

Schools Forum Document MJ Appendix 1 – Summary of Schools Block Consultation Proposals

This is an extract from full consultation document

1.1 There are **5 key decisions** we need to take on Bradford's 2021/22 mainstream primary and secondary funding formula arrangements. These are very similar to the decisions that were needed for 2020/21.

1.2 The 5 decisions are:

1. Whether we transfer budget from Schools Block to the High Needs Block and, if we do, the value of this transfer.
2. Whether we continue to closely mirror the DfE's NFF, as we have done since April 2018.
3. Whether we continue our existing local approaches to the factors not yet covered by the NFF.
4. The value (% level) of Minimum Funding Guarantee, which can be set between positive 0.5% and positive 2.0%.
5. Whether we retain, with their existing criteria and methodologies, the funds currently managed centrally within the Schools Block.
 - a. Growth Fund
 - b. Falling Rolls Fund (primary phase)
 - c. Funds de-delegated from maintained primary and secondary schools

1.3 Please be aware that the following changes are mandatory (they are directed by the DfE) and, as such, are not for local determination. We are not consulting on these matters; we are just showing the impact:

- The transfer of the Teacher Pay and Teacher Pension Grants into core formula funding.
- The move to IDACI 2019 from IDACI 2014 and the subsequent amendment of the NFF bandings.
- The increases in the primary and secondary phase minimum levels of funding per pupil.

1.4 Running alongside our 5 decisions, it should be noted:

- In 2019/20, we permanently removed the 'Ceiling', removing any capping of year on year gains for individual schools and academies, and we do not intend to revisit this decision.
- The DfE established a new pupil mobility NFF factor in 2020/21. For the primary phase, whilst we adopted the new methodology, we did not fully adopt the reduced NFF variable value (but we reduced towards it). We propose now that we move to the NFF variable value in 2021/22. Any losses for individual schools and academies are covered through the Minimum Funding Guarantee.
- The basic construct of the national high needs funding system – a notional value of £4,000 for element 1 and £6,000 for element 2 – remains in place and unchanged from 2020/21 arrangements. The DfE's 'Call for Evidence' has not yet had an impact on the main reference points and thresholds of this system. We put forward proposals regarding the funding of top up for EHCPs for 2021/22 within our separate high needs funding consultation.
- The Schools Forum is to fully conclude its discussions on whether and how the DSG can / should support undersubscribed schools that are not covered by the Falling Rolls Fund. These discussions will continue in the autumn and may have implications for the criteria applied to the de-delegated funds for Schools in Financial Difficulty and Exceptional Circumstances. We do not expect that these discussions will result in amendment to the Falling Rolls Fund, as set out in paragraph 7.

- The Schools Forum has previously agreed to closely monitor developments within the NFF in respect of PFI (BSF) funding and has recently considered a report on the financial pressures associated with Building Schools for the Future. The role of the Dedicated Schools Grant in the funding of PFI (BSF) is proposed to remain unchanged in 2021/22. However, this is a matter that the Schools Forum wishes to continue to monitor and review alongside how the 'hard' NFF mechanism develops in this area.
- The Authority is currently looking at an amendment to the timetable used for the calculation of funding adjustments following permanent exclusion in an academy setting. We expect to consult directly with academies on this shortly.

1.5 Against the 5 decisions, the Authority proposes the following. Within these proposals, in certain places, we refer to 'subject to final affordability'. The modelling using the existing October 2019 Census dataset indicates that the proposals set out below are affordable. However, the cost of formula funding in 2021/22 will change once the October 2020 Census dataset is used e.g. FSM%s go up and down, prior attainment scores change. We cannot predict with total accuracy what the change in cost will be and the cost won't be confirmed until the dataset is released by the DfE in December. Therefore, in this consultation, we must place caveats in certain places.

Decision 1 - Whether we transfer budget from the Schools Block to the High Needs Block in 2021/22

1.6 This is the first question in our consultation because a transfer directly affects the amount of funding available to spend within the Schools Block and therefore, what formula funding uplift and Minimum Funding Guarantee we can afford to propose.

1.7 The DfE has now taken some important steps, at a national DSG level, towards recognising that there is a significant High Needs Block funding issue. Bradford received a 17% per pupil increase in High Needs Block funding in 2020/21 and we estimate we will receive a 12% per pupil increase in 2021/22. Although no announcements have yet been made about the position of high needs funding after 2021/22 and therefore, there is still some concern about affordability going forward, these settlements put Bradford's High Needs Block for next year in a fundamentally much stronger position.

1.8 As a result, the Local Authority does not propose to transfer Schools Block funding to the High Needs Block in 2021/22. This means that the full Schools Block settlement will be retained for spending within this Block.

Decision 2 – Whether we continue to closely mirror the DfE's 2021/22 National Funding Formula

1.9 The table below shows the DfE's NFF factors in 2021/22, as these are applied to Bradford (so adjusted for area costs - ACA), compared against those used for 2020/21. The key changes are:

- The values of the NFF pupil-led factors have been uplifted in line with the DfE's NFF settlement – by a headline 3% - for all factors except for the FSM factors, which have been increased by a nominal 2%, and for the Base £APP (AWPU) and IDACI factors, which are adjusted differently due to technical changes. The final factor values have then been adjusted so that the overall weightings (proportions of total spend nationally by factor) previously established within the NFF are maintained. The DfE has then also rounded values, prior to the application of the ACA, to the nearest £5.
- The Base £APPs (AWPUs) have been initially uplifted by the nominal 3% settlement but have then been further increased to absorb the transfer of the Teacher Pay and Teacher Pensions Grants. This is where the funding for these grants now sits within the main NFF. The Primary Base £APP has been increased by £180; the Key Stage 3 and Key Stage 4 Base £APPs have both been increased by £265.
- The minimum levels of funding per pupil have been increased from £3,750 to £4,180 (primary) and from £5,000 to £5,415 (secondary). These minimums now also include the £180 (primary) and £265 (secondary) per pupil additional sums relating to the transferred Teacher Pay and Pensions Grants.

- The IDACI bands and values have been adjusted to absorb the move to the IDACI 2019 data. The new banding methodology ensures that the proportion of pupils attracting funding through each band remains broadly unchanged from 2020/21. The DfE has increased the factor values of some bands by more than 3% to ensure that average funding, per eligible pupil, allocated in total through the IDACI factor nationally increases by 3%.

Factor	NFF £ 2021/22	NFF £ 2020/21	£Diff	% Diff
Primary – Base £APP	£3,123.50	£2,857.46	+ £266.04	+ 9.31%
Secondary – Key Stage 3 Base £APP	£4,404.70	£4,018.64	+ £386.06	+ 9.61%
Secondary – Key Stage 4 Base £APP	£4,963.79	£4,561.73	+ £402.06	+ 8.81%
Lump Sum – Primary & Secondary	£117,819	£114,418	+ £3,401	+ 2.97%
Primary - Deprivation – FSM Ever 6	£575.09	£560.09	+ £15.00	+ 2.68%
Primary - Deprivation – Flat FSM	£460.07	£450.07	+ £10.00	+ 2.22%
Secondary - Deprivation – FSM Ever 6	£840.13	£815.13	+ £25.00	+ 3.07%
Secondary - Deprivation – Flat FSM	£460.07	£450.07	+ £10.00	+ 2.22%
Primary - Deprivation – IDACI F	£215.03	£210.03	+ £5.00	+ 2.38%
Primary - Deprivation – IDACI E	£260.04	£250.04	+ £10.00	+ 4.00%
Primary - Deprivation – IDACI D	£410.07	£375.06	+ £35.01	+ 9.33%
Primary - Deprivation – IDACI C	£445.07	£405.06	+ £40.01	+ 9.88%
Primary - Deprivation – IDACI B	£475.08	£435.07	+ £40.01	+ 9.20%
Primary - Deprivation – IDACI A	£620.10	£600.10	+ £20.00	+ 3.33%
Secondary - Deprivation – IDACI F	£310.05	£300.05	+ £10.00	+ 3.33%
Secondary - Deprivation – IDACI E	£415.07	£405.06	+ £10.01	+ 2.47%
Secondary - Deprivation – IDACI D	£580.09	£535.09	+ £45.00	+ 8.41%
Secondary - Deprivation – IDACI C	£630.10	£580.09	+ £50.01	+ 8.62%
Secondary - Deprivation – IDACI B	£680.11	£625.10	+ £55.01	+8.80%
Secondary - Deprivation – IDACI A	£865.14	£840.13	+ £25.01	+ 2.98%
Primary - English as an Additional Language (3)	£550.09	£535.09	+ £15.00	+ 2.80%
Secondary - English as an Additional Language (3)	£1,485.24	£1,440.23	+ £45.01	+ 3.13%
Primary – Low Prior Attainment	£1,095.18	£1,065.17	+ £30.01	+ 2.82%
Secondary – Low Prior Attainment	£1,660.27	£1,610.26	+ £50.01	+ 3.11%
Primary - Pupil Mobility	£900.14	£875.14	+ £25.00	+ 2.86%
Secondary – Pupil Mobility	£1,290.21	£1,250.20	+ £40.01	+ 3.20%
Primary – Minimum £APP	£4,180	£3,750	+ £430	+ 11.47%
Secondary – Minimum £APP	£5,415	£5,000	+ £415	+ 8.30%

