

Appendix 1 ~ Setting the Schools Funding Formula 2021/22

1. The Schools Forum are required to make a recommendation to Cabinet on the funding formula to allocate funding to schools for the next financial year.
2. The Schools Forum meeting on 1st October 2020 considered the approach to the 2021/22 funding formula. They agreed to convene a sub group to consider the issues in more detail and consult with schools.
3. The sub group met on four occasions (18th September, 15th October, 5th November and 1st December 2020) to consider the issues for schools and ran a consultation process from 12th November to 27th November 2020.
4. The consultation resulted in a 45% response rate from schools. Full details of the consultation results were reported to Schools Forum on 10th December 2020 and the results are summarised below:

| 2021/22 Consultation Results | Percentage Vote (1 Vote per school) | |
|---|--|-------|
| Q1 – Please select the formula option that you prefer? | AWPU | 78.8% |
| | Sparsity | 21.2% |
| Q2 – Would you support a transfer to high needs if additional funding is available? | Yes | 22.7% |
| | No | 69.7% |
| | Undecided | 7.6% |
| Q3 – Please set out your views on how any additional funding should be allocated? | AWPU | 78.8% |
| | Sparsity | 6.1% |
| | LHCI | 9.1% |
| | Other | 6.0% |
| Q4 – Do you agree with setting the Minimum Funding Guarantee (MFG) at +0.5%? | Yes | 95.5% |
| | No | 1.5% |
| | Undecided | 3.0% |

Available Funding Levels

5. The initial DSG funding allocations released in July 2020 were used to inform the modelling work used in the consultation process. These figures allowed for the updated headline minimum per pupil funding levels (MPPF) for primary and secondary schools to be achieved with a relatively low MFG scaling percentage below 20%. However, after achieving those MPPF levels there was very limited scope of £0.2m to consider different formula options.
6. All the modelling for the consultation used October 2019 pupil numbers.
7. The models have been fully updated by the revised funding announcements from the DfE incorporating October 2020 pupil information that were released

on 17th December 2020. These confirmed the additional number of pupils and the local growth factor and increased schools funding for 2021/22 to £245.3m.

Minimum per pupil funding levels

8. Following a national consultation process in October 2019 the DfE made the MPPF figures a compulsory part of any school funding formula.
9. For 2021/22 the DfE increased MPPF levels to both increase funding to schools and enable the rolling in of teachers' pay and pension grants into the main formula. Therefore, the revised MPPF levels are:

| Change to MPPF Levels | 2020/21 | Planned MPPF for 21/22 | Increase for pay and pensions | Final 2021/22 MPPF |
|-----------------------|---------|------------------------|-------------------------------|--------------------|
| Primary | *£3,843 | £4,000 | £180 | £4,180 |
| Secondary | £5,000 | £5,150 | £265 | £5,415 |

* the national figure was £3,750. This was increased in CE through a local decision and DfE approval.

10. The limited financial flexibility did not allow for any consideration of different MPPF levels on this occasion.

The Formula Option for 2021/22

11. Two formula options were consulted on. These were similar with the national funding formula (NFF) and an MFG of +0.5% as a base. Option 1 used any flexibility to increase the basic entitlement levels, option 2 used any flexibility to increase primary sparsity to a maximum allocation of £75,000.
12. The Schools Forum voted in support of using the formula model that increased the basic entitlement.

The Transfer to High Needs

13. The pressure on the high needs block from an increase in education, health and care plans and rising costs of independent placements meant this issue had to be considered as part of the consultation.
14. The Schools Forum voted against the transfer to high needs. It was noted that a disapplication to the DfE had been made by the Council to reverse this decision. The result of the application has not yet been released at the time of writing.

Use of Additional Funding

15. The Schools Forum agreed that any additional funding should be allocated via the basic entitlement. This was subject to a disapplication to the Council.

Setting the minimum funding guarantee percentage at +0.5%

16. MFG is a self-funding method of ensuring no schools suffer significant reductions to funding levels by scaling back funding from those schools set to gain.
17. Therefore, any models needed to consider the achievement of the MFG percentage and the resulting scaling back percentage. Previous years have seen high levels of MFG scaling, however that has reduced to less than 20% under the current funding arrangements.
18. Increasing the MFG % to +1% or higher (up to +2%) resulted in much higher levels of scaling back and were discounted by the sub group.
19. The Schools Forum voted in support of setting MFG at +0.5%.

Growth Fund

20. The Council is able to hold an element of schools funding back and use it to provide some extra funding to schools who have increased their published admission number in September or seen significant levels of in year pupil growth. This is called the Growth Fund.
21. The extra pupils are not funded through the main formula until the following year and the Growth Fund is intended to help schools manage the delay in receiving the formula funding. The Schools Forum have recommended setting the Growth Fund at £0.8m.

Impact of NFF on Small and Rural Schools

22. The use of a formula based on the NFF at school level was agreed from 2020/21. Using the NFF has the recognised impact of moving funding from the basic per pupil entitlement towards deprivation. This can impact on the sustainability of small and rural schools with low deprivation levels as they lose funding.
23. The Schools Forum asked for the profile of the issue to be raised with the Cheshire East Cabinet and with the DfE.

Timetable

24. The following key stages of the process will be followed:

| Date | Actions |
|------------------------------|---|
| 2/2/21 Cheshire East Cabinet | Consider recommended schools funding formula |
| 4/2/21 Schools Forum | Agree School Budget Report and receive final school funding figures |
| Mid February | Publish Schools Block funding figures via the Schools Forum website |
| Late February | Schools receive their one line budgets including indicative allocations for high needs, early years, pupil premium and sixth form funding plus the supporting data. |
| March | Schools check the data |