

DARLINGTON SCHOOLS FORUM

12th January 2021

ITEM NO 4

SCHOOL FUNDING FORMULA 2021/22 AND GROWTH FUND 2021/22

Purpose of Report

1. To seek approval from the Schools Forum regarding the proposed transfer of funding from the schools block of the Dedicated Schools Grant (DSG) to the high needs block in 2021/22.
2. To update and agree the school funding formula and the growth fund for 2021/22

Background

2. The Local Authority issued to all schools on 7th December a consultation regarding a proposal to transfer 0.5% from the schools block of the DSG to the high needs block, this is attached at appendix 1 to 3.
3. The return of questionnaires and comments from the consultation, were due on 4th January 2021, the results (to date) of which are shown at appendix 4 and referenced in this report.
4. Considering the quick turnaround for the consultation, any comments received by midday on 11th January will also be presented to Forum. Therefore, additional results from the consultation will be circulated to schools and Forum on 11th January.
5. The consultation proposed a transfer of 0.5% from the schools block to the high needs block, due to slippage in the opening of additional in area high needs capacity, as a result of COVID 19.
6. Within the Local Authority's proposal there was a desire to implement all the increases in the National Funding Formula (NFF) for 2021/22, by using previous years underspends to fund the transfer where possible. However, from the indicative figures used within the consultation, the transfer of 0.5% was not fully possible, without making small adjustments to the formula. Two models were investigated to bridge this gap, firstly by reducing the minimum funding guarantee (MFG) and secondly by reducing the AWPU unit value.
7. The DfE issued updated guidance on the parameters and unit values for the 2021/22 school budget formula in the summer 2020. These were reported to Forum at their October 2020 meeting

Results from the Consultation (to date)

8. The consultation included a questionnaire which asked the following questions,
 - Does your school support a 0.5 % transfer from the schools' block to the high needs block in 2021/22, to assist with high needs pressures, if this can be achieved without reducing any of the new increased NFF rates in the 2021/22 formula?
 - Does your school support a 0.5 % transfer from the schools' block to the high needs block in 2021/22, to assist with high needs pressures, if this means that some of the new increased NFF rates for 2021/22 will have to be slightly reduced in the 2021/22 formula?
 - Does your school support a lower transfer from the schools' block to the high needs block in 2021/22, to assist with high needs pressures, up to the maximum achievable whilst still implementing the new increased NFF rates for 2021/22? This transfer would be capped at 0.5%.
 - If your schools do not support any of the transfers suggested in question 1 to 3, do you support a transfer in 2021/22 from the schools' block to the high needs block? If so, at what level would your school be willing to support?
9. Answers to date, have been received on behalf of 17 schools that are included within Darlington's budget share calculation. Appendix 4 details the schools that have responded, results and comments.
10. From the results 71% of responders agreed to a transfer of 0.5% from the schools block to the high needs block, if this was achievable whilst still implementing all the NFF unit rate increases.
11. From the results (where a response was given) 100% of responders disagreed with a 0.5% transfer, if this meant the NFF increases could not be fully implemented.
12. From the results 71% of responders agreed to a lower transfer (up to 0.5%) from the schools block to the high needs block if this was achievable whilst still implementing all the NFF unit rate increases.
13. Only 5 responses were received to the final question (as this question was not applicable if a positive answer was given to question 3). All responses to this question did not agree with any transfer of funding from the schools block to the high needs block.

Final Proposal for the funding formula 2021/22

14. From the results received to date from the consultation, it is clear that schools do not support a movement of funds from the schools block to the high needs block of a value that would require the NFF increases not to be implemented in full in 2021/22. The majority of schools do however support a transfer from the schools block to support with high needs pressures, where this can be achieved without reducing any of the increased NFF rates for 2021/22.
15. The Local Authority accepts the schools position with regard to the transfer and is appreciative that schools are again willing to support the pressures within the high needs block as far as possible. On that basis, the Local Authority is no longer asking School

Forum to support a transfer of 0.5% from the schools block to the high needs block in 2021/22.

