

# Schools Forum Sub-group

4<sup>th</sup> November 2021

# Agenda

- Apologies
- Terms of reference
- Central Expenditure
- School Funding Formula
  - National changes
  - Options

# Terms of Reference

- Purpose
  - To review national changes to school funding formula
  - Make recommendations as to local implementation of Coventry's formula
  - Review and make recommendations to SF on items and level of funding
- Principles – to ensure that:
  - Funding is used efficiently and effectively (time limited where appropriate)
  - Level and usage of central funding is appropriate and proportionate to need
  - LA has sufficient resource to meet any statutory functions where DSG funded
- Membership
  - Chair, Maintained Primary reps (up to 2), Academy reps (up to 3), Special School rep (1), Trade Union rep (1)
  - Observers welcome
- Reporting
  - We will capture your responses today and write a report on behalf of the sub-group setting out the content and recommendations to SF
  - We will share this with you next week for your approval

# Central Expenditure

# Central Services Block

- How is CSSB allocation determined?
- Breaks down into 2 parts:
  - Ongoing Responsibilities – National formula driven (£ per pupil)
  - Historic Commitments – Historic allocation
- Historic part to reduce by a further 20% in 22/23
  - Further £259k impact (£324k in 21/22, £404k in 20/21)
- Ongoing Responsibilities reduced by 2.5% (£54k) in 22/23
  - Due to way DFE has baselined TPG allocation in CSSB
  - Making representation against this
- Education Service working to see how this reduction will be managed:
  - Resource switching, service reduction, Core resource
  - Means we don't yet know the final split of DSG required for approval – what we have brought today is based on current year, and will be the upper limit, as we work to manage the reduction for 22/23.

# Central Expenditure review

- Schools Forum requested that sub-group completed a review of the central services expenditure items for approval in 2022/23
  - Some central expenditure items are historic i.e. Termination of employment costs, equal pay settlement, contribution to SEN transport, Statutory and Regulatory duties
  - Some areas are closely aligned to services that schools interact with regularly, these services are the ones SF has focussed its reviews
- It was requested that reports focussed primarily on the service's plans for the next 12 months, rather than detailing what the service has always done / pre-covid

# Central Expenditure Block

	2019/20	2020/21	2021/22	21/22 inc/dec
	£000	£000	£000	£000
<b>Centrally Retained Services</b>				
1.4.1 Contribution to combined budgets	2,764	1,110	786	-324
1.4.2 School admissions	582	600	625	25
1.4.3 Servicing of schools forums	3	3	3	0
1.4.4 Termination of employment costs	323	323	323	0
1.4.5 Falling Rolls Fund	0	0	0	0
1.4.6 Capital expenditure from revenue (CERA)	0	0	0	0
1.4.7 Prudential borrowing costs	0	0	0	0
1.4.8 Fees to independent schools without SEN	0	0	0	0
1.4.9 Equal pay - back pay	182	182	182	0
1.4.11 SEN transport	310	310	310	0
1.5.1 Education welfare service	306	299	313	14
1.5.2 Asset management	177	175	175	0
1.5.3 Statutory/ Regulatory duties	312	312	319	7
<b>Total</b>	<b>4,959</b>	<b>3,314</b>	<b>3,036</b>	<b>-278</b>

- Table doesn't include:
  - Growth Fund – subject to separate Schools Forum approval process
  - Licenses and Central TPS 'Grant' allocation – no approval needed

# Breakdown: 1.4.1 contribution to combined budgets

	£000
<b>1.4.1 Breakdown contribution to combined budgets</b>	
Ethnic Minority Achievement Service (EMAS)	131
Virtual School	366
Outdoor Education Coordinator*	40
Family Hubs	25
Primary Education Capital Strategy	118
Education Standards	106
<b>Total</b>	<b>786</b>

\*Now traded from Sept-21



# Report: Family Hubs

# Report: Admissions

# Report: Virtual School

# Report: Attendance

# Report: School Improvement

# Report: Capital Strategy

# Report: EMAS

# School Funding formula: National Changes



# Background

- National Funding Formula continues to be DFE approach
  - Total SB allocation based on sum of NFF for each school
  - Still some historic factors, but DFE working to formularise these
- Pure NFF delivers significantly less funding for schools
  - School allocations include ‘funding floor’ protection of ca. £3.2M (1.2%)
  - Majority of Coventry schools on this funding floor level (current forecasts suggest 58 schools on funding floor & 49 above it)
- ‘Soft’ formula for Schools Block
  - LA still decides on funding formula to set school budget shares
  - Consultation on ‘Hard NFF’ this term, timescale 2023/24?
    - How to ‘transition’ to hard NFF
    - Hardening individual factors between now and 2023-24
    - Arrangements for particular funding streams (CSSB, Growth)

# Where are we now?

- Funding floor remains at +2.00% per pupil
  - *Theoretically* means pupil led school funding will increase by this
  - Not the complete picture (affordability) more on this later...
- Most NFF factor values increased by 3% each
  - Bigger increase vs 2.00%, means some schools move above floor
  - Now 49 schools on the NFF (only 30 in 21/22) and 58 on floor
- Ability to set MFG between +0.5% and +2.00%
  - The +2.00% is to help LAs mirror the NFF funding floor
  - Means as a minimum you should expect to see +0.5% per pupil £
- