



# Northumberland County Council

Agenda Item 7

Schools Forum : 18 November 2020

## National Funding Formula & Dedicated Schools Grant (DSG) & Consultation on 2021/22 Funding Values

### 1. Purpose of the Report

To provide further additional information in respect of the continuing implementation of the National Funding Formula, the Dedicated Schools Grant (DSG) and associated 2021/22 Schools Funding information.

### 2. Recommendations

Schools Forum is asked to:

- a. Agree the transfer of up to 0.5% of the final value of the Schools Block as an ongoing contribution to the costs of SEND Support Services, once the final DSG values are released in December.
- b. Agree that the funding values for 2021/22 be set in line with the principles outlined in the report; and agree for these to be the basis for the wider consultation with schools.
- c. Note the delegation of final decisions on the values to the Executive Director of Adult Social Care and Children's Services, once final funding becomes known in December 2020, in order to enable the required Cabinet report to be prepared and submitted to the 12 January 2021 meeting, and the submission of the necessary return to the ESFA by 21 January 2021.
- d. Receive a further report to the 13 January 2021 meeting on the outcome of the consultation with schools and final funding values to be used for 2021/22.

### 3. Background

At the 30 September 2020 Schools Forum received a National Funding Formula (NFF) and Dedicated Schools Grant (DSG) update outlining the information received at that stage in relation to 2021/22 School Funding. In line with the government's announcement, it was suggested that schools could anticipate an increase of between 2% and 3% in per pupil funding, before the adjustment in respect of the Teacher Pay and Pension Grants (TPPG) is taken into consideration. This was confirmed in the publication of the 2021/22 National Funding Formula values, which attached at Appendix A.

### 4. Latest Information

Given the Government has re-affirmed its commitment to move to the NFF, and that the majority of Northumberland's Funding Formula values are in line with NFF rates, it is believed that these figures should remain in line with NFF for 2021/22.

It should also be noted that the comparisons of the figures in the table below are not on a "like for like" basis due to the inclusion of the TPPG elements within both Age Weighted Pupil Unit (AWPU) and Minimum Per Pupil Funding (MPPF) figures for the first time in 2021/22. As was the case when these grants were paid separately, the funding is distributed on the a "per pupil" basis in line with the following figures:

Phase	2020/21 level NFF	Original 2021/22 level	Supplement for TPPG in 2021/22	Revised 2021/22 Level	Increase + [TPPG element]
Primary <b>AWPU</b>	£2,857	£2,943	£180 per pupil	£3,123	£86 (3.0%) + £180 [6.3% for TPPG]
Secondary <b>KS3 AWPU</b>	£4,018	£4,139	£265 per pupil	£4,404	£121 (3.0%) +£265 [6.6% for TPPG]
Secondary <b>KS4 AWPU</b>	£4,561	£4,698	£265 per pupil	£4,493	£137 (3.0%) +£265 [5.8% for TPPG]
Primary <b>MPPF</b>	£3,750	£4,000	£180 per pupil	£4,180	£250 (6.67%) + [4.8% for TPPG]
Secondary <b>MPPF</b>	£5,000	£5,150	£265 per pupil	£5,415	£150 (3.0%) + [5.3% for TPPG]

The key points for consideration in relation to Funding Formula values for 2021/22 is therefore in relation to those NCC values that remain different to NFF rates. These are:

AWPU - Primary  
 AWPU – Secondary KS4; and  
 Primary Low Prior Attainment

The current differences in these rates are shown in the table below, together with a proposal as to how these could be managed as we approach any potential move to NFF from 2022/23:

Factor (a)	20/21 NFF Values (b)	20/21 NCC Values (c)	21/22 NFF Values (d)	Diff between 20/21 NFF and NCC rates (e)	Movement to NFF in 21/22 (f)	Proposed 21/22 NCC Rate (g)	Movement to NFF in 22/23 (h)	Projected 22/23 Rate (@21/22 rates) (i)
AWPU Primary	2,857	2,919	3,123	62	-31	<b>3,154</b>	-31	3,123
AWPU KS4	4,561	4,763	4,963	202	-101	<b>5,064</b>	-101	4,963
Low Prior Attainment Primary	1,065	555	1,095	-510	255	<b>840</b>	255	1,095

In the above table Column (e) shows the respective differences between the 20/21 Northumberland and NFF figures. While the Government have said that for 2021/22 school funding formula values will be still determined at individual local authority level, the move to a “hard” formula could be effective from 2022/23.

