

**School Funding Formula  
for 2021-22**

**Consultation**

**Consultation between Cumbria Schools Forum and  
Maintained Schools & Academies within Cumbria**

**Consultation Commences: Thursday 22<sup>nd</sup> October 2020**

**Deadline for responding to the consultation at [TBC](#)  
: Friday 13<sup>th</sup> November 2020**

## **Introduction**

### **National Funding Formula**

1. A national funding formula was introduced for schools from 2018-19 and as in previous years in 2021-22 local authorities will continue to decide, following consultation with their schools and Schools Forum, whether this formula is applied or a locally determined formula is used.
2. In July 2020 the DfE announced that local authorities will continue to have flexibility to set a local funding formula in 2021-22. It is a DfE requirement that all schools are consulted annually on any proposed changes to the schools funding formula.
3. This document comprises a consultation with all Cumbrian schools and the Cumbria Schools Forum to seek views on the proposed changes to the schools funding formula in 2021-22. The consultation also considers some of the continuing challenges around high needs budget.
4. All schools are encouraged to respond to this consultation using the online survey at [TBC](#). The deadline for responding to the consultation is 13<sup>th</sup> November 2020.
5. Schools can find further detailed information on the national funding formula at: <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

### **Shape of the National Funding Formula in 2021-22**

6. Last year the government announced that in 2021-22 the schools and high needs block funding would rise by £4.8bn nationally compared to the 2019-20 baseline. With £2.6bn of this already having been allocated in 2020-21 an additional £2.2bn has been allocated in 2021-22. Of this, £730m is being directed to the High Needs Block to support children and young people with special educational needs.
7. In July 2020 the Department for Education confirmed that due to the efforts on meeting the challenges of Coronavirus local authorities will continue to have flexibility to set a local funding formula in 2021-22 but the government will, later this year, put forward its proposals to move to a 'hard' national funding formula in future. This will mean that schools budgets will be determined directly by government rather than through local formulae set independently by each local authority. In addition, the DfE also announced the following changes to the national funding formula in 2021-22:
  - The minimum per-pupil funding level will increase from £3,750 to £4,180 for primary schools and from £5,000 to £5,415. These rates incorporate the roll in of the Teachers' Pay Grant (TPG) and Teachers' Employer Pension Contribution and Supplementary Grants (TPECG) at £180 per primary and £265 per secondary pupil. This factor is mandatory and must be applied at a local level;

- A 3% increase in the basic per pupil amount plus a further £180 to the primary amount and £265 to each KS3 and KS4 amount which represents the roll in of the Teachers' Pay Grant (TPG) and Teachers' Employer Pension Contribution and Supplementary Grants (TPECG) into the formulae;
  - The maximum values for the sparsity factor, which supports small and remote schools, have increased from £26,000 to £45,000 for primary schools and from £67,700 to £70,000 for secondary schools;
  - The deprivation factor has been updated to incorporate the 2019 updated IDACI data;
  - Increases across all other formula factors averaging 4.5%;
  - An increase to the funding floor (minimum funding guarantee) so that all schools will attract at least +2% per pupil gain against their 2020-21 baselines;
8. The funding floor of +2% per pupil in 2021-22 compared to 2020-21 baselines is not mandatory and local authorities have the flexibility to decide whether or not to use it or set a lower level between the ranges of +2% and +0.5%. Although there is no gains cap in the national funding formula local authorities are still allowed to apply a gains cap in their local formula.
9. As in previous years, local authorities are allowed, with the agreement of their Schools Forum, to transfer up to 0.5% of the School Block funding to support the High Needs Block budget.
10. The below table shows a comparison between the formula factors used in the national funding formula between 2020-21 and 2021-22:

	<b>2021-22</b>	<b>2020-21</b>	<b>Increase</b>
	<b>Unit Value</b>	<b>Unit Value</b>	<b>%</b>
<b>Basic per Pupil Funding</b>			
Primary AWPU	£2,857	£3,123	9.31%
KS3 AWPU	£4,018	£4,404	9.61%
KS4 AWPU	£4,561	£4,963	8.81%
Primary Minimum Per Pupil Funding	£3,750	£4,180	11.47%
Secondary Minimum Per Pupil Funding	£5,000	£5,415	8.30%
<b>Deprivation</b>			
Primary FSM	£450	£460	2.22%
Secondary FSM	£450	£460	2.22%
Primary FSM6	£560	£575	2.68%
Secondary FSM6	£815	£840	3.07%
Primary IDACI A	£600	£620	3.33%
Primary IDACI B	£435	£475	9.20%
Primary IDACI C	£405	£445	9.88%
Primary IDACI D	£375	£410	9.33%
Primary IDACI E	£250	£260	4.00%

