

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Cllr Kevin Guy, Cabinet Member for Children Young People and Families	
MEETING/ DECISION DATE:	On or after 16th Jan 2021 (for single Member decision)	EXECUTIVE FORWARD PLAN REFERENCE: E 3254
TITLE:	Schools Funding Formula 2021-22	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Schools Forum Report and recommendations Appendix to report with Schools Consultation responses Draft Minutes of Schools Forum 15 th December 2020		

1 THE ISSUE

- 1.1 The DFE have issued new guidance on some specific items with the National Funding Formula (NFF) for schools. Some factors and values within the formula require local decision making following consultation with Schools.

2 RECOMMENDATION

The Cabinet member is asked to;

- 2.1 Agree to change the specific factor for sparsity in line with the NFF guidance**
- 2.2 Agree to inflate all factors at 3% (except Free School Meals at 2%) in line with DFE guidance**
- 2.3 Agree to set the Minimum Funding Guarantee (MFG) at 2%**
- 2.4 Agree that if necessary, to taper back all formula factors by the same percentage to ensure that schools allocation are contained within the schools block allocation.**

3 THE REPORT

3.1 Following the consultation with schools in the Autumn term 2019 the LA introduced a local mainstream schools funding formula for 2020-2021 that mirrored the National Funding Formula (NFF) as close as it could.

3.2 The LA received information from the DFE in July 2020 to advise that in 2021-2022, as in previous years, each local authority will continue to set a local mainstream schools funding formula, 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 mainstream schools funding allocations directly, rather than local funding formulae.

3.3 it is the LA’s intention to mirror the NFF as closely as possible again for 2021-2022 following a short consultation with schools in the Autumn term 2020 and feedback the responses from schools to the forum for approval of the principles the LA will adopt.

3.4 The key changes of local authority school formulae arrangements in 2021 to 2022 are as follows:

(1) The incorporation of the 2019 update to the Income Deprivation Affecting Children Index (IDACI), will be used in local funding formulae ensuring that the deprivation funding through the NFF continues to target schools most likely to need additional funding. There is also a change to the IDACI bandings which will now be based on rankings and not scores. The 2021-22 NFF will use IDACI 2019 ranks to group each lower super output area (LSOA’s, an area with typically about 1,500 residents) into one of six bands of decreasing deprivation. For example, Band A now comprises the most deprived 2.5% of LSOA’s. the tables below show how the bands were defined using scores and how they are now defined using ranks:

(2) IDACI Bands using Scores

NFF IDACI bands	
IDACI score	Band
Between 0.5 and 1	A
Between 0.4 and 0.5	B
Between 0.35 and 0.4	C
Between 0.3 and 0.35	D
Between 0.25 and 0.3	E
Between 0.2 and 0.25	F

Updated IDACI Bands using ranks

Factor	Ranks	Band
Pupils in the most deprived 2.5% of LSOAs	1 to 821	A
Pupils in the next 5% most deprived LSOAs	822 to 2463	B
Pupils in the next 5% most deprived LSOAs	2464 to 4105	C
Pupils in the next 5% most deprived LSOAs	4106 to 5747	D
Pupils in the next 10% most deprived LSOAs	5748 to 9032	E
Pupils in the next 10% most deprived LSOAs	9033 to 12316	F

(3) Here is an illustrative example based on 5 pupils and how much funding School A would have received in 2020-21 based on 2015 IDACI data compared to how much they will receive in 2021-22 in the NFF based on 2019 IDACI data:

(4) 2020-21 (Based on 2015 IDACI data): 2021-22 (Based on 2019 IDACI data):

Pupil	LSOA Score	IDACI Band	Factor value
1	0.15	G	£0
2	0.212	F	£210
3	0.3	D	£375
4	0.275	E	£250
5	0.41	B	£435

Pupil	LSOA Score	IDACI Rank	IDACI Band	Factor value
1	0.15	14,044	G	£0
2	0.235	7,767	E	£260
3	0.3	4,367	D	£410
4	0.275	5,584	D	£410
5	0.34	2,908	C	£445