The only other formula value differing from the NFF is Free School Meals (FSM) at both Primary and Secondary, though the majority of the difference was removed in 2020/21. This will continue to move towards NFF Values depending on the overall level of funding available.

Three further options (options 2, 3 and 4) were discussed at the Funding Formula Committee, as represented by the illustrative school figures attached at Appendix B. In reviewing these figures please bear in mind these are to demonstrate the respective impact of setting formula value at different levels, not as a forecast of 2021/22 Funding as figures are based on October 2019 school census data at this point. Final 2021/22 values will be based on the October 2020 school census. Option 1 was the preferred approach as it provided a clear direction towards adopting NFF in line with the previous School Forum strategy.

As reflected in the draft minutes of the Funding Formula Committee, the proposal to move towards the full adoption of NFF Values over two years, in two equal steps, in line with that potential 2022/23 deadline was recommended by the group to be the approach Northumberland should take. The estimated available Schools Block DSG of £201.8 million would also support this approach, adopting the funding values in col (g) in the above table.

It was felt that this approach would provide a substantial increase to those schools in receipt of Primary Low Prior Attainment while offering a degree of protection to schools who currently benefit from receiving AWPUs rates in excess of NFF figures. Importantly overall this was felt to be consistent with the established Schools Forum view of progressing towards NFF in a gradual and smooth transition.

#### **5. Minimum Per Pupil Funding**

As highlighted in the 30 September report, the increases in the new minimum per pupil funding levels is the single most influential factor in the formula and is estimated to account for the distribution of £2.6 million, a figure £0.9 million higher than last year. The 6.67% increase in the Primary level is the key factor in this. Overall, 16 First and Primary, 7 Middle and 3 High Schools should benefit from this in 2021/22, based on the historic data.

#### **6. Sparsity**

Schools Forum will also be aware of the disapplication request made in relation to sparsity for 2020/21, which resulted in the 6 additional schools receiving additional funding in lieu of sparsity, as we presented the argument that road distances were a more effective measure rather than the “as the crow flies” measures used by the DfE.

2021/22 has seen the DfE increase the funding distributed via the sparsity factor, most significantly for primary from £26,000 to £45,000 (full figures at Appendix A) but there is as yet no change to the criteria and the use of the “as the crow flies” to measure the minimum average distance to the second nearest compatible school. At an ESFA seminar the DfE indicated that a change from “as the crow flies” to road distance measures was being considered but that no changes would be implemented for 2021/22.

No change is therefore proposed to the use of sparsity with the funding formula for Northumberland in 2021/22, with NFF criteria being applied to those schools who qualify, and funding in line with the criteria used in 2020/21 for those schools who qualified for exceptional

funding using the road distance measures. No further disapplication request is required for this in 21/22 as the DfE have agreed that the approval can carry forward to 2021/22

## 7. Transfer from Schools Block

It is the local authority's intention to request a transfer from the Schools Block. While a 1% transfer was agreed for 2018/19 and 2019/20 respectively, given the reduction in the level of the High Needs deficit, and increased levels of funding for High Needs as well as the Schools Block, the figure requested for 2020/21 was reduced to 0.5%. This would be the maximum figure requested for 2021/22, depending on the final funding figures.. It should also be noted that the element in respect of the Teachers Pay and Pensions Grants in the Schools Block figure would not be included in respect of the 0.5% calculation. This transfer would support the continued provision of the new Inclusive Education Services offer, as reported within the SEN paper;

Further information will be provided to the January and February meetings in relation to this, following the work outlined in the SEN update.

## 8. Central Services Block

It should be noted that there has been a further significant fall in 2021/22 Central Services Block funding. While there is a small 1.13% increase in element of the CSSB for ongoing responsibilities, there is a further 20% reduction in the funding for historic commitments, resulting in a 10.2% fall overall.

	2020/21	2021/22 (provisional)	Change	
			£	%
Ongoing Responsibilities	£1,269,556	£1,283,915	£14,360	1.1%
Historic Responsibilities	£1,463,200	£1,170,560	£-292,640	-20.0%
<b>TOTAL CSSB</b>	<b>£ 2,732,756</b>	<b>£ 2,454,475</b>	<b>£-278,280</b>	<b>-10.2%</b>

We are in discussions with the ESFA in relation to the impact of the reduction in the Historic Commitment elements as this figure no longer covers the Capital Financing and Historic Retirement costs of £1,305,000 this was intended to cover. The forecast shortfall in 2021/22 in respect of these is £134,440.