Primary IDACI F	£210	£215	2.38%
Secondary IDACI A	£840	£865	2.98%
Secondary IDACI B	£625	£680	8.80%
Secondary IDACI C	£580	£630	8.62%
	<b>2021-22</b>	<b>2020-21</b>	<b>Increase</b>
	<b>Unit Value</b>	<b>Unit Value</b>	<b>%</b>
Secondary IDACI D	£535	£580	8.41%
Secondary IDACI E	£405	£415	2.47%
Secondary IDACI F	£300	£310	3.33%
<b>Low Prior Attainment</b>			
Primary LPA	£1,065	£1,095	2.82%
Secondary LPA	£1,610	£1,660	3.11%
<b>English as an Additional Language</b>			
Primary EAL	£535	£550	2.80%
Secondary EAL	£1,440	£1,485	3.13%
<b>Mobility</b>			
Primary mobility	£875	£900	2.86%
Secondary mobility	£1,250	£1,290	3.20%
<b>School Led Funding</b>			
Lump Sum	£114,400	£117,800	2.97%
Primary Sparsity (Up to a maximum of)	£26,000	£45,000	73.08%
Secondary Sparsity (Up to a maximum of)	£67,600	£70,000	3.55%
Rates & Rents	Actual cost	Actual cost	

11. One of the major changes to the national funding formula in 2021-22 is the roll in of the TPG, TPECG and TPECG supplementary fund. These grants, which prior to 2021-22 have been allocated to schools as a separate grant, will be incorporated into the dedicated schools grant Schools Block to be allocated to schools through the schools funding formula in 2021-22. The new aged weight pupil unit (APWU) and Minimum per Pupil Funding Level (MPL) include an uplift to reflect these former grants which are to be allocated on a per pupil basis.
12. These grants have also been added to the 2020-21 school funding formula baselines so that they are protected and included in the funding floor used to calculate the minimum funding guarantee (MFG) funding for schools that are losing funding under the NFF in 2021-22 against the pupil-led element of the formula. This addition to the baselines has been allocated on a per pupil basis by annualising the primary and secondary per pupil funding rates from the grants. For both the TPG and TPECG these have been derived from the rates for April to August 2020 divided by 5 months and multiplied by 12 months. In 2020-21 additional TPECG will be provided through the supplementary fund for eligible schools. The amounts allocated to the baselines have been derived by annualising the September 2019 to March 2020 amounts and dividing this allocation by 7 months and multiplying by 12 months.
13. As these former grants have resulted in an increase in the APWU and MPL rates for 2021-22 on a per pupil basis there will inevitably be some winners and losers. In particular small schools will be affected. This is due to the allocation methodology for TPG and TPECG grants in 2020-21 for schools with less than 100 pupils that are funded as if they had 100 pupils, whereas the uplift through

the AWPU and MPL rates will be based on actual pupil numbers. However, small rural schools that receive sparsity funding through the formula will benefit from the increase in the sparsity factor value and all schools losing funding against their 2020-21 baselines will receive protection through the MFG in 2021-22.

### **Cumbria Schools Funding Formula in 2020-21**

14. Following consultation with schools and Schools Forum the school budget shares were calculated using the national funding formula in 2020-21 which included a minimum per pupil funding of £3,750 per primary and £5,000 per secondary pupil and a MFG of 1.84% against the 2019-20 baselines as recommended by Schools Forum and agreed by Cabinet members. When the DfE confirmed the final Schools Block funding for 2020-21 updated with the October 2019 census data in December 2020, the school funding formula was calculated on the basis agreed and a balance of £1.511m equating to 0.5% of the total Schools Block Funding for 2019-20 remained unallocated. The Schools Forum subsequently agreed at its meeting on 17<sup>th</sup> January 2020 that this balance could be transferred to the High Needs Block to reduce the budget pressure.