School A attracted £1,270 in 2020-21 School A attracts £1,525 in 2021-22

- (5) Funding previously received through the 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 NFF to schools by increasing the basic per pupil funding, and increasing the minimum per pupil funding levels (MPPLs). This will streamline the way in which the funding through the grants is delivered, as well as recognise the fact that these grants are part of schools' core funding.
- (6) The minimum per pupil funding levels (MPPLs) will remain mandatory at new NFF values including additional funding the DFE will roll in from the TPG and TPECG
- (7) Local authorities will have the freedom to set the Minimum Funding Guarantee (MFG) in local formulae between +0.5% and +2% per pupil and should add total funding from the TPG and TPECG to schools' baselines for 2020-2021 for the calculation of the MFG
- (8) Improvement in the support under the NFF for small and remote schools, by increasing the maximum sparsity factor value from £26,000 to £45,000 for primary schools, and from £67,600 to £70,000 for secondary schools.
- (9) The Key Factors in the NFF will increase by on average 3% (except for Free School Meals which will increase by 2% inflation) and the increase in the MPPL's will ensure that
- (10) every secondary school will receive £5,215 per KS3 pupil and £5,715 per KS4 pupil which includes £265 per pupil to cover additional teachers' pay and pension costs previously funded through separate grants. This will ensure that standard secondary schools with five-year groups receive at least £5,415 per pupil which includes £265 per secondary pupil for the rolling in of grants
- (11) every primary school will receive £4,180 per pupil which includes £180 per pupil to cover additional teachers' pay and pension costs previously funded through separate grants
- (12) Following the cancellation of assessments in summer 2020 due to COVID-19, local authorities will use 2019 assessment data as a proxy in funding formulae for the 2020 reception and year 6 cohort, which will be reflected in the data the LA will receive from the DFE for the calculation of funding for schools under the factor for Prior Attainment.

(13) The DFE are also weighting the attainment scores to reflect the tougher KS2 assessments from 2015. The weightings are as follows

For pupils in year 7 in October 2019:	0.64527
For pupils in year 8 in October 2019:	0.63586
For pupils in year 9 in October 2019:	0.58045
For pupils in year 10 in October 2019:	0.48019
For pupils in year 11 in October 2019:	1

(14) The purpose of the weightings is to limit the funding required to support the overall aim of allocating funding to schools with low prior attainment. The factor values can then be maintained at the values of prior years.

(15) Local authorities will continue to be able to transfer up to 0.5% of their schools' block to other blocks of the DSG, after consultation with schools and with the school forum approval. In 2021 to 2022, the total schools block available for such transfers must exclude the additional funding local authorities have been allocated for the TPG and TPECG, thereby guaranteeing that all this funding remains with schools. A disapplication is required for transfers above 0.5%, or any amount without the school forum approval; this applies to any transfers even if the minister agreed the same amount in previous years. The deadline for a disapplication if required is 20th November 2020.

3.5 Having received the guidance on changes to the NFF and in line with our intention to follow the NFF methodology as close as possible, school's forum agreed to a consultation with schools that ran from 8th October to 16th November (paper attached)

3.6 The results of the consultation were generally positive for the proposals made with almost 100% approval for 3 of the formula factor changes.

3.7 The one question that was not supported was the use of a capping mechanism to be used if the resources allocated to the schools block of the Dedicated Schools Grant (DSG) were not sufficient to support the NFF factor values in full.

3.8 The Schools Forum on the 15th December debated the responses to the consultation and in general agreed to not use a cap if resources did not allow a full allocation of the NFF factor values. Instead the Schools Forum agreed to recommend to the Cabinet Member for Children and Young People that each formula factor should be reduced by an equal percentage. This methodology was chosen as it spreads the impact of reduced resources over all schools receiving increases above the MFG and the floor funding allocations defined in the NFF.

4 STATUTORY CONSIDERATIONS

4.1 The School Funding Regulations require the local authority to establish and produce its funding formula annually.

4.2 The Formula is required to meet certain criteria and has to be logged with the DFE by the 19th January 2021.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The formula itself does not have any resource implications for the Local Authority as the funding is a direct grant from the DFE and the formula simply allocates the funding to the individual schools.
- 5.2 The methodology of the formula will impact the individual schools and the inclusion of a minimum funding guarantee will limit the impact as much as is allowed under the DFE guidance
- 5.3 The regulations also allow the schools forum to decide on allocating up to 0.5% of the school block allocation of the DSG to support pressures in other areas of the DSG. At its meeting on the 15th December the Forum unanimously agreed to transfer 0.5% of the schools block to the High Needs Block.

6 RISK MANAGEMENT

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

7 EQUALITIES

- 7.1 As the local decision making on a funding formula has followed the DFE NFF mechanism and the DFE carried out their own National Equalities impact assessment (background papers) we have not carried out a local impact assessment

8 CLIMATE CHANGE

- 8.1 The methodology of distributing the funding to schools will not directly affect the climate change position

9 OTHER OPTIONS CONSIDERED

- 9.1 Whilst there are many options that could be adopted in allocating resources to schools, the Schools and the schools forum have on several occasions expressed their desire to move to the NFF factors and values as soon as is practical. On achieving this goal the schools and the schools Forum has continued to express their desire to follow the DFE guidance to maintain the nationally prescribed factors as far as possible.

10 CONSULTATION

- 10.1 The Schools Forum and schools and Multi Academy Trusts have been formally consulted on the proposals to amend the formula in line with DFE guidance.
- 10.2 The S151 and Monitoring officers have been consulted

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Background papers	Schools block national funding formula: technical note https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901667/2021-22_NFF_schools_block_technical_note.pdf NFF equalities Impact Assessment https://dera.ioe.ac.uk/28027/3/NFF_EqualityImpactAssessment.pdf
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