

REPORT TO: Executive Board

DATE: 10th December 2020

REPORTING OFFICER: Strategic Director People

POERFOLIO: Children, Education and Social Care

SUBJECT: The funding formula for mainstream schools and academies for 2021-22

WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 This report will outline the proposal for the Dedicated Schools Grant Schools Block Funding Formula for Halton mainstream schools and academies for 2021-22.

2.0 RECOMMENDATION: That

2.1 The Board approve the continuation of the National Funding Formula for 2021-22.

3.0 SUPPORTING INFORMATION

- 3.1 The Dedicated Schools Grant was split into four blocks; Schools Block, Central Schools Services Block, High Needs Block and Early Years Block from April 2018. The Schools Block supports mainstream primary and secondary schools and academies from reception to year 11. The Central Schools Services Block mainly supports the statutory functions carried out centrally on behalf of the schools and academies. The High Needs Block supports provision and central services for children with Special Educational Needs and Disabilities aged 0-25. The Early Years Block supports provision and central services for children aged 2 to 4 years.
- 3.2 The National Funding Formula is used by the Department for Education to calculate the Schools Block element of the Dedicated Schools Grant allocated to Halton. The NFF contains a number of factors, mainly pupil-led and each schools' budget is calculated using the cash values assigned to each factor with the data from the October school census. Until such time as the "hard" National Funding Formula is introduced, it is for each local authority to decide upon the funding formula to be adopted each financial year. This is which factors we wish to use and, where permissible, what criteria is attached to those factors.
- 3.3 After consultation with schools and Schools Forum it was decided to move Halton mainstream schools and academies to the National

Funding Formula with transitional protection for 2018-19. Transitional protection was required to ensure that the local authorities for whom funding was reducing under the National Funding Formula did not see a sudden, large drop in funding but it also meant that local authorities who were seeing an increase in funding, had that increase stepped over the years of protection. The financial year 2019-20 was the last year with transitional protection.

3.4 We are required to now make a decision on the funding formula to be adopted for 2021-22. The changes to the NFF for 2021-22 are:

- For 2021-22 there is a cash increase of 3% on key factors within the NFF.
- The Minimum Per Pupil funding level is a mandatory requirement and for 2021-22 this is set at £4,000 for primary pupils and £5,150 for secondary pupils, before the Teachers' Pay and Pension grants are added.
- The Minimum Funding Guarantee can still be used if required, local authorities in consultation with schools and School Forum have the flexibility of setting it at between +0.5% and +2.0%.
- The 2019 update to the Income Deprivations Affecting children Index has been incorporated so that deprivation funding allocated through the formulae is based on the latest data.
- Funding currently allocated through the Teachers' Pay Grant and the Teachers' Pension Employer Contribution Grant will be incorporated into the Dedicated Schools Grant from April 2021. The funding has been added to the basic per pupil entitlement at £180 per primary pupil and £265 per secondary pupil, to the Minimum Per Pupil funding levels and to schools' baselines so that it is protected through the funding floor.

3.5 On 7th October 2020 a consultation paper was sent out to all mainstream schools and academies in the borough (see Appendix A). The deadline for responses was 20th October. At Schools Forum held on 14th October the changes to the NFF were reported along with the consultation paper. Schools Forum members agreed to be contacted by e-mail with the results of the consultation with mainstream schools and academies. This was done on 2nd November with a response deadline of 13th November.

3.6 The consultation asked mainstream schools and academies two questions for their consideration

Do you agree that we continue to adopt the NFF method, principles and rules for the funding formula to be applied to primary and secondary schools and academies?

Do you agree to Schools Forum determining the level of the Minimum Funding Guarantee and any capping or scaling at the January meeting?

