

DSG Budget – Schools Block Update 2021-22 (Delegated Budget)

Purpose of the Report

1. To update Schools Forum on issues relating to the schools delegated budget for 2021-22 and the decisions that will need to be made as part of the budget setting process.

Main Considerations

2. As outlined in the funding settlement paper the Department for Education (DfE) has allocated a schools' block quantum to Wiltshire of £317.724 million. This includes funding of £1.814 million for the growth fund, based on the growth formula, detailed later in this report.
3. Cabinet approved the funding formula for 2020-21 which confirmed that Wiltshire would move as close to the national funding formula (NFF) as possible. In doing so the Wiltshire formula replicated the formula factors in the NFF as closely as possible.
4. Formula factors were all fully funded at the published NFF values in 2020-21 apart from the Mobility factor, which was not funded through the formula. Historically, due to the major beneficiaries being service schools, who were already benefitting from additional one-off growth funding from the DfE and also the MOD's Education Support Fund, Schools Forum felt that the factor's introduction would not achieve an equitable position. A school's mobility position could move each year and is less predictable as a factor.
5. Modelling work has been prepared to calculate individual school budgets based on the proposed formula. The main funding formula for 2021-22 is similar to 2020-21 but the key following changes should be noted;
 - An increase in Pupil and School led funding values of 3%
 - Teachers Pay and Pension Grants being baselined into AWPU values
 - IDACI data has been refreshed
 - Minimum Funding Guarantee to be set between 0.5% and 2.0% to ensure all schools see a gain in funding on their pupil led funding
 - Maximum Sparsity funding being increased from £26,000 to £45,000 for small and rural primary schools
 - Increases in the minimum per pupil funding levels (MPPFL) to £4,180 and £5,415 in primary and secondary schools
6. Initial modelling suggests that the NFF is fully affordable within the funding envelope provided by the DfE. The Schools Block of funding is sufficient to afford the full NFF with further discussion of some factors detailed in this report.

The National Funding Formula

7. Since the introduction of the NFF, it has been Wiltshire's intention to move across to mirror and replicate the formula in the 'soft' years, prior to moving to the 'hard' formula. Over the last three years, Wiltshire has moved across to funding schools, subject to affordability, using the NFF factor values. Where the NFF values could not be afforded, the Free School Meal Ever6 (FSM6) factor was compromised to ensure the other factor values were affordable.
8. The DfE published their NFF factor values in the Summer of 2020 and following the announcement about the size of the DSG, the funding formula has been modelled to incorporate the NFF values (see Appendix 1 for rates).
9. Based upon the Schools' Block allocation, the formula is fully affordable for the 2021-22 financial year, applying all of the NFF factor values. Wiltshire has been fully funded through the NFF and this has ensured that Schools Forum is presented with a position of affording the full NFF.
10. Within the modelling, the following elements have been included:
 - Full NFF values applied for all funding factors
 - Increased Sparsity funding in line with NFF proportional increases
 - Mobility included and funded at NFF values
 - MFG set at the maximum level of 2%
 - Split site increased £90,000 as agreed with Schools Forum (76.4% of lump sum value)
 - Transfer from Schools' Block to High Needs Block of 0.5% (£1.517m)
11. The table below sets out the funding position having applied all of the NFF values and taken account of any proposed transfers, to demonstrate the affordability position.

Funding 2021-22	Amount £
Core funding	£301,730,998
Growth funding	£1,814,133
Net Funding	£303,545,131
Pay & Pension funding	£14,179,214
TOTAL	£317,724,345
Transfer to High Needs Block (0.5%)	£1,517,725
Available for School Funding	£316,206,620
NFF requirements	£313,996,486
Growth Fund	£2,210,134
Schools Block Allocated	£316,206,620

Growth Funding Allocation 2021-22

12. Growth allocations for 2021-22 are based upon pupil data from the October 2020 census and the October 2019 census.
13. The county is separated into 62 MSOA's with an average of 4 schools in each MSOA area. Growth is measured by counting the increase in pupil numbers in each MSOA between the October 2019 and October 2020 censuses. Only positive increases in pupil numbers are included, so positive growth in one area, and negative growth in another, will not be denied growth funding.
14. The DfE do not expect local authorities to use these rates in their local arrangements for funding growth but instead the growth factor acts as a proxy for overall growth costs at local authority level.
15. At the Schools Forum meeting in December 2020, Schools, the criteria for allocating Growth funding in the 2021-22 year was confirmed. The amount of funding allocated to Wiltshire for the 2021-22 year is set out in the table below.