## 9. Early Years Block

No information for Northumberland is available yet in relation to Early Years funding, in line with previous years. Details of the 2021/22 EY funding will be received in December together with the rest of the DSG information for 2021/22.

## 10. De-delegation

De-delegation is the process by which the relevant maintained school members of Schools Forum can agree to have funding deducted at source from maintained schools for certain services as specified by the DfE. For academies to access these services, they will need to agree to buy in, either on an individual or a multi academy trust level.

In 2020/21 de-delegation was agreed in respect of the following services:

- Contingency for costs arising from reorganisation or restructuring;
- Free School Meal eligibility checking;
- Trade union facility time;
- Behaviour Support; and
- Support to underperforming ethnic minority groups and bilingual learners;

No significant changes are anticipated for the de-delegation proposals for 2021/22, or in the de-delegated rates.

#### **11. Next Steps:**

Following any comments received today, the intention is also to consult with schools ahead of the final budget setting report to Cabinet. A copy of the draft consultation paper is attached for your consideration in Appendix C. The results of the consultation and final recommendations to Cabinet will be reported back to the January 2021 Schools Forum meeting.

Because of the short timescales between receiving the final 2021/22 DSG settlement in December, the preparation of a report to the Cabinet meeting on 12 January 2021 and the submission of the final figures to the ESFA by 21 January 2021, delegated powers are sought for the Executive Director of Adult Social Care and Children's Services to set the final figures, in line with the principles and illustrative figures outlined in this report.

As reflected in the recommendations the Cabinet report will seek delegated powers to agree the final values, there will be reported to the Schools Forum meeting on 13 January 2021 prior to submission to the ESFA by 21 January 2021.

#### **12. Summary and Conclusions:**

The support of Schools Forum in relation to 20/21 School Funding are requested in line with the recommendations in section 2 of this report, with regard to the principles to be adopted for the setting of the DSG in 2021/22. Further information will be provided to the January and February 2021 meetings once the final 2021/22 DSG settlement has been received in December 2020.

**Bruce Parvin**

**Education and Skills Funding Manager**

**13 November 2020**



# Northumberland County Council

Appendix A

## 2021/22 NFF VALUES AND PROPOSAL FOR NCC 2021/22 VALUES

Factor	NFF Values 2020/21	NCC Values 2020/21	NFF Values 2021/22	Proposed NCC Values 2021/22	Movement in NFF values 20- 21 to 21/22 2021/22
AWPU Primary	<b>2,857</b>	<b>2,919</b>	<b>3,123</b>	<b>3,154</b>	9.31%
KS3	4,018	4,018	4,404	4,404	9.61%
KS4	<b>4,561</b>	<b>4,763</b>	<b>4,963</b>	<b>5,064</b>	8.81%
Lump Sum Primary	114,400	114,400	117,800	117,800	2.97%
Middle	114,400	114,400	117,800	117,800	2.97%
High/Secondary	114,400	114,400	117,800	117,800	2.97%
Deprivation - Free School Meals Primary	450	<b>510</b>	460	510	2.22%
Secondary	450	<b>510</b>	460	510	2.22%
Deprivation – FSM6 Primary	560	560	575	575	2.68%
Secondary	815	815	840	840	3.07%
Deprivation – IDAC:					
Primary Band F	210	210	215	215	2.38%
Band E	250	250	260	260	4.00%
Band D	375	375	410	410	9.33%
Band C	405	405	445	445	9.88%
Band B	435	435	475	475	9.20%
Band A	600	600	620	620	3.33%
Secondary Band F	300	300	310	310	3.33%
Band E	405	405	415	415	2.47%
Band D	535	535	580	580	8.41%
Band C	580	580	630	630	8.62%
Band B	625	625	680	680	8.80%
Band A	840	840	865	865	2.98%
Low Attainment Primary	1,065	555	<b>1,095</b>	<b>840</b>	2.82%
Secondary	1,610	1,612	1,660	1,660	3.11%
EAL Primary	535	535	550	550	2.80%
Secondary	1,440	1,440	1,485	1,485	3.13%
Sparsity (max): Primary	26,000	26,000	45,000	45,000	73.08%
Middle	n/a	46,800	70,000	70,000	-
Secondary/All Through	67,600	67,600	70,000	70,000	3.55%

**Illustrative 2021/22 School Level DSG based on October 2020 data – see separate schedule**

**See Separate Online Consultation**