16. The Local Authority is however asking School Forum to support a transfer up to 0.5% from the schools block to the high needs block, up to the value where the full NFF can be implemented for 2021/22. This follows the view of the majority of the responders to the consultation to date.
17. The Local Authority received the school budget share tool on 15th December which includes the October 2020 census information. This tool and the enclosed datasets are required to be used to set the 2021/22 school budget formula.
18. The Local Authority also received the DSG allocations for 2021/22 on 17th December.
19. Based on the schools block allocation for 2021/22 (£71,817,670, after reducing for the Teachers Pay and Teachers Pension grants, which have been added to the DSG), the maximum transfer that can be made from the schools block at 0.5% is £359,088.
20. Within the schools block allocation for 2021/22 Darlington is to receive £313,748 of funding for growth. It is estimated that the growth fund requirement in 2021/22 will only be £120,000 therefore there will be £193,748 of “spare” growth allocation.
21. Using all the updated NFF unit values, for all the NFF factors, the cost of the Darlington school budget share for 2021/22 is £70,844 more than the allocations received for the primary, secondary and premises elements of the schools block in 2021/22. To balance the school budget share, this shortfall is to be taken from the “spare” growth allocation, leaving £122,904 of unallocated funding. It is proposed that this remaining “spare” funding (£122,904) is transferred to the high needs block.
22. At the end of 2019/20 there was £128,099 of resources held from previous years school block underspend. It is estimated (see agenda item 3) that there will be a further £81,372 of underspend on the growth fund in 2020/21. There is therefore £209,471 of underspend from previous years which is proposed to be transferred to the high needs block.
23. **The total of paragraphs 21 & 22 combines to £332,375 which can be transferred to the high needs block in 2021/22 without impacting on the NFF increased rates.** The Local Authority is seeking School Forum to support this move. This value is £26,713 less than the maximum transferrable (0.5%) and equates to a transfer of 0.46% of which 1.7% is applicable to the 2021/22 schools block allocation.

The Formula

24. By using previous years underspend and unused growth funding the full NFF criteria and unit values have been used in calculation Darlington’s school budget shares for 2021/22. The NFF calculated budget shares for 2021/22 are shown in appendix 5. The following paragraphs note key elements of the formula calculation.
25. The revised datasets and modelling tool (APT) were provided by the Education, Skills Funding Agency (ESFA) on 15th December to enable local authorities to submit their revised funding formula in line with the 21st January deadline.

26. The final funding formula uses the datasets provided by the ESFA, collected at the October 2020 census. The regulations stipulate that these datasets must be used in completing the funding formula.
27. A minimum funding guarantee (MFG) of 2.0% has been used within the 2021/22 budget share calculation. This is an increase on the 1.84% rate of MFG as used in the 2020/21 formula. This is the maximum MFG allowable under the ESFA formula rules for 2021/22.
28. All of the increased NFF unit values for 2021/22 have been included within the proposed Darlington formula for 2021/22 at the national rates.
29. The table below shows the 2021/22 and 2020/21 unit values used within the Darlington formula, this allows comparison to be made between the two years rates. In addition, the table shows the NFF unit values for 2021/22, which show that Darlington's unit values are the same as the NFF in 2021/22.
30. Darlington has used the same formula factors for several years. These factors mirror the NFF factors except for pupil mobility that has previously not been included within Darlington's formula. As Darlington has implemented the majority of the NFF already, it is appropriate to make the addition of the mobility factor in order that Darlington's formula fully follows the NFF and is therefore ready for when the hard formula is implemented nationally.
31. At this stage the Government has communicated that it does still intend to implement the hard formula, though a date has not been fixed for this at present.
32. All academy schools are funded direct by ESFA, based upon the budget share calculated by the Local Authority. If there are any special funding arrangements between ESFA and the academy, the actual general academy grant (GAG) received by the academy may differ. In addition the figures shown in appendix 5 are inclusive of business rates budgets, which are excluded from GAG statements.

