase to £45,000 for primary schools and £70,000 for secondary schools to improve support for small and remote schools.
- There is no NFF gains cap.

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3.2 Government have confirmed its intention to move to a single hard national funding formula. In 2021-22 this is to be set by the local authority in consultation with schools. The government will later this year put forward plans to move to a 'hard' NFF in the future, which will determine school funding allocations directly, rather than local funding formulae.

3.3 Other changes to local authority formulae arrangements for 2021-2022:-

- Can set a minimum funding guarantee (MFG) in local formulae between +0.5% and +2% per pupil, as well as use a gains cap.
- The MFG calculations will require that the formula baseline (i.e 2020-21 funding) is updated to mirror the additional funding for TPG and TPECG so that schools at the MFG can benefit from the addition of these grants.
- Local authorities can continue to be able to transfer up to 0.5% of the schools block to other blocks of the DSG, with schools forum approval. This will exclude the additional funding local authorities have been allocated for TPG and TPECG, therefore guaranteeing that all of this funding remains with schools.
- A disapplication is required to the Secretary of State for transfers above 0.5% or any amount without schools forum approval.
- Local Authorities are required to consult with all maintained and academy schools as well as their School Forum on any proposed changes to the local formula. Any changes will need to show the effect by school.
- Rates have been adjusted to reflect actual 2020-21 rates within the formula and an estimate for 2021-22 with a 0.5% uplift from 2020-21 actuals has been included in the formula. As rates have to be budget neutral, for maintained schools no end of year adjustment will be done in the accounts. All adjustments will be put through the formula each year.
- The formula is set by the Local Authority, which is to be submitted to the ESFA by 21<sup>st</sup> January 2021.

#### 4.0 Middlesbrough's Schools Block 2020-21 and 2021-2022

4.1 The following table below summarises the NFF unit rates for 2021-2022:

Factor	NFF 20/21 £	NFF 21/22 £	Change £
<b>PRIMARY</b>			
AWPU - Primary	2,857	3,123	266 *
Minimum per pupil	3,750	4,180	430 *
FSM	450	460	10
FMS6	560	575	15
IDAC A	600	620	20
IDAC B	435	475	40
IDAC C	405	445	40
IDAC D	375	410	35
IDAC E	250	260	10
IDAC F	210	215	5
EAL	535	550	15
Mobility	875	900	25
Prior Attainment	1,065	1,095	30
Lump Sum	114,400	117,800	3,400
Sparsity	26,000	45,000	19,000
<b>SECONDARY</b>			
AWPU – KS3	4,018	4,404	386 *
AWPU – KS4	4,561	4,963.00	402 *
Minimum per pupil	5,000	5,415.00	415 *
FSM	450	460.00	10
FSM6	815	840.00	25
IDAC A	840	865.00	25
IDAC B	625	680.00	55
IDAC C	580	630.00	50
IDAC D	535	580.00	45
IDAC E	405	415.00	10
IDAC F	300	310.00	10
EAL	1,440	1,485.00	45
Mobility	1,250	1,290.00	40
Prior Attainment	1,610	1,660.00	50
Lump Sum	114,400	117,800.00	3,400
Sparsity – Secondary	67,600	70,000	2,400

\* Includes £180 Primary and £265 Secondary transfer in of TPG & TPECG

## 5.0 Budget Allocations

- 5.1. The following DSG allocations for schools block were received from ESFA on 17th December 2020:

<b>Block</b>	<b>Total Schools Block (Excluding Growth, TPG &amp; TPECG) £'000</b>	<b>Protected schools block funding for pay &amp; pension grants £'000</b>	<b>Premises £'000</b>	<b>Growth Funding £'000</b>	<b>Total Schools Block £'000</b>
Schools*	111,542.1	4,817.3	709.8	764.9.0	117,834.1

## 6.0 APT Submission

- 6.1 The revised dataset and modelling tool (APT) was received on the 17<sup>th</sup> December to enable local authorities to submit their funding formula in line with the 21<sup>st</sup> January deadline. Once submitted no changes can be made.
- 6.2 The final funding formula used the datasets provided by the ESFA, collected at the October '20 census. The regulations stipulate that these datasets must be used in completed the funding formula.

## 7.0 Growth Fund

- 7.1 As advised at the School Management Forum on 13<sup>th</sup> November 2019, there is a requirement to create a growth fund. The 2020-21 Growth Fund allocation is expected to underspend by £195.8k, I propose to roll forward this underspend in to 2021-22 to create the 2021-22 growth fund budget. This will be sufficient to fund 30, KS3 places from September 2021. The budget required for 2021-2022 is £120.5k. This allows for a contingency budget of £75.3k. There is no additional budget required from the 2021-22 DSG Schools Block.

## 8.0 Middlesbrough's Schools Block Formula 2021-22

- 8.1 It is proposed to implement the National Funding Formula in full. The MFG has been set at 2% within Middlesbrough's School formula. This is the maximum the formula allows. No capping or scaling has been applied within the formula, in line with the NFF. Due to SUFs and PUFs this has resulted in a one off unallocated budget of £190.1k. In order to distribute the unallocated budget, please refer to appendix A for options. The NFF Only column shows each schools allocation if the NFF with 2% MFG had only been applied, this is your base data. Option 1, AWPU column has in increase in the basic entitlement NFF rate of £19.48. Option 2, lump sum column has an increase of £8,010 above NFF rate.

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- 8.2 It is the case that due to the complexities of how the formula is calculated and schools individual characteristic it is not possible to 100% compare previous years formula's with proposals for 2021/22. An increase in one unit value will mean a school receives more/less funding, however due to how this affects the MFG any gain a school may receive from one unit may be offset by the change in MFG. Therefore when reviewing changes in individual schools budgets consideration needs to be given to the overall formula changes.
- 8.3 Of the 49 schools, option 1, 24 schools who would receive and increase in funding and 25 would remain the same as NFF, if this options was applied. Option 2 has 29 schools who would receive and increase in funding, 10 would remain the same as NFF and 10 schools will have a reduced budget against NFF column. This is due to the MFG and NFF. Due to option 2 not benefiting all schools, I therefore recommend that option 1 is the preferred option to progress with the funding formula.
- 8.4 Once the formula is agreed it will be submitted to ESFA by the 21st January deadline. There may be the requirement from ESFA to make some minor adjustments on submission, after which this will become the budget allocations for schools in 2021/22.

### **10.0 Recommendations**

- 10.1 Recommend that option 1 is the preferred option to progress as the funding formula for 2021-22.
- 10.2 SMF members to approve the 2021-22 School Formula and submission of the final proforma to the ESFA.
- 10.3 Agree to roll forward the Growth Fund underspend in to 2021-22 to create the 2021-22 Growth Fund budget.
- 10.3 SMF note the one off unallocated budget, is a one off gain in 2021-22. When setting the budget for 2022-23 the NFF rates for 2022-23 will be applied and the benefit of the unallocated budget for 2021-22 may not be carried in to 2022-23.