### **Proposed School Funding Formula 2021-22**

15. The DfE have published notional 2021-22 budgets for each school based on the national funding formula for 2021-22 using 2020-21 pupil data and characteristics to enable LAs to plan and model their local funding formula for 2021-22. These notional budgets are then used to determine the primary and secondary per pupil funding units used to calculate the actual LA level allocations for 2021-22. These notional budgets are available at: <https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2021-to-2022>.
16. It is important to note that the notional budgets published by the DfE are not reflective of actual amounts receivable by schools in 2021-22 as the LA continues to have flexibility to set a locally agreed funding formula through consultation with schools and Schools Forum and it must also ensure that the final formula is affordable and does not exceed the School Block funding available.
17. The actual 2021-22 school funding formula allocations will be based on October 2020 pupil numbers and pupil characteristics data. As last year, your Schools Forum recommends that Cumbria continue to use the National Funding Formula as the basis for allocating funding to schools in 2021-22 and that if, after applying the formula on this basis, there is a balance leftover up to a maximum of 0.5% should be transferred to the High Needs Block to support the High Needs Block budget pressures.
18. This would be the most prudent method of allocating the school budget shares in 2021-22 given that it is known that the government are putting plans in place to move to a 'hard' formula in future years and that the majority of local authorities have either adopted or moved their own local formulae closer towards the NFF

in preparation for this change. It will also provide schools with the full funding due to them under the NFF including the mandatory minimum per pupil funding levels which are protected in future years whilst at the same time support the significant budget pressures against the High Needs Block which are detailed below.

19. In the unlikely event, once the final Schools Block funding is published in December 2020, that applying the NFF is not affordable in 2021-22 (i.e. that the funding allocated through the NFF exceeds the School Block funding available) then this would be managed through adjusting down the level of MFG protection. This is set at +2% against 2020-21 baselines in the NFF, however, local authorities are allowed to reduce this protection to a minimum of +0.5% to ensure that their local school funding formula does not exceed the budget available.
20. The alternative option would be not to transfer any leftover Schools Block funding to the HN Block but to allocate it, after applying the NFF, to schools through the school funding formula by 'topping up' the AWPU factor values. However, it is not yet known how much funding will be available (if any) after applying the NFF as the final Schools Block funding, which will be based on the October 2020 census data, will not be made available until December 2020. Therefore, it is not possible to model the impact of this on individual school budgets with any degree of accuracy.
21. If any leftover Schools Block funding was allocated to schools through the schools funding formula by increasing the AWPU factor values above the level of the NFF values, not all schools would see an increase in their budget shares. This is because some schools are receiving protection through the MPL and MFG factors and therefore, unless the increase in APWU takes them over these levels of protection then they will see no change to their budget shares.
22. There is also a risk that the NFF will become unaffordable in 2022-23 as any additional funding allocated through the formula would be locked into the 2021-22 baselines for calculating the 2022-23 funding allocations, the consequence of which would mean that a reduced level of minimum funding guarantee may need to be applied in 2022-23 in order to balance the School Block budget.
23. Appendix 1 to this consultation presents a comparison between the actual Cumbria school funding formula in 2020-21 against the proposed school funding formula for 2021-22. This mirrors the national funding formula as applied by the DfE and includes the mandatory MPL of £4,180 per primary and £5,415 per secondary pupil and a MFG of +2% per pupil increase against 2020-21 baselines.
24. The school level allocations do not exactly replicate the notional school budget shares as published by the DfE for all schools because the DfE have used the notional NFF baselines for 2020-21 to calculate the Minimum Funding Guarantee for 2021-22 rather than the actual baselines for 2020-21 as submitted to the DfE through the Authority Proforma Tool (APT).