<u>Funding 2021-22</u>	<u>Primary</u>	<u>Secondary</u>	<u>New School</u>	<u>TOTAL</u>
Growth in Pupils	502.5	492	0	994.5
Rate	£ 1,455	£ 2,175	£ 68,700	
Amount	£ 736,372	£ 1,077,761	£ 0	£ 1,814,133
TOTAL	£ 736,372	£ 1,077,761	£ 0	£ 1,814,133

Historical Position

16. Growth funding forms part of the Schools Block of funding. Schools Forum has historically agreed an annual budget to be retained for funding pupil growth and has operated successfully within this funding envelope. In the financial year 2021-22 it is proposed to set the budget once again in line with the affordability, having applied NFF rates for the funding factors.

Affordability

17. There are no plans to open any new schools in the 2021-22 year. The growth fund supports new primary and secondary schools with diseconomy costs for the first 7 years or until the school is full.
18. The Basic Need Class Expansion for additional classes is still to be confirmed with colleagues in the School places team for the 2021-22 academic year. However, growth is being experienced as new housing becomes available across the County, despite a falling birth rate being experienced.
19. The Infant Class Size increases have been confirmed for 2020-21 with six schools being funded through this factor.
20. The total Growth Fund requirement for 2021-22 is anticipated to come within the proposed budget, as allocated by the DfE and based upon the funding of all of the NFF factors in full. Any surplus or deficit in the Growth Fund will form part of the overall DSG surplus or deficit balance.

Minimum Funding Guarantee

21. The Minimum Funding Guarantee (MFG) was designed to prevent schools from experiencing significant reductions in their calculated per pupil funding, year on year. Historically, the MFG had been set at -1.5% to prevent reductions in funding of greater than 1.5%.
22. Following the additional funding pledge, the DfE are seeking to ensure that all schools see an uplift in their calculated per pupil funding and have therefore proposed that the MFG is set at a positive figure of between 0.5% and 2.0%.
23. As in the 2020-21 year, modelling of the MFG is no longer a significant issue, as the majority of schools have moved off the MFG funding and as a result, no capping of schools would be required to fund the MFG again this year. This correlates with the DfE's intention to move all schools across towards the NFF, with an intention of introducing a 'hard' formula in due course.
24. Setting a positive MFG of 2% is fully affordable and will ensure that all schools see an uplift in their 'per pupil' funding of at least 2%. The cost to the formula in 2021-22 is less than £0.250m, subject to decisions taken by Schools Forum.

Sparsity

25. Sparsity is an optional funding factor within the NFF. Prior to the introduction of the NFF, Wiltshire had elected not to support Sparsity funding due to the inequitable situation which can arise where two 'like' schools are funded differently simply because one school is deemed eligible for sparsity funding.
26. The criteria for Sparsity funding are based upon size and sparsity distance. The threshold is for primary schools of 150 pupils or less and secondary schools of 600 pupils or less. The distance threshold is based upon the average straight-line distance (as the crow flies) from the pupil's home to next nearest compatible school is greater than 2 miles for primary and 3 miles for secondary pupils.
27. The formula uses a tapering mechanism based upon size and sparsity distance such that schools receive a weighted proportion of the maximum value.
28. As part of the DfE's proposals to support small and rural schools, the maximum sparsity value for primary schools was increased from £26,000 to £45,000, with Secondary schools increasing from £67,500 to £70,000. The table below shows the impact of these changes as well as a 3% proportional (NFF) uplift.

