



**Nottinghamshire  
County Council**

# ***SCHOOLS FUNDING 2021-22***

## **CONSULTATION ON THE LOCAL FUNDING FORMULA FOR SCHOOLS**

**NOVEMBER 2020**

**Consultation period:  
23 November to 6 December 2020**

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**Appendix 1 2020-21 Local Funding Formula & 2021-22 National Funding Formula**  
**Appendix 2 Financial Model**

# 1. Introduction

- 1.1. The purpose of this consultation exercise is to seek the views of maintained schools and academies on the formula changes the County Council and Schools Forum should consider for 2021-22. It is still the responsibility of the local authority to set the local funding formula for 2021-22.
- 1.2. The current formula for 2020-21 mirrors all elements of the national funding formula (NFF) i.e. minimum per pupil, formula factors, unit values and minimum funding guarantee.
- 1.3. In July 2020 the DfE published the LA Schools Block indicative funding allocations for 2021-22 together with other NFF policy changes some of which will impact on the consultation for that year.
- 1.4. Other grants e.g. Pupil Premium and funding from the High Needs block will continue to be distributed by the methods prescribed or agreed outside of the local funding formula (LFF).
- 1.5. The consultation on the proposals will be launched on Monday 23 November 2020 and be open until Sunday 6 December 2020 and provides an opportunity for schools to express their views on the proposals. It is available through Citizen Space via the link: <https://consult.nottinghamshire.gov.uk/communications/consultation-on-the-local-funding-formula-for-scho/>  
The responses will be considered by the Schools Forum on 10 December 2020.
- 1.6. The financial models provided with the consultation are for illustrative purposes only and do not reflect the funding that will actually be received by a school in 2021-22. They are based on the data used to determine schools' 2020-21 budgets. The multipliers implied by the modelling cannot be guaranteed for 2021-22 at this stage.**
- 1.7. The local funding formula for 2021-22 will be finalised based on the 2021-22 Dedicated Schools Grant settlement and issued pupil data sets in late December 2020. Individual school budget allocations will be confirmed to local authority maintained schools by 28 February 2021. The Education & Skills Funding Agency (ESFA) will confirm academy budgets during March 2021.
- 1.8. The final formula will be submitted to the ESFA by 21st January 2021 and recommended to the County Council's Policy Committee for approval on 10 February 2021.

## 2. National Funding Formula Update

2.1 In July 2020 the DfE published its update to the NFF, including notional allocations for schools, and the primary and secondary units of funding that LAs funding allocations will be based on for 2021-22. It also included a number of key changes as follows:

- Incorporation of the 2019 update to the Income Deprivation Affecting Children Index (IDACI) data set.
- The funding floor will be set at 2.0% (1.84% 2020-21) and based on individual schools funding floor baseline. This increase is based on pupil led funding only.
- The Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contributions Grants (TPEG), including the supplementary fund, have been rolled into the NFF by increasing the funding floor base line, basic per pupil entitlement and minimum per pupil (MPP) funding.
- The MPP funding levels will be set at £4,180 (including £180 for the rolling in of grants) for primary schools, £5,215 for Key stage 3 and £5,715 for Key stage 4. This means that for each secondary school with a standard structure of 5 year groups the minimum per pupil amount will be £5,415 (including £265 for the rolling in of grants). These levels are mandatory for all local authorities to use in their local funding formula (LFF).
- Schools that are attracting their core NFF allocations will benefit from an increase of 3% to the formula's core (i.e. pupil led) factors.
- An increase to the maximum sparsity value from £26,000 to £45,000 for primary schools, and from £67,600 to £70,000 for secondary schools to improve support for small and rural schools.
- Pupil growth will be allocated on a formulaic basis again although it is still up to local authorities how to distribute the funding.

2.2 The government has also confirmed that local authorities will continue to determine local formula in 2021-22. Later this year it will put forward plans to move to a 'hard' NFF in the future.

### 3. Nottinghamshire Schools Block Funding Allocation for 2021-22

3.1 The NFF funding allocation for Nottinghamshire is set out below. This is indicative because the quantum will be determined by the pupil numbers obtained from the October 20 census.

**Table 1 Schools Block funding Allocation**

#### Schools Block Funding Breakdown

	Actual 2020-21			Indicative 2021-22			Increase/ Decrease(-)	
	October 2019 Pupil No.'s	Unit of Funding	2020-21	October 2019 Pupil No.'s	Unit of Funding	2021-22	£000	%
		£	£000		£	£000		
Primary	66,827.5	4,125	275,632	66,828	4,467	298,524	22,892	8.31
Secondary	43,023.5	5,218	224,480	43,024	5,650	243,098	18,617	8.29
Premises & Mobility			6,002			6,326	324	5.40
Growth Funding			3,789			3,789	0	0.00
<b>TOTAL SCHOOLS BLOCK</b>	<b>109,851</b>		<b>509,903</b>	<b>109,851</b>		<b>551,736</b>	<b>41,833</b>	<b>8.20</b>

3.2 The 2021-22 funding allocation is calculated as a per pupil amount for primary and secondary schools. These amounts are derived after the NFF has been applied i.e. the total NFF funding allocations are calculated for primary and secondary phases and these are then divided by the number of pupils in each phase. This means that individual LAs still have different per pupil amounts.

3.3 The indicative allocation shows that there is £41.833m additional funding for Nottinghamshire. However around £23.9m of the increase relates to the Teachers' Pay and Pension grants being rolled into the Schools Block. Adjusting for this means the like for like increase is around £17.9m, (3.5%).

3.4 The school tables provided by the DfE give notional allocations for individual school budgets for 2021-22 but these were illustrative only and do not represent the funding that a school will actually receive in that financial year.