25. For academies the actual school funding formula figures for 2020-21 shown in Appendix 1 do not exactly replicate the allocations received for the academic year 2020-21 because for academies the DfE have used different 2019-20 baselines to allocate funding which are not the same as those submitted to the DfE by the LA.
26. To enable a like for like comparison the illustrative 2021-22 school funding formula has been based on the same pupil numbers and pupil characteristic data as that used to calculate the actual 2020-21 school funding formula which was based on the October 2019 census data. Final allocations will be based on October 2020 census data.
27. It should be noted that the actual school funding formula figures for 2020-21 and illustrative school funding formula figures for 2021-22 in Appendix 1 are shown before de-delegation has been deducted from maintained schools budgets and include premises factors (rates and rents) which have been based on 2020-21 actual levels for both maintained and academy schools as applied in the APT submitted to the DfE.

**Consultation Question 1:**

**Do you agree with your Schools Forum recommendation that the National Funding Formula continues to be used to allocate funding to school in 2021-22?**

**High Needs Funding**

28. As previously published in last year's school funding formula consultation, schools will be aware, like many other local authorities, that Cumbria continues to experience significant budget challenges in relation to funding high needs provision.
29. The DfE requires all local authorities with a cumulative Dedicated Schools Grant (DSG) deficit to set out their plans to bring the reserves back to a balanced position. As reported to the Schools Forum the 2019-20 DSG outturn position was a cumulative deficit of £6.991m equating to 1.94% against the total DSG allocations for that year, this figure does not include school balances which are reported separately. The main pressure on the DSG reserves continues to be the High Needs Block deficit which stood at £11.022m as at 31<sup>st</sup> March 2020.
30. The deficit on the High Needs budget continues to relate to specific pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for pupils with SEN which is directly linked to the SEND reforms of 2014, since which there has been a steep increase in the cumulative numbers of pupils with EHCPs over the last 5 years, which reflects the national picture with many other local authorities also experiencing significant pressure against the High Needs budget. Since 2015-16 the number of pupils with EHCPs has risen by 48.2% whilst the population of 2 to 18 year olds has remained relatively static over the same period. In addition, school budget pressures impacting on the ability to provide for pupils with SEN, parental preference and the demand for specialist

provision supported by tribunal, the broader accountability framework on Progress 8, extension of local authority statutory duty to support children and young people from birth to age 25 and a funding system, 40% of which is based on local authorities' 'planned spend' for 2017-18 in 2020-21, has all contributed to the budget pressures.

31. In July 2020 the DfE announced the provisional HN block funding allocation for 2021-22. This included a minimum increase per head of 2 to 18 year old population of 8% capped at 12%. For Cumbria the provisional increase in HN Block funding is estimated to be £4.426m (9.75% increase) subject to changes in pupil numbers and other later adjustments.
32. Following the funding announcement Cumbria met with the Department of Education to report on the progress being made to recover the deficit on the High Needs Block. The recovery plan reflects a number invest to save measures including the expansion of special school places, two new alternative provision centres in the South and North of the county and 2 pilot programmes one focused on early intervention and a school based alternative provision unit. These initiatives are expected to reduce reliance on expensive independent providers and reduce the number of permanently excluded pupils over time whilst increasing capacity and improving outcomes for children and young people with SEND. The current plan, which is a work in progress, predicts that these initiatives will save £2.791m in 2021-22, however despite this the in-year pressure against the High Needs Block is predicted to be £2.242m in 2021-22.
33. The funding regulations for 2021-22 allow a transfer of a maximum of 0.5% from the Schools Block to the High Needs Block with Schools Forum approval.
34. It should be noted that it is not possible to confirm the actual value of the transfer to HN block, if any, until the DfE publish the final data set to be used to calculate the school budget shares in December 2020 which takes into account the October 2020 census pupil data and characteristics.

**Consultation Question 2:**

**Do you agree that, if there is any School Block funding remaining (up to a maximum of 0.5%) after allocating the school funding formula to schools using the NFF, it should be transferred to the High Needs Block?**

**Areas not impacted by this Consultation**

35. It should be noted that the following funding streams are not impacted by this consultation:
  - Early Years Funding
  - Post 16 Education



- Other government grants including Pupil Premium, Universal Infant Free School Meals, Primary Sport & PE grant.

### **Responding to the Consultation**

24. Schools are invited to respond to the 2 questions in this consultation using the online survey at: [TBC](#) by **Friday 13<sup>th</sup> November 2020**. Returns submitted after this date will not be included.
25. We encourage every school to respond. We kindly ask that there is only one response per school.

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