

Formal Approval of School Funding Formula 2021/22

Report by Director for Children's Services

Executive Summary

1. The final funding formula for schools and academies for 2021/22 needs to be formally approved politically before submission to the DfE by 21 January 2021. Schools Forum has been consulted in development of the funding formula for 2021/22 as a statutory consultee, but the decision on the final formula is made by the local authority.
2. The decision this year includes the request made to the Secretary of State for permission to transfer 0.5% (£2m) from the Schools block to support High Needs expenditure. The decision on Schools Funding will therefore be made subject to the approval of the Secretary of State. The deadline to confirm school budget shares to maintained schools is 28 February 2021.

Introduction

3. The local authority is required to set the pre-16 funding formula for each financial year, for all maintained schools and academies (including free schools, studio schools and university technical colleges), after consultation with Schools and Schools Forum about any proposed changes.
4. The local authority is responsible for making the final decisions on the formula but must gain political approval before the final formula for the 2021/22 financial year is submitted to the Department for Education (DfE) on 21 January 2021.

The National Funding Formula

5. In 2018/19 the government implemented national funding formulae for the Schools, High Needs and the Central Services Schools Block (CSSB) with local discretion on implementation up to and including for 2021/22.
6. 2018/19 saw the introduction of the national funding formula (NFF) for schools. This reform meant that for the first time, school funding was distributed to Local Authorities according to a formula based on the individual needs and characteristics of every school in the country. Local Authorities continue to be responsible for distributing money between schools.
7. Oxfordshire has consulted with all schools and academies and Schools Forum annually and it was agreed to implement the NFF as closely as possible and this has been achieved within the overall envelope of funding. 2021/22 will be the fourth year of the journey to implement the NFF as closely as possible, subject to affordability.

8. The DfE has made some changes to the National Funding Formula for 2021-22, as follows:
- a) Uplift of Pupil Related Factors by 3% except the Free School Meals factor which is increased by inflation
 - b) The Teachers and Pensions Grants have now been rolled into the Formula. Funding will increase to reflect these grants, so there will no longer be separate funding.
 - c) The Minimum per-pupil Level of Funding (MPPL), a compulsory factor, is adjusted to reflect the impact of the pay & pension grants. The MPPL rates are:

Primary £4,180 including grants
Secondary £5,415 including grants. KS3 is £5,215 with grants. KS4 is £5,715 with grants.
 - d) Deprivation funding allocated on Income Deprivation Affecting Children Index (IDACI) data is now based on the updated 2019 dataset and that has impacted on funding for schools.
 - e) Funding Floor / Minimum Funding Guarantee (MFG) – the MFG can be set between +0.5% and +2% dependant on affordability.
 - f) Continuation of the removal of the cap (ceiling) on any gains so full funding can flow to schools subject to affordability.
 - g) Sparsity - Small & remote schools (meeting specified criteria) get an increase in the NFF from a maximum of £26,600 (2020-21) to £45,000 (2021-22) for Primary, and from a maximum of £67,600 (2020-21) to £70,000 for Secondary.

Outcome of Consultation with Schools and Schools Forum

9. Consultation with schools was carried out from 19 October 2020 to 9 November 2020. The results of the consultation were discussed at the School Forum meeting on 11 November 2020.
10. As Oxfordshire is implementing the NFF as closely as possible, there was no need to consult on this decision. Schools were consulted on the possibility of a block transfer to High Needs and on options for adjusted the national funding

formula if the funding allocation was too little to implement the NFF in full or if more funding was available.

Consultation on Transfer to High Needs Block

11. Dedicated Schools Grant (DSG) to Local Authorities is allocated in blocks. There are blocks of funding for Early Years, Schools, High Needs and Central School Services. The blocks are ringfenced for 2021/22 (meaning funding can only be spent on the services/provisions covered by the blocks).
 - However, the DfE guidance allows for some transfer between blocks as stated below: The Schools Block will be ring-fenced in 2021 to 2022, but local authorities will retain limited flexibility, to transfer up to 0.5% of their Schools Block funding into another block, with the approval of their schools forum.
 - To make such a transfer, local authorities should consult with all local maintained schools and academies and the schools forum should take into account the views of the schools responding before giving their approval.
12. Spend on High Needs is expected to exceed the grant funding available in 2021-22 by between £11m to £12m and the deficit is expected to increase over the medium term.
13. The consultation asked Schools whether they wished to support a transfer to the High Needs Block. Responses were limited, but of those that did respond, 64% did not support this. The draft Minutes from Schools Forum record the following:

All present Schools Forum members voted and ***unanimously did not agree*** to support a transfer from the Schools Block to the High Needs Block.

