

Consultation Document Schools Funding Formula 2021-22

Purpose of the Consultation

At the meeting of 19th November 2020, the RBWM School Forum agreed to inform and consult all schools on the following:

- The Minimum Funding Guarantee
- Technical data set changes for deprivation
- Targeting of funding to local priorities and the migration to National formula funding
- Use of headroom funding

Your Schools Forum representatives will use your consultation responses to inform how they vote on the 2021-22 funding distribution methodology at the next Schools Forum on 21st January 2021.

The consultation responses will be anonymised and published as part of the Schools Forum papers.

To help inform your response to the consultation a glossary and brief explanation of each question has been provided. It is important that you consider your consultation response carefully as the responses will be used to inform decisions about how money will be allocated to schools next year.

To demonstrate the changes proposed in this paper, schools have been provided with anonymised illustrations showing the estimated funding which they would receive in 2021-22 on the basis of the formula funding proposals in this report, if pupil numbers and premises costs were unchanged from 2020-21. These are based on DfE data taken from the October 2019 Census. Schools are reminded that actual funding for 2021-22 will be based on the October 2020 pupil Census and year on year changes in data may have a significant impact. Therefore, in responding to this consultation, schools are advised to concentrate on the principles rather than simply on the illustrative per pupil percentages.

If you would like to discuss the consultation further please contact your Schools Forum representative. Details of Schools Forum representatives are shown in appendix H.

Schools are asked to complete and return the consultation document by **6pm on the 13th December 2020. As in previous years** only one submission per school can be accepted.

- **Appendix A** provides a template for your response and a full listing of all questions
- **Appendix B** glossary of terms

- **Appendix C** provides NFF, Current Local Formula rates and Models 1, 2 and 3 with indicative formula factor rates.
- **Appendix D** provides indicative percentage increases of how the various models could affect schools
- **Appendix E** primary school graphs
- **Appendix F** secondary school graphs
- **Appendix G** provides some useful information regarding other budget factors
- **Appendix H** School Forum Representatives

Please send your completed consultation response to:

Bursar.support@achievingforchildren.org.uk

Context

There is a significant amount of information published on the DfE's website (2021-22 operational guidance) which can be found at:

<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2021-to-2022>

In July 2020 local authorities were notified of the provisional Dedicated Schools Grant (DSG) funding allocations for the Schools block, High needs and Central School services. The funding rate has increased for the teachers' pay and pension grants which will be added to the DSG and will no longer be paid as a separate grant to schools. The increase for the rolled in grants will be allocated in full via the local Schools Formula.

The 2021-22 guidance sent to local authorities includes technical and compulsory changes, two of which relate to schools formula guarantees as set out below:

- The pre 16 Minimum funding guarantee (MFG) range set by a local authority must be between +0.50% to 2.00%. For 2020-21 the maximum is 1.84%.
- The Minimum Per Pupil Level (MPPL) Guarantee is a compulsory formula factor. The MPPL is a guarantee that for every pupil on roll the school receives a minimum amount via the pupil led factors within the formula. For 2021-22 the minimum amounts have increased to reflect the rolled in grants.
- The main technical change relates to the "Income Deprivation Affecting Children Index" (IDACI) data has been updated to reflect the 2019 data set. Resulting in significant changes to the bandings and funding allocations

This consultation paper does not repeat much of the background to the NFF which can be found via the links above, however, it is worth reiterating that the notional allocations published by Government are not what individual schools will receive in 2021-22. School allocations depend on the local formula which will be reflective of this consultation and the October 2020 pupil number changes.

Schools Forum members and RBWM are seeking schools view on the changes to the local schools formula for 2021-22 financial year. This consultation will inform decisions on the local formula for 2021-22. Academies and Free Schools are reminded that although their funding comes directly from the Education Skills & Funding Agency (ESFA) it is based upon the local formula and so these changes will impact on all school's funding.

If you would like to discuss the consultation further please email the Bursar Support Team at the following address and they will direct your enquiry to the appropriate officer to respond.