1.10 So, the NFF in 2021/22 retains the same dynamic as in the last three years, including its focus on Additional Educational Needs (AEN), low prior attainment within AEN, and the lower value of lump sum, which is one of the most significant factors in terms of impact on the primary phase.

1.11 The Authority's case, which was originally put forward for moving to fully replicate the DfE's NFF back in 2018/19, was strongly supported. Schools and academies have continued to strongly support our close mirroring of the NFF in 2019/20 and in 2020/21. Therefore, we believe schools and academies will continue to support the principle that, in this period prior to the establishment of the 'hard' NFF, our local formula funding arrangements should move in line with the DfE's NFF as this uplifts and incrementally develops. 99 (out of 151) authorities in the last three years have moved closer to NFF and / or are now within 1% of NFF variable values. This includes 63 other local authorities that are directly mirroring the NFF as we are.

1.12 For 2021/22, we propose therefore, **subject to final affordability, that we will amend our local formula to mirror the 'NFF 2021/22' factor values shown in the table above.** If we are not able to fully afford these % increases, because of the cost of data change recorded in the October 2020 Census, we will reduce the values of the factors on a pro-rata basis. **We do not propose to alter in 2021/22 our core NFF-based mainstream primary and secondary funding formula in any other way.**

1.13 The indicative impact of these amendments, including the total impact of the adjustment in the IDACI bandings, is shown in Appendix 1. Please also refer to the explanation of the modelling in paragraph 4.

Question 1 - Do you agree that our local formula in 2021/22 should mirror the DfE's 2021/22 NFF and that this formula should be used to calculate primary and secondary school and academy mainstream formula funding allocations? If not, please explain the reasons why not.

Decision 3 – Whether we continue unchanged our existing local approaches to the factors not yet covered by the NFF

1.14 **Business rates** will continue to be funded at actual cost and this is not a matter under consultation.

1.15 **We propose to continue in 2021/22 our current formulae for the allocation of split sites funding.** Please see the technical annex at Appendix 2. We propose to increase the values of the variables within the split site formula in line with the NFF settlement (3%), subject to final affordability.

1.16 **We propose to continue to pass through the specific BSF DSG affordability gap values using our current method** (please see Appendix 2), continuing the adjustment to ensure that the amounts passed on to academies by the ESFA on an academic year basis are equivalent to the amounts that the Authority requires academies to pay back on a financial year basis. The DfE is currently looking how PFI funding can be brought into the NFF but there is no timescale for this yet.

1.17 As explained in the introduction, **we propose to continue to use our existing methodology for the definition of Notional SEND budgets for mainstream primary and secondary schools and academies within the Schools Block funding formulae.** We are minded not to propose any amendments and until the outcomes of the DfE's reviews are known. Please see Appendix 2. We discuss the SEND Funding Floor, and set out proposals, within our separate consultation on high needs funding for 2021/22.

Question 2a - Do you agree with the proposal to continue to use our existing formula for the allocation of split sites funding? If not, please explain the reasons why not.

Question 2b - Do you agree with the proposal to continue to use our existing formula for the apportionment of BSF DSG affordability gap funding? If not, please explain the reasons why not.