High Needs Block: Disapplication request

14. As Schools Forum did not support the transfer from the Schools block and given the forecast overspend within the High Needs block, Oxfordshire have appealed the decision with the Secretary of State. A disapplication request was submitted to transfer 0.5% or £2.0m from the Schools Block by the DfE deadline of 20 November 2020.
15. The timescale for the Secretary of State to respond to the disapplication request is unknown.

Oxfordshire Funding Formula

16. The School Funding Formula for 2021/22, has been modelled to replicate the NFF.
17. In line with timescales in previous years, the DSG settlement was announced on 17 December 2020.
18. At the meeting of Schools Forum on 12 January 2021, Forum were presented with the proposed School Funding Formula. School Forum considered and agreed an option that delivered the National Funding Formula to schools in full and agreed a transfer from the Schools block to the High Needs block of £1m to contribute to the continuation of the one-off enhancement to High Needs Top-Up rates agreed for 2020-21. The £1m consists of £0.4m that is the residual funding after allocating the National Funding Formula in full to all schools and reversing the £0.66m contribution to the Growth Fund.
19. Schools Forum also agreed the proposed Formula should the Secretary of State agree the block transfer request. This would transfer a further £1m to the High Needs block and would reduce Schools funding below the National Funding Formula level. This reduction would be achieved by decreasing the Lump Sum factor of the formula by approximately £5k.
20. The full formula factor rates for Oxfordshire are shown in Appendix A, which includes the £1m transfer to High Needs agreed by Schools Forum. The table at the bottom of the Annex shows the reduced Lump Sum factor rate should the disapplication request be agreed by the Secretary of State. The amounts allocated by each factor in the annexes are subject to further checks and amendments leading up to and following submission to the DfE by 21 January 2021.

Financial and Staff Implications

21. The report deals with the funding formula for schools and academies for 2021/22 and there are no further financial or staffing implications discussed in this report. Schools and academies are responsible for managing the deployment of the delegated funding they receive.

Equalities Implications

22. Where the local authority continues to have discretion in funding decisions made, priority will be given to the needs of vulnerable pupils and the Council's aims of raising attainment, narrowing the attainment gap and safeguarding children.

Kevin Gordon
Director for Children's Services

Contact Officers:

Sarah Fogden, Finance Business Partner 07557 082613
January 2021

Appendix A - Schools Funding Formula
2021/22

Funding Factors - Full National Funding Formula (NFF) with ACA	NFF Primary Unit Value 2021-22	NFF Secondary Unit Value 2021-22
Area Cost Adjustment (ACA) – A multiplier that is applied to basic per pupil, additional needs and formula elements of school led funding for Oxfordshire	1.02216	1.02216
1. Basic per-pupil funding		
Age Weighted Pupil Unit (AWPU) - Basic Entitlement	£3,192.21	
Age Weighted Pupil Unit (AWPU) - Basic Entitlement KS3		£4,501.59
Age Weighted Pupil Unit (AWPU) - Basic Entitlement KS4		£5,072.98
2. Deprivation		
Free School Meal eligibility	£470.19	£470.19
Ever6 FSM	£587.74	£858.61
Targeted Deprivation – IDACI Band F	£219.76	£316.87
Targeted Deprivation – IDACI Band E	£265.76	£424.20
Targeted Deprivation – IDACI Band D	£419.09	£592.85
Targeted Deprivation – IDACI Band C	£454.86	£643.96
Targeted Deprivation – IDACI Band B	£485.53	£695.07
Targeted Deprivation – IDACI Band A	£633.74	£884.17
4. English as an additional Language (EAL)	£562.19	£1,517.91
5. Pupil Mobility	£919.94	£1,318.59
6. Low Prior Attainment	£1,119.27	£1,696.79
7. Lump sum – as NFF (amended for 0.5% transfer)	£120,410.45	£120,410.45
8. Sparsity	£45,997.20	£71,551.20
10. Split Sites - (ACA not applicable)	2 Academies at £30,000	
11. Rates	As Actual Rates	
13. Exceptional Premises factors	As Actual Rents	
14. Minimum per pupil level (MPPL)	£4,180	£5,415
- Key Stage 3		£5,215
- Key Stage 4		£5,715
Minimum Funding Guarantee (MFG)	2%	2%
Growth Fund Contribution	£0	£0

Annex B

	£m
DSG Schools Block Funding	£429.1
Total Funding allocated through the Schools Funding Formula as NFF	£428.1
Balance - Transfer to the High Needs Block	£1.0
Transfer as a percentage of eligible Funding	0.25%

	£000
Lump sum revised Factor Value to achieve extra £1m	£115.3
	£m
DSG Schools Block Funding	£429.1
Total Funding allocated through the Schools Funding Formula	£427.1
Balance - Transfer to the High Needs Block	£2.0
Transfer as a percentage of eligible Funding	0.50%