	NFF rates	20-21 rates	3% uplift	2020-21
	£45,000/£70,000	£26,000/£67,500	£26,780/£69,525	£26,000/£67,500
Total Funding Allocated	£547,216	£335,469	£345,533	£345,739
Eligible Primary Schools	28	28	28	29
Eligible Secondary Schools	2	2	2	2
Highest Funding – Primary	£35,387	£20,446	£21,059	£19,405
Lowest Funding – Primary	£541	£312	£858	£660
Average Funding - Primary	£17,760	£10,261	£10,569	£10,200
Highest Funding – Secondary	£31,033	£29,925	£30,823	£29,137
Lowest Funding – Secondary	£18,900	£18,225	£18,225	£20,812
Average Funding - Secondary	£24,967	£24,075	£24,797	£24,975

Mobility

29. The DfE created a new methodology for the mobility factor for the 2020-21 NFF. The national methodology was introduced, and Wiltshire has received funding through the NFF for Mobility, however, applying the factor remains optional and to be determined by Schools Forum.
30. Pupils eligible for funding through the mobility factor are pupils whose school census record at their current (or predecessor school) in the last three years indicates an entry date which is not 'typical'.
31. For Year groups 1 to 11, 'typical' means that the first census on which a pupil is recorded as attending the school is the October census. Therefore, 'not typical' means that the first census a pupil is recorded as attending the school is the January or May census.
32. The DfE have produced the table below to provide examples of when pupils may or may not be classified as eligible for mobility funding.

In Figure 7, 5 pupils attending an all-through school are illustrated. Pupil 1's first appearance is in an October census, so that pupil is not classified as mobile for the purposes of the NFF mobility factor. Pupil 2, who was currently in year 11 in 2018/19, had their first appearance in the school in a January census, so they are classified as mobile. Pupil 3's first census is also January but as the pupil was in year R at the time, they are not mobile. Pupil 4's first census is May and so is mobile. Pupil 5 has been at the school for at least 3 years so is not eligible for mobility funding.

Figure 7: Mobility example

Census	Pupil 1	Pupil 2	Pupil 3	Pupil 4	Pupil 5
Oct-15					Y5
Jan-16					Y5
May-16				Y1	Y5
Oct-16				Y2	Y6
Jan-17			YR	Y2	Y6
May-17			YR	Y2	Y6
Oct-17			Y1	Y3	Y7
Jan-18		Y10	Y1	Y3	Y7
May-18		Y10	Y1	Y3	Y7
Oct-18	Y7	Y11	Y2	Y4	Y8

33. The NFF proposes that schools will receive funding for all mobility-eligible pupils through this factor, above the mobility threshold set at 6%. NFF funding is set at £900 for primary mobility and £1,290 for secondary mobility, pupils above the 6% threshold.
34. Due to the impact of Army Rebasing, which mostly took place in the Summer of 2019, previous modelling of the mobility factor had significantly favoured Wiltshire's service schools, who were also in receipt of additional funding sources to support their schools (DfE and MOD). Schools Forum had agreed not to introduce the mobility factor in the 2020-21 year.
35. Following the release of the October 2020 census data, modelling of the mobility factor has moved significantly from the 2020-21 year to the 2021-22 year. The table below demonstrates the position.

<u>2020-21 Position</u>	Primary	Secondary	TOTAL
Schools Eligible	97	5	102
Total Funding	£534,849	£32,864	£567,713
Highest Funding	£43,662	£15,912	
Lowest Funding	£70	£1,225	
Average	£5,514	£6,573	
<u>2021-22 Position</u>	Primary	Secondary	TOTAL
Schools Eligible	58	1	59
Total Funding	£219,193	£776	£219,969
Highest Funding	£28,494	£776	
Lowest Funding	£90	£776	
Average	£3,779	£776	

36. Of the eligible schools in 2021-22, there are 11 service schools and 48 non-service schools eligible for the funding. With Army Rebasing completed and now being in a period of 'Army - business as usual' it is appropriate to consider the principles behind this factor. Mobility, in essence provides funding for the lagged period where pupils start at a school after the October census, but the school will receive no funding for the pupil until the following year.
37. Modelling of the school budgets suggests that the funding allocated through the mobility factor would be £219,969. The 'real' cost to the formula is less than this due to a number of the schools eligible for mobility funding, being in receipt of MFG and MPPFL funding. Introducing and awarding mobility funding will reduce the individual schools funding through MFG and MPPFL.