Funding Factor	Darlington Formula 2020/21 £	Darlington Formula 2021/22 £	NFF 21/22 £	Difference to NFF 2021/22 £
AWPU - Primary	2,857	3,123	3,123	Nil
AWPU - Key Stage 3	4,018	4,404	4,404	Nil
AWPU – Key Stage 4	4,561	4,963	4,963	Nil
Minimum Per Pupil – Primary	3,750	4,180	4,180	Nil
Minimum Per Pupil - Secondary	5,000	5,415	5,415	Nil
Deprivation – FSM Current – Primary	450	460	460	Nil
Deprivation – FSM Ever 6 – Primary	560	575	575	Nil
Deprivation – FSM Current – Secondary	450	460	460	Nil
Deprivation – FSM Ever 6 – Secondary	815	840	840	Nil
Deprivation – IDACI - Primary Band A	600	620	620	Nil
Deprivation – IDACI - Primary Band B	435	475	475	Nil
Deprivation – IDACI - Primary Band C	405	445	445	Nil
Deprivation – IDACI - Primary Band D	375	410	410	Nil
Deprivation – IDACI - Primary Band E	250	260	260	Nil
Deprivation – IDACI - Primary Bands F	210	215	215	Nil
Deprivation – IDACI – Secondary Band A	840	865	865	Nil
Deprivation – IDACI – Secondary Band B	625	680	680	Nil
Deprivation – IDACI – Secondary Band C	580	630	630	Nil
Deprivation – IDACI – Secondary Band D	535	580	580	Nil
Deprivation – IDACI – Secondary Band E	405	415	415	Nil
Deprivation – IDACI – Secondary Band F	300	310	310	Nil
EAL - Primary	535	550	550	Nil
EAL - Secondary	1,440	1,485	1,485	Nil
Prior Attainment – Primary	1,065	1,095	1,095	Nil
Prior Attainment – Secondary	1,610	1,660	1,660	Nil
Mobility – Primary	0	900	900	Nil
Mobility - Secondary	0	1,290	1,290	Nil
Lump Sum	114,400	117,800	117,800	Nil
Sparsity	26,000	45,000	45,000	Nil

Growth Fund

33. It is proposed that the growth fund will operate in 2021/22 in the same manner as to that agreed by Forum for 2020/21. The criteria for accessing the fund, is therefore proposed to operate in 2021/22 as follows,
- i. Schools/Academies will only be able access the fund where they have had an increase in their PAN at the request of the Local Authority to meet a lack of available space in the local area as part of the planned changes covered in the SOP.
 - ii. The actual funding allocated to a school will be based on the **actual** number of increased places on roll, not based on the increase in the PAN.
 - iii. For agreed growth in one year group, the additional number of places will be determined from the number of pupils on roll on the autumn census taking up a place in the additional class(s).
 - iv. For agreed growth across a number of year groups, the additional number of places will be determined by comparing the number of pupils on the roll at the census for each term in comparison to the number of pupils funded in the individual school budget share (i.e. the last October census).
 - v. All places are funded once the increase in the pupil admissions (in line with the PAN) reaches 10 places
 - vi. The amount to be funded per a pupil will be based on the “Basic Entitlement Funding” (AWPU) for the age group of the pupil.
 - vii. Funding will be made for each term within that financial year, the school/academy has not received funding for this growth in places. (i.e. not funded within their existing school budget share).
 - viii. It is proposed that any increases in admissions that fully meet the agreed criteria are funded automatically, rather than to be considered by School Forum.
 - ix. It is proposed that where a growth fund application requires a different approach, that these applications are presented to Forum with additional information in order that a separate decision can be made concerning that’s schools access to the growth fund.
 - x. Where there is a dispute over the funding amount, this will be presented to Forum for a final decision.
 - xi. Schools Forum will be presented with updates on the spend against budget in year to allow budget monitoring and to inform for future years growth fund budget builds.
34. It is proposed that a growth fund of £120,000 be created for 2021/22.

Recommendations

35. That Forum agree to a transfer of £332,375 from the schools block to the high needs block in 2021/22.
36. That Forum notes the funding formula budgets for 2021/22.
37. That Forum approves the growth fund criteria and budget for 2021/22.

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