- 3.7 Of the 14 responses received from schools and academies, 13 were in favour of continuing with the National Funding Formula. One school agreed in principle but stated that the LA had not provided any information to enable Head Teachers to consider any other options. The majority of schools (13) also said that they supported the proposal that School Forum make a decision on the appropriate level for the Minimum Funding Guarantee at their January meeting. One school stated that an alternative would be to share the modelling and impact of the MFG with all schools to allow all schools to contribute to the end decision. However, with the tight timescale from the receipt of pupil data and grant allocations to the Schools Forum meeting, even in a small authority such as Halton this would be extremely difficult.
- 3.8 The results of the consultation with schools and academies were e-mailed to School Forum members on 2nd November with a request for a response by 13th November. Only two responses have been received, one stating that the responses from those schools/academies that had responded to the original consultation was clear, the other in support of continuing the NFF and making the decision on the MFG at the January meeting.
- 3.9 From April 2018 the Schools Block has been ring-fenced, to be devolved to mainstream schools and academies only. Local Authorities are allowed to transfer up to 0.5% of the Schools Block allocation to High Needs to ease the budget pressures on High Needs, if this is approved following consultation with schools and academies and receives the approval of School Forum. A transfer in excess of 0.5% is possible but is also subject to approval by the Secretary of State.
- 3.10 The provisional grant allocations were announced on 27th July 2020 showed an increase of £2.1M to the High Needs Block compared to the 2020-21 allocation. We have not requested any transfer of Schools Block grant to the High Needs Block for the 2021-22 financial year, to allow us to pass through the full amount of the Schools Block allocation to mainstream primary and secondary schools and academies in Halton. This is to help with the additional costs incurred due to the pandemic that may not be covered by grants and to allow time for more inclusive practices to bed in, continuing the rationale from last year.
- 3.11 However it has been made explicitly clear that if the pressures on the High Needs Block do not ease during 2021-22, schools and academies must expect a request for a transfer of funding from the Schools Block to the High Needs Block for 2022-23.

4.0 FINANCIAL IMPLICATIONS

- 4.1 If pupil numbers and cohort in each school remained the same for 2021-22, every school would see an increase in funding. However, we know that in some schools, pupil numbers are falling. For 2020-21 89.47% of Schools Block funding was allocated through pupil-led factors, with

67.65% through the basic per pupil entitlement alone. Therefore, where pupil numbers are falling schools will likely see a reduction in funding, however the two levels of safeguards – Minimum Per Pupil funding level and Minimum Funding Guarantee will ensure that on a per pupil basis schools will receive a minimum increase of 0.5% per pupil, above the increase for the Teachers' Pay and Pension Grants.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children & Young People in Halton

It is essential the funding allocated to schools ensures that they are sustainable and have the resources to invest in improving outcomes for all Halton children and young people.

5.2 Employment, Learning & Skills in Halton

None.

5.3 A Healthy Halton

None

5.4 A Safer Halton

None.

5.5 Halton's Urban Renewal

None.

6.0 RISK ANALYSIS

6.1 The High Needs Budget continues to be highly pressured due to the number of learners requiring support. The High Needs Review has been considering the changes needed in Halton to ensure that we can continue to appropriately support our children and young people with SEND whilst reducing costs.

6.2 Increased investment in schools through the National Funding Formula and promoting and developing increased inclusion in our schools and settings should reduce the need for additional support or specialist placements.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 The aim of the introduction of the national funding formula to create a system that supports opportunity, is fair, efficient, delivers funding straight to schools, transparent, simple and predictable.

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
National Funding Formula for schools and high needs 2021-22 (July 2020)	Ann McIntyre	Ann McIntyre – Operational Director – Education Inclusion and Provision & Operational Director Resources
Impact of the schools NFF – EFA – (July 2020)	Ann McIntyre	Ann McIntyre – Operational Director – Education Inclusion and Provision & Operational Director Resources
Schools Block National Funding Formula – Technical note (July 2020) High Needs Funding Operational Guide 2021-22 (September 2020) Central School Services Block National Funding Formula - Technical note - (July 2020) High Needs Funding Formula – Technical note (July 2020) School Revenue Funding 2021-22 – Operational Guide (July 2020)	DFE Website	Ann McIntyre – Operational Director – Education, Inclusion and Provision & Operational Director Resources
School Forum agenda, papers and minutes	HBC website	Ann McIntyre – Operational Director – Education Inclusion and Provision & Operational Director Resources

Consultation on the Schools Block Funding Formula

Funding Formula

We are required to consult with schools and academies on the method, principles and rules adopted for the funding formula to be applied to primary and secondary schools and academies.