Question 2c - Do you agree with the proposal to continue to use our existing methodology for the definition of notional SEND budgets? If not, please explain the reasons why not.

Decision 4 – The % level of the Minimum Funding Guarantee (MFG)

1.18 The Minimum Funding Guarantee (MFG) is the mechanism through which the Authority can ensure a minimum percentage increase in funding per pupil for all schools and academies in 2021/22. Typically, we seek to set this minimum at the maximum that is affordable and with reference to the minimum provided by the DfE within its NFF settlement as well as to how we estimate costs in schools will grow, especially following nationally determined teacher and support staff pay awards.

1.19 The MFG will now protect both core-formula funding and Teacher Pay and Pension Grant allocations. This is done by adding into the 2020/21 MFG baseline for each school and academy the Pay and Pension Grant allocations, including supplementary pension allocations, received in 2020/21.

1.20 The DfE permits the Minimum Funding Guarantee to be set in 2021/22 between positive 0.5% and positive 2.0%. 2.0% would mean, for example, that a school or academy that is funded on the MFG and that has the same total pupil numbers recorded in October 2020 as in October 2019 will receive in 2021/22 the cash value of its 2020/21 core-formula funding, plus its 2020/21 Teacher Pay and Pension Grants, uplifted by 2.0%.

1.21 The DfE's has used a floor (a minimum increase) of +2.0% in its notional 2021/22 NFF calculations for individual schools and academies. The DfE has also set out its aim to increase the salaries of early career teachers (to bring MPS 1 to £30,000 at September 2022), with further movement towards this expected at September 2021 within an overall national teacher's pay award that is anticipated to be in the region of (and not lower than) 3%. This continues from the award of 3.1% nationally at September 2020, which will follow through into 2021/22 budgets. Many individual schools and academies will likely need to absorb a greater

than 3% increase in teacher costs in 2021/22, depending on their staffing profiles. Recognising the cost impact that this specific award will have on school budgets, and the high proportion of our schools and academies (especially in primary phase) that are funded on the MFG, we aim to pass through the DfE's minimum 2.0%.

1.22 So, subject to final affordability, we propose to set the Minimum Funding Guarantee (MFG) in 2021/22 at the maximum level of positive 2.0%. The impact of this is shown in Appendix 1, illustratively, at individual school and academy level. Where we cannot afford 2.0% in addition to the full mirroring of the NFF (decision 2), due to the cost of data change from the October 2020 Census, we will discuss with the Schools Forum how to provide for the right balance of uplift between schools on and off the MFG and how to deliver the maximum value of MFG possible.

Question 3 - Do you agree with the proposal, subject to final affordability, to set the Minimum Funding Guarantee at the maximum positive 2.0% in 2020/21? If not, please explain the reasons why not.

Decision 5 – Whether we retain, with their existing criteria and methodologies, the funds currently managed centrally within the Schools Block

1.23 The DfE's National Funding Formula does not yet include a methodology, which prescribes how Growth Funding should be allocated at individual school or academy level. Local authorities in 2021/22 therefore, retain the responsibility for determining arrangements locally, albeit within tight Regulations. Local authority compliance with these Regulations is checked annually by the ESFA. **Our proposed Growth Fund arrangements and criteria are set out in the documents embedded under paragraph 6. These are unchanged from current arrangements.**

1.24 We established back in 2019/20 a Falling Rolls Fund for our primary phase.. **Our proposed Falling Rolls Fund arrangements and criteria are set out in the document embedded under paragraph 7. These are unchanged from current arrangements.**

1.25 This document also asks for feedback on the continuation for the 2021/22 financial year of funds de-delegated from maintained primary and secondary schools. **Our proposed de-delegated fund arrangements and criteria are set out in paragraph 5 and Appendix 3. These are unchanged from current arrangements.**

Question 4 - Do you agree with the proposed criteria and methodology for the allocation of the Growth Fund to schools and academies in 2021/22? If not, please explain the reasons why not.

Question 5 - Do you agree with the proposed criteria and methodology for the allocation of the Falling Rolls Fund to primary-phase schools and academies in 2021/22? If not, please explain the reasons why not.

Question 6 – Should sums continue or cease to be de-delegated from maintained school budgets in 2021/22 for the purposes listed? Please explain the reasons why if you believe that these should cease or change.