Bursar.support@achievingforchildren.org.uk

Consultation Focus

The Minimum Funding Guarantee

Local authorities are required to set a pre-16 Minimum Funding Guarantee each year. For 2021-22 the percentage set by each local authority must be between +0.50% and +2.00%. For 2020-21 financial year the RBWM MFG rate was increased from -1.50% to 0.50%, a 2.00% movement in the rate, giving an inflationary increase between years.

For 2021-22 the models included in the consultation give three options for MFG. Ranging from no change in MFG rate at 0.5%, an increase to 1.25% or 1.30%. The increases in MFG for models 2 and 3 gives those schools on MFG top up towards the 2021-22 inflation.

The MFG protects between 2 and 6 schools, depending on the level of MFG percentage in the financial models. The cost of MFG has decreased from in excess of £74,000 in 2020-21 to between £49,130 - £62,322, in the models 1-3. Increased funding within the schools block for delegation to schools has had the impact of decreasing the total cost of meeting the minimum funding guarantee.

Minimum per pupil funding is not allocated to schools in receipt of MFG.

Table 1 Minimum Funding Guarantee Funding Allocation Estimates

MFG	%	No of schools	£
Model 1	0.5%	2	49,130
Model 2	1.30%	5	62,322
Model 3	1.25%	6	61,333

The Minimum Funding Per Pupil

The Minimum per pupil level funding (MPPL) is a guarantee that for every pupil on roll the school receives a minimum amount via the pupil led factors within the formula.

For the financial year 2021-22 the primary minimum per pupil funding level will increase to £4,000 from £3,750. In addition, a further £180 has been added for the Teacher's Pay and Pension Grants resulting in a minimum per pupil funding of £4,180. The secondary minimum per pupil funding level has been increased by 3%, as per the other core NFF factors, as well as an additional £265 for the Teachers' Pay and Pension Grants resulting in a minimum per pupil funding of £5,415 is the secondary sector.

The MPPL is compulsory and the table below is for information. As these are compulsory rates there is no consultation on this factor.

Table 2: DSG Minimum Per Pupil Funding Levels

Year Groups	Minimum Per Pupil Funding Levels £
Primary	4,180
KS3	5,215
KS4	5,715

The factors that make up the MPPL are:

- Age Weighted Pupil Unit (AWPU)
- Free School meals (FSM)
- Income Deprivation Affecting Children Index (IDACI)
- English as additional Language (EAL)
- Mobility
- Looked After Children (LAC)
- Low Prior Attainment (LPA)
- Lump Sum

Income Deprivation Affecting Children Index (IDACI)

The technical adjustments by the DfE to update data set changes are reflected in the 2021-22 consultation models and have impacted on the total pupils numbers in the deprivation data, resulting in lower overall allocations when compared to 2020-21.

IDACI is an area based index measuring the relative deprivation of different geographical areas. The 2019 update provided an updated snapshot of the measure of deprivation of different areas. This position was pre Covid which is expected will result nationally in increased deprivation. There is no agreement from the DfE to review the 2019 updated results which will lead to a disconnect between need and allocation, however the impact is limited as historically this factor represents around 1.0% of the total schools budget allocation.

The number of RBWM pupils triggering IDACI funding has reduced from 13% to 7% (2,649 pupils to 1,379 pupils). Table 3 below details the total IDACI funding allocated from 2020-21 to the 2021-22.

Table 3 Income Deprivation Affecting Children Index Allocation

IDACI	IDACI Allocation 2020-2021 Budget	IDACI Allocation Models 1 & 2	% change to 2020-21 allocation	IDACI Allocation Model 3	% change to 2020-21 allocation
	£	£	£	£	£
All Schools	920,543	453,944	(49%)	391,854	(43%)
Primary	410,204	200,712	(49%)	164,816	(40%)
Secondary	510,339	253,232	(50%)	227,038	(44%)

Models 1 and 2 targets additional funding with the unit rate remaining at a higher level than NFF, therefore targeting additional funding at local priorities.