### 4 Approach to the Schools Block Funding Formula Consultation for 2021-2022

4.1 A report was presented to the Schools Forum on 12<sup>th</sup> November which outlined the 2021-22 funding announcements and the proposed approach to the consultation. The aim is to continue to mirror the National Funding Formula as far as possible based on the indicative 2021-22 funding allocation for Nottinghamshire and allowing for some known increases e.g. in schools rates bills.

4.2 The final 2021-22 local funding formula will be based on affordability once the actual funding settlement is received in December 2020 which will include the October 2020 census, changes to pupil characteristics and the growth funding formula. However, in the main schools will not receive less than their 2020-21 funding allocation unless their pupil numbers have reduced

4.3 We are already aware of a significant issue that has been highlighted by other LAs regarding the increase in the number of children becoming eligible for Free School Meals (FSM) between the October 2019 and October 20 census points. Following further investigation we estimate an increase of approximately 26% (4,335 pupils @ £461.27 per pupil) which may cost up to

£2.0m. This will potentially impact on the affordability of the funding formula and the ability to continue to mirror the NFF, in its entirety, for 2021-22.

- 4.4 The issue we have is that the funding for the additional FSM pupil numbers will not be reflected in the LA Schools Block funding allocation for 2021-22. The per pupil units of funding which determine our funding allocation, have already been set and the ESFA does not have any plans to update them. Therefore, we need to plan for the worst and hope for the best.
- 4.5. The consultation proposals are to continue to move the LFF towards the NFF whilst retaining some flexibility to address any funding shortfall by reintroducing a gains cap and having a flexible MFG. The financial models assume a potential funding shortfall of £2.0m.

## 5 Schools Block Funding Formula Consultation Proposals

The local authority is required to consult on any changes to the LFF and the questions below are designed to align the current LFF with the NFF. The changes to the Minimum Per Pupil amount have not been included because the funding levels are mandatory for LA's to use in their LFF.

### 5.1 Changes to the Unit Values Attributed to each Factor

The unit values for all the NFF factors have been increased by 3%. In order to continue with the principle to mirror the NFF as far as possible these increases will need to be reflected in the LFF. The unit values for 2020-21 and those proposed for 2021-22 are shown in the Appendix.

#### Question 1

***In order to continue with the principle to mirror the NFF as far as possible the local authority would need to increase the unit values for each factor as detailed in Appendix 1***

***Are you in agreement with this proposal? Yes/No***

### 5.2 Minimum Funding Guarantee (MFG)

The purpose of the MFG is to protect schools from excessive year on year changes in funding as a result of, for example a change in pupil characteristics. As the protection provided is based on per pupil funding, the MFG calculation will not include school led or premises factors. The MFG will be used to action the inflationary increase referred to as the funding floor.

For 2021-22 the MFG/funding floor must be between +0.5% and +2.00% and the current MFG in the LFF is 1.84%, by setting a positive MFG this protects schools from any reduction in per pupil funding as a result of a change in pupil characteristics or unit values. In order for the LA to retain some flexibility to manage any changes in pupil characteristics when the data is updated in December the MFG would need to be set between +0.5% and +2.00%.

#### Question 2

***The current MFG is set at 1.84% to allow schools to receive a minimum increase above their 2019-20 baseline. For 2021-22 the local authority would need to set the MFG at between +0.5% and +2.00% (subject to affordability). In consideration with Models 1 – 3 (Appendix 2) which illustrate the impact of an MFG at 0.5%, 1.00% and 2.00%. Are you in agreement with this proposal?***

***Yes/No***

### 5.3 Gains Cap

5.3.1 There isn't a gains cap in the current LFF but this may need to be reintroduced to make the formula affordable for 2021-22. Any cap does not impact on gains received by schools through the MPP protection nor does it impact on the additional allocations for Teacher Pay and Pensions grant. The local authority is required to consult on the level of the gains cap and it is proposed that this may need to be set at between 2% and 3% for 2021-22.

#### **Question 3**

***In order to make the formula affordable a gains cap may be required for 2021-22. In consideration with Models 1 – 3 (Appendix 2) which illustrate the impact of a gains cap set at 2.80%, 2.75% and 2.6% are you in agreement with this proposal?***

**Yes/No.**

### 5.4 De-delegation

5.4.1 The DfE continues to require that any funding that was subject to de-delegation in 2020-should be re-approved by schools forum if the de-delegation is to continue in 2021-22. Maintained schools in each phase will need to agree collectively, through the Schools Forum, whether to de-delegate funding to the local authority to meet certain permitted categories of expenditure centrally. The rationale for de-delegation is to achieve economies of scale and to pool risk across schools for these costs.

5.4.2 De-delegation will be an option for maintained primary and secondary schools for the following allocations in line with 2013-14 to 2020-21 delegation. The indicative rates for de-delegation in 2021-22 are shown in the table below and remain the same as 2020-21.

	Primary per pupil de-delegation	Secondary per pupil de-delegation
Free school meal eligibility assessment	£0.75	£0.75
Support to underperforming ethnic minority groups and bilingual learners	£5.03	£5.03
Contingency for crisis communications	£0.90	Nil
Trade Union Facilities	£1.56	£1.69

#### **Question 4 (to be answered by maintained schools only)**

***As a representative of either a maintained primary or secondary school, do you agree to the de-delegation of the following in 2021-22?***

- ***Free school meals eligibility assessment?***
- ***Support to underperforming ethnic minority groups and bilingual learners?***
- ***Contingency for crisis communications?***
- ***Trade Union Facilities?***

**Thank you for taking the time to complete this consultation.**