

**NORTH LINCOLNSHIRE COUNCIL**

**CABINET**

**SCHOOLS FUNDING FORMULA 2021-22**

**1. OBJECT AND KEY POINTS IN THIS REPORT**

- 1.1 To update Cabinet regarding the 2021-22 funding allocations for Dedicated Schools Grant (DSG) and the amount available for Individual School Budgets.
- 1.2 To seek Cabinet approval to allocate funding to North Lincolnshire mainstream schools by the North Lincolnshire Local Funding Formula.
- 1.3 The Schools Block allocation for North Lincolnshire 2021-22 is £121.080m.

**2. BACKGROUND INFORMATION**

- 2.1 The Education and Skills Funding Agency (ESFA) publish an operational guide annually outlining the arrangements to help local authorities and their schools forum plan the local implementation, calculation and allocation of school funding formulas for the forthcoming financial year.
- 2.2 On 17<sup>th</sup> December 2020 the ESFA published the 2021-22 Dedicated Schools Grant (DSG) Allocations, based on October 2020 School Census data. The allocation for North Lincolnshire is £152.810m, an increase of £10.574m from last year.
- 2.3 The element of DSG which is available for the Individual Schools Budget (ISB) for all mainstream schools is £121.080m, an increase of £8.410m from last year. The Operational guide sets out how ISB shares can be calculated.
- 2.4 There are a number of factors to be taken into consideration for 2021-22.

- The mandatory Minimum Per Pupil Funding Levels (MPPL) have been increased to £5,715 per secondary pupil and £4,180 per primary pupil.
  - The grants for teachers' pay and teachers' pension contributions have been added to the schools National Funding Formula (NFF) allocation for 2021/22 and will no longer be paid as separate grants.
  - Key formula factors in the NFF have increased by 3% and every school allocated 2% more pupil-led funding per pupil compared to the 2020-21 baseline.
  - Local authorities continue to set a minimum funding guarantee (MFG) in local formula, which must be between +0.5% and +2.0%.
  - Additional funding for small and remote schools will increase in 2021-22, with an increase in the maximum sparsity value for primary schools of £45,000 and £70,000 for secondary schools. The DfE have indicated that there will be further expansion of the support the NFF provides for small remote schools from 2022-23.
  - The 2019 updated data for Income Deprivation Affecting Children Index (IDACI) has been incorporated so that deprivation funding allocated is based on latest data.
  - Following cancellation of assessment in the summer due to COVID-19, local authorities are unable to use this data for setting a low prior attainment factor. Instead, the 2019 assessment data has been used as a proxy for the 2020 reception and year 6 cohort.
- 2.5 To continue the introduction of the NFF the DfE intends to consult on forward plans to move to a 'hard' NFF in the future so that resources are distributed based on the individual needs and characteristics of every school in the country.
- 2.6 North Lincolnshire Councils' local formula now reflects the NFF for all factors except for the variation to use pupils travel distance to school measured by road or footpath, rather than 'as the crow flies' when applying the criteria for sparsity. The DfE continue to work on a more suitable formula to allocate sparsity funding.
- 2.7 This report sets out the final proposals for the North Lincolnshire schools funding formula 2021-22.

### 3. OPTIONS FOR CONSIDERATION

- 3.1 **Option 1:** To approve the use of the North Lincolnshire local formula factors and apply a MFG of 2.0%.
- 3.2 **Option 2:** To approve the use of the North Lincolnshire local formula factors and apply a MFG of 0.5%.

- 3.3 The local authority can, if it wishes, fund the MFG by scaling back overall gains of individual schools.
- 3.4 Alternatively, any shortfall in funding could be financed from the DSG earmarked reserve.