Financial models migration towards NFF

Taking into consideration previous Schools Forum discussions and decision making, it is proposed that consultation with schools will focus on formula changes with the minimum volatility. All three models show some level of migration towards NFF, distribute the increased schools block funding and meet both guarantees in full.

Appendix C details the rates used in 2020-21 and the highlighted changes for 2021-22.

Models 1 and 2 target funding at local priorities for deprivation and a number of pupils led factors at NFF levels, whereas model 3 migrates the majority of formula factor values to NFF levels and reflects the full impact on the reduction in deprivation funding.

For all models business rates are included at the current 2020-21 values and will be updated to reflect inflationary increases to schools in the final allocations.

The schools block is to be allocated to schools via the Schools funding formula, after allowing for growth in year groups for new schools and the estimated increase in business rates for 2020-21. The proposals for allocation are detailed in the appendices. In 2021-22 RBWM does not propose to make any block movements between the Schools Block and High Needs.

Looked After Children deprivation factor – targeting local priorities

The Looked after children (LAC) factor is an optional factor. The DfE no longer uses a LAC factor in the NFF.

RBWM has over the last few years reduced the level of funding distributed via LAC to reflect the Pupil Premium plus grants paid to schools in year. Taking into consideration the

reduction in deprivation funding distributed to schools via the IDACI factor in 2021-22, the consultation includes models 1 and 2 which maintain the LAC funding at the current rate. Model 3 reduces the unit rate from £475.00 to £237.50 per LAC pupil, continuing with the migration towards National Funding Formula.

Increase in the lump sum allowance

An increase in the lump sum allowance is included in all three models to reflect the allocation of the remaining ‘headroom’. The headroom estimate is based on the provisional grant and October 2019 Census. The final funding will depend on the headroom balance available after the updated data from the October 2020 Census is included in the RBWM block funding and revised formula allocations.

Consultation Questions

There are three models and a number of in principle questions on which we would like schools responses to.

To assist schools in responding to this consultation, appendix D contains an anonymised by sector schedule of how the adoption of the above three models will impact on individual schools’ net funding. These are based on October 2019 pupil data.

Appendix C list the Schools Formula by factor detailing the following:

- The RBWM local formula unit rates for 2020-21
- NFF unit rates including the area cost adjustment (ACA) for 2021-22
- The three financial models for consultation for 2021-22

The financial models allocate out the provisional 2021-22 funding allocation published to the local authority in July 2020. Changes to the local formula unit rates from 2020-21 to the models are highlighted in the appendices to emphasis the targeted funding.

Models 1 and 2 – target local priority focus

- Deprivation funding –allocation in IDACI and Free School Meals (FSM) ever 6 unit rates to remain at higher level than NFF
- Optional factor of funding Looked After Children (LAC) to remain at 2020-21 unit rate
- Increase in English as an additional language (EAL) to NFF unit rates including area cost adjustment (ACA)
- MPPL met in full
- Model 1 MFG remains at 0.5%
- Model 2 MFG increased from 0.5% to 1.3%
- Balance of funding to be distributed via school lump sum

Model 3 – NFF focus

- Deprivation funding – IDACI and FSM ever 6 unit rates reduced to match 2021-22 NFF & ACA
- Optional factor of funding Looked After Children (LAC) reduced from £475.00 to £237.50 per eligible child
- Increase in English as an additional language (EAL) to NFF unit rates including ACA
- MPPL met in full
- MFG increased from 0.5% to 1.25%
- Balance of funding to be distributed via school lump sum

Use of headroom funding

Any headroom resulting from the October 2019 Census updated data and the final block funding is to be added to the schools lump sum.

Impact on School Budgets

Appendix D reflects the indicative estimated % increases per school per model. This comparison to the 2020-21 funding excludes business rates and lump sums in both years.

A number of schools in receipt of the MFG protection and will show increases of 0.5% up to 1.30% and no other inflation increase. MFG ensures that the school funding allocations excluding business rates and lump sum, divided by the school NOR are not lower than minimum levels specified by the government.