As you will be aware, for the past three years we have followed the National Funding Formula (NFF) method, principles and rules. We are recommending that we continue this. The NFF for 2021-22 is as detailed below:

<u>Factor</u>	<u>Criteria</u>	<u>Primary NFF value 21-22</u>	<u>Secondary NFF value 21- 22</u>
Basic per Pupil	A set level of funding for each pupil. For 2021-22 this includes funding previously allocated through the Teachers' Pay Grant and Teachers' Pension Employer Contribution Grant.	£3,123	£4,404 KS3 £4,963 KS4
Deprivation - FSM	Funding for pupils who are currently eligible for FSM.	£460	£460
Deprivation – FSM Ever 6	Funding for pupils who have been eligible for FSM at some point in the previous 6 years.	£575	£840
Deprivation – IDACI	Income Deprivation Affecting Children Index. Funding is based on the deprivation level assigned to each pupil's home post code, banded A to G. However funding is only allowed for bands A to F. NB the 2019 update to the IDACI data is being used for 2021-22.	F £215 E £260 D £410 C £445 B £475 A £620	F £310 E £415 D £580 C £630 B £680 A £865
Low Prior Attainment	Primary – where pupils have not achieved the expected level of development at EYFSP Secondary – where pupils have not achieved the expected standard in KS2 at either reading, writing or maths.	£1,095	£1,660
English as an Additional Language	Pupils identified with a first language other than English can be funded for up to the first three years of statutory schooling. We fund for the maximum period of three years.	£550	£1,485
Pupil Mobility	Provides funding for pupils who enter a school other than at the start of Autumn Term. A minimum threshold applies of	£900	£1,290

	6% of pupil numbers. Not used in Halton due to extremely low number of schools affected.		
Sparsity	Funding for small schools located in areas where pupils would have to travel a set minimum distance to the next nearest school. No schools qualify in Halton.		
Minimum Level of Per-pupil funding	Currently under consultation to implement as a mandatory factor. <i>Combines all pupil-led factors and is not a stand-alone amount.</i>	£4,180	£5,415
Total Pupil-led factors	Each LA is required to allocate at least 80% of the delegated Schools Block funding through the above pupil-led factors.		
Lump Sum	An amount per school up to a maximum of £175,000. Can be different for primary and secondary schools.	£117,800	£117,800
Split Sites	No schools in Halton are eligible for funding under this factor.		
LA Rates	LA Rates must be funded at an estimate of the actual cost.	Estimate of actual cost	Estimate of actual cost
PFI contracts	A factor to support schools that have unavoidable premises costs due to being a PFI school. A per pupil rate uplifted by 1.56%	£203.81	£206.99
Exceptional Premises	In Halton, this is for the joint use of leisure facilities by contractual agreement with one school.		£141,919
Minimum Funding Guarantee	The MFG can be set between +0.5% and +2.0%.		

Cash values

We are not required to consult on the cash values attributed to each factor, however we can share with you the NFF values as above. The final cash values used are dependent upon the pupil data and final grant allocation which will both be released mid-December.

Minimum Funding Guarantee

The Minimum Funding Guarantee remains in place for 2021-22 but is now only allowed between plus 0.5% and plus 2.0%. The MFG is calculated to a

per pupil amount which cannot be less than the previous year per pupil amount multiplied by the MFG factor. This means that a schools' per pupil amount must increase by a minimum of 0.5% to 2.0% compared to the previous year.

It is impossible to say what MFG level we will require, or can afford at this point in time. This can only be calculated when the final grant allocation and pupil data is received in mid-December. Therefore, as in previous years, we are asking that you agree to Schools Forum approving the MFG level at the January meeting when the Schools Block indicative budgets will be presented.

Indicative Schools Block budgets

The attached spreadsheet issued by the DfE shows the impact of the updated 2021-22 NFF formula and cash values. This is not necessarily the amount of funding you will receive.

Consultation questions

1. Do you agree that we continue to adopt the NFF method, principles and rules adopted for the funding formula to be applied to primary and secondary schools and academies?

Yes/No

If no, please explain what you would prefer to use:

2. Do you

Do you Agree to Schools Forum determining the level of the Minimum Funding Guarantee at the January meeting?

Yes/No

If no, please explain how you think agreement should be reached within the timescales set by the DfE:

Please respond no later than **noon on Tuesday 20th October 2020** to ensure your feedback can be fed back to Schools Forum and subsequently to the Executive Board of the Council.

Responses to be e-mailed to anne.jones@halton.gov.uk