Minimum per Pupil Funding Levels (MPPFL)

38. The MPPFL's were introduced as part of the NFF and have been increased annually as part of the DfE's proposals to standardise funding across the country. These are mandatory as part of the NFF and therefore there is no scope for amending these values without permission from the Secretary of State.
39. The DfE's initial proposals had been to increase the primary MPPFL from £3,750 to £4,000 per pupil for the 2021-22 year and retain the secondary MPPFL funding level at £5,000 per pupil.
40. Following the decision to include the Teachers Pay and Pension Grants within the AWPU funding values, increasing them by £180 and £265 for primary and secondary, the MPPFL rates have also been increased accordingly to £4,180 and £5,415.
41. The overall funding allocated through the MPPFL is £6.576m in 2021-22, an increase of £2.076m on the 2020-21 figure of £4.500m.

Proposals

42. Schools Forum is asked to note the report.
43. Schools Forum to confirm its intention to apply all the funding factors at the 2021-22 NFF rates.
44. Schools Forum to note the modelling of the Mobility factor and decide whether to introduce Mobility as a funding formula factor.
45. Schools Forum to note the modelling of the Sparsity factor and decide whether to apply the NFF values, previous years values or proportional uplift of 3%.
46. Schools Forum to agree setting the MFG at a level of between 0.5% and 2.0%.
47. Schools Forum to agree the level of the Growth fund at £2.210m.

Report Author: Grant Davis, Schools Strategic Financial Support Manager

Tel: 01225 718587 e-mail: grant.davis@wiltshire.gov.uk

Appendix 1

Factor	2019-20 Value	2020-21 Value	2021-22 Value
Primary KS1&2 AWPU	£2,747	£2,857	£3,123*
Secondary KS3 AWPU	£3,863	£4,018	£4,404*
Secondary KS4 AWPU	£4,386	£4,561	£4,963*
Primary & Secondary FSM	£440	£450	£460
Primary FSM6	£540	£560	£575
Secondary FSM6	£785	£815	£840
IDACI Primary Band A	£575	£600	£620
IDACI Primary Band B	£420	£435	£475
IDACI Primary Band C	£390	£405	£445
IDACI Primary Band D	£360	£375	£410
IDACI Primary Band E	£240	£250	£260
IDACI Primary Band F	£200	£210	£215
IDACI Secondary Band A	£810	£840	£865
IDACI Secondary Band B	£600	£625	£680
IDACI Secondary Band C	£560	£580	£630
IDACI Secondary Band D	£515	£535	£580
IDACI Secondary Band E	£390	£405	£415
IDACI Secondary Band F	£290	£300	£310
Prior Attainment – Primary	£1,022	£1,065	£1,095
Prior Attainment – Secondary	£1,550	£1,610	£1,660
EAL – Primary	£515	£535	£550
EAL - Secondary	£1,385	£1,440	£1,485
Mobility – Primary	£0	£875	£900
Mobility – Secondary	£0	£1,250	£1,290
Lump Sum	£110,000	£114,400	£117,800
Sparsity – Primary	£0-£25,000	£0-£26,000	£0-£45,000
Sparsity – Secondary	£0-£65,000	£0-£67,500	£0-£70,000
Primary - MPPFL	£3,500	£3,750	£4,180
Secondary – MPPFL	£4,800	£5,000	£5,415
Area Cost Adjustment	1.00703	1.00716	1.00716

*- Includes the Teachers Pay and Pension Grants of £180 for Primary and £265 for Secondary