Schools listed with potential increases of over 4% are schools in receipt of Minimum per pupil level funding (MPPL) protection allocations. This ensures that the school funding allocations excluding business rates, divided by the school NOR are at the minimum levels specified by the government.

Questions for Consultation

Minimum Funding Guarantee

All models have been calculated using MFG at different rates in order to demonstrate the potential impact at 0.5%, 1.30% & 1.25%.

Q1 Local authorities are required to set a Minimum Funding Guarantee, which in 2020-21 must be between +0.5% and +2.0%. The level set by RBWM in 2020-21 is currently 0.5%.

What level of increase in the Minimum Funding Guarantee increase would you recommend?

- a) Remaining at +0.50%
- b) 0.80% increase per pupil from 0.50% to +1.30%
- c) 0.75% Increase per pupil from 0.50% to +1.25%
- d) Not sure

Deprivation funding

The IDACI technical adjustments by the DfE to update data set changes are reflected in the 2021-22 consultation models and have impacted on the total pupils numbers in the deprivation data, resulting in lower overall allocations when compared to 2020-21.

All three models reflect the change in the IDACI data set and result in reduced funding for this deprivation factor when compared to 2020-21. Models 1 and 2 retain the 2020-21 local unit value. Model 3 migrates to NFF unit values, reducing further the deprivation funding allocated by this factor. Table 3 illustrates the overall impact of the data set and unit value changes.

Q2. Models 1 and 2 retain the 2020-21 local unit value. Model 3 migrates to NFF unit values, reducing further the deprivation funding allocated by this factor.

Do you support targeting funding at local priorities, such as deprivation funding?

- a) Yes
- b) No
- c) Not sure

Looked After Children deprivation factor

In 2020-21 the LA retained a formula factor for looked after children but reduced its value from £950 to £475 per eligible pupil. This recognised the increase in Pupil Premium Plus for looked after children and the DfE's decision that the hard NFF will not include a factor for looked after children. In order to help protect deprivation funding, which has reduced significantly in the IDACI factor, Models 1 and 2 retained RBWM 2020-21 values for LAC. Model 3 shows a reduction in the unit rate value to £237.50.

Q3. The deprivation factor for looked after children is a local factor reflecting local priorities.

Do you agree that the deprivation factor for looked after children should remain at 2020-21 levels?

- a) Yes*
- b) No*
- c) Not sure*

Headroom

Available headroom for 2021-22 budget is defined as the sum unallocated within the DSG after accounting for pupil number changes, other demography changes and cost pressures.

RBWM's lump sum proposed for all three models is above the NFF rate, partly to help protect smaller schools and for the allocation of headroom funding to all schools.

Q4. The proposed methodology for allocating any headroom is through increasing the lump sum allowance.

Do you agree that any headroom should be targeted at the lump sum factor? If not, what would you propose?

- a) Yes*
- b) No*
- c) Not sure*

Model Preference

Three models have been proposed for consideration.

Q5. Schools are asked to indicate their preferred model for consideration.

Have you a preferred model, if so which is it?

- a) Model 1*
- b) Model 2*
- c) Model 3*
- d) Not sure*

Appendix A

School Consultation Response 2021-22

School Name	
Federation / Multi-Academy Trust Name	
Full Name	
Signature	
Position	
Have Governors been consulted? (Date)	
Date	

Q1 Minimum Funding Guarantee

What level of increase in the Minimum Funding Guarantee increase would you recommend? MFG can range from 0.50% up to 2.00%; RBWM current rate is 0.50%

- a) Remaining at +0.50%
- b) 0.80% increase per pupil from 0.50% to +1.30%
- c) 0.75% Increase per pupil from 0.50% to +1.25%
- d) Not sure

A	B	C	Not sure
Comments			

Q2 Targeting Funding at local priorities

Do you support targeting funding at local priorities, such as deprivation funding?

Yes	No	Not sure

Comments

Q3 Looked After Children deprivation factor

Do you agree that the deprivation factor for looked after children should continue to receive unit rate of funding at 2020-21 levels? If not, what level of reduction would you propose?