#### **4. ANALYSIS OF OPTIONS**

- 4.1 Option 1 would cost £121.262m, £183k more than the funding allocation. 16 schools would receive protection.
- 4.2 Option 2 would cost £121.136m, £56k more than the funding allocation. 7 schools would receive protection.
- 4.3 Scaling back of gains would see funding for schools scaled back by 2.2% to fund 0.5% MFG and by 7.8% to fund 2.0% MFG.
- 4.4 The DSG earmarked reserve is ring fenced and must be used to support the schools' budget,
- 4.5 The formula factors and values are detailed in Appendix 1; this also details the factor values used in 2020-21.
- 4.6 The formula factors meet the requirements of the DFE guidance and uses the data as prescribed by the DFE.
- 4.7 The schools' forum were notified of options on 1<sup>st</sup> October 2020 and endorsed the application of MFG at the maximum level which could be afforded including use of DSG earmarked reserves as appropriate.
- 4.8 The schools' forum will be updated on final proposals and allocations on 21<sup>st</sup> January 2021.

#### **5. FINANCIAL AND OTHER RESOURCE IMPLICATIONS (e.g. LEGAL, HR, PROPERTY, IT, COMMUNICATIONS etc.)**

- 5.1 The final DSG, schools block allocation from the DfE is £121.080m. The DSG schools block earmarked reserve is £1.351m

#### **6. OTHER RELEVANT IMPLICATIONS (e.g. CRIME AND DISORDER, EQUALITIES, COUNCIL PLAN, ENVIRONMENTAL, RISK etc.)**

- 6.1 There are no other relevant implications.

#### **7. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

- 7.1 None

## 8. **OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

- 8.1 All mainstream schools have been consulted on the funding formula changes. Ten responses were received.
- 8.2 Local authorities were directed to set a MFG between +0.5% and +2.0%; the consultation therefore gave two options
  - a) To allocate the maximum affordable MFG between the range +0.5% and +2%
  - b) To set the MFG at +2.0% and scale back gains to fund any shortfall.
- 8.3 Schools were also consulted on the allocation of any additional funding if available after application of the funding formula. There is no additional funding available this financial year.
- 8.4 Nine respondents gave preference to option a); one respondent gave preference for option b).
- 8.5 Results of the consultation have been taken into consideration when preparing the final formula for 2021-22.

## 9. **RECOMMENDATIONS**

- 9.1 The factors detailed in Appendix 1 be used to calculate the individual schools budget shares for mainstream schools within North Lincolnshire for 2021-22.
- 9.2 The minimum funding guarantee be set at the maximum of 2% and that the schools block earmarked reserve is used to finance the shortfall of £183k.

DIRECTOR OF GOVERNANCE AND PARTNERSHIPS

Church Square House  
SCUNTHORPE  
North Lincolnshire  
DN15 6NL  
Author: Tracy Elliott  
Date: 5<sup>th</sup> January 2021

**Background Papers used in the preparation of this report –**  
Schools Revenue Funding 2021-22: Operational Guide  
National Funding Formula for Schools and High Needs Policy Document 2021-22

<b>Funding Formula Factor Values</b>				
<b>Pupil-Led Factors</b>	<b>2020-21</b>		<b>2021-22</b>	
	Primary	Secondary	Primary	Secondary
AWPU - Primary	£2,890		£3,123	
AWPU - Secondary KS3		£4,040		£4,404
AWPU - Secondary KS4		£4,590		£4,963
<b>Deprivation</b>				
FSM	£450	£450	£460	£460
FSM Ever 6	£560	£815	£575	£840
IDACI Band F	£210	£300	£215	£310
IDACI Band E	£250	£405	£260	£415
IDACI Band D	£375	£535	£410	£580
IDACI Band C	£405	£580	£445	£630
IDACI Band B	£435	£625	£475	£680
IDACI Band A	£600	£840	£620	£865
<b>Looked After Children</b>				
English as an Additional Language	£535	£1,440	£550	£1,485
Mobility - children starting school outside of normal entry dates	£875	£1,250	£900	£1,290
Prior Attainment	£1,065	£1,610	£1,095	£1,660
<b>Other Factors</b>				
Lump Sum	£114,400	£114,400	£117,800	£117,800
Sparsity	£26,000	£67,600	£45,000	£70,000
<b>Minimum Per Pupil Funding Level (MPPL)</b>	<b>£3,750</b>	<b>£5,000</b>	<b>£4,180</b>	<b>£5,415</b>