Yes	No	Not sure

Comments

Q4 Headroom

Do you agree that any headroom should be targeted at increasing the lump sum funding to all schools? If not, do you have any other suggestions?

Yes	No	Not sure

Comments		

Q5 Model Preference

Have you a preferred model, if so which is it?

Model 1	Model 2	Model 3	Not sure
Comments			

GLOSSARY OF TERMS

Appendix B

ACA – Area Cost Adjustment. The provisional Schools Block allocations to each local authority the funding for the schools block includes the Area Cost Adjustment (ACA) to reflect differences in cost between different parts of the country. For RBWM the **ACA is 1.05613**

AWPU or Basic Entitlement The “basic entitlement” is the sum allocated to a school for any pupil at a specific key stage. This was formerly known as the Age Weighted Pupil Unit (AWPU).

Dedicated Schools Grant (DSG) The funding source for the total Schools Budget from July 2020.

DfE The Government’s Department for Education, which prescribes on schools funding issues

Delegated budget Budget which a school’s governors may spend as they determine, for the benefit of the school. It may also be spent, in limited circumstances, for the benefit of pupils at other schools.

EAL English as a second language

ESFA The Education and Skills Funding Agency is the body currently responsible to the DfE for maintaining the policy framework for funding LAs and academies, co-ordinating the funding of post 16s in school sixth forms and colleges and for maintaining the post 16 funding formula. (These roles were previously undertaken by the Education Funding Agency (EFA) for schools and 16-19 education providers.

FSM6 (or “ever 6 FSM”). Children who have been eligible for free school meals on a termly school Census date within the last six years, even if they are not currently eligible. This is an indicator of deprivation increasingly used by the DFE for school funding and accountability purposes.

HNB High Needs Block within the Dedicated Schools Grant, intended to fund services for pupils with special educational needs and disabilities.

IDACI Income Deprivation Affecting Children Index, government index often used as a proxy indicator of deprivation

LA The Local Authority

LAC Looked After Pupils

LPA Low Prior attainment

MFG Minimum Funding Guarantee – a rate set by the Government each year, which represents the maximum percentage reduction per pupil which each school should receive in its new budget

MPPL (Minimum per pupil funding level) This is a minimum average funding level per pupil which each school will receive under the National Funding Formula if the individual formula factors would otherwise generate less than this

NFF The National Funding Formula, introduced by the DfE at LA level in 2018/19. From April 2018 RBWM's schools funding formula will be expected to migrate towards the NFF.

Appendix G

Useful information regarding other budget factors

Lump Sum Funding

This is an optional factor used by most local authorities. RBWM set a flat rate lump sum for all schools.

Business Rates

The Schools Block funding to local authorities includes the lag funding for the individual school business rates. Therefore the total premises funding to be allocated to RBWM for next year will not reflect latest cost of the school rates, due to 2020-21 in year reassessments and inflationary increases for 2021-22.

Area Cost Adjustment (ACA)

In the provisional Schools Block allocations to each local authority the funding for the schools block includes the Area Cost Adjustment (ACA) to reflect differences in cost between different parts of the country. For RBWM the ACA is 1.056

Appendix H

Schools Forum Representatives

School / Non School	Sector	Type Of Member	Representative
School	Academy	Headteacher	Martin Tinsley (Chair)
School	Academy	Headteacher	Maggie Callaghan
School	Academy	Headteacher	Amanda Hough
School	Academy	Headteacher	Isabel Cooke
School	Academy	Headteacher	Cathrin Thomas
School	Academy	Headteacher	Andrew Morrison
School	Academy	Headteacher	John Fletcher
School	Academy	Governor	Vacant
School	Academy (Free School)	Governor	Stephen McCormac
School	Maintained Nursery	Headteacher	Sarah Cottle
School	Maintained Primary	Headteacher	Mike Wallace
School	Maintained Secondary	Headteacher	Chris Tomes (Vice chair)
School	Maintained Special	Headteacher	Joolz Scarlett
Non School	Non Schools 16-19	Non Schools	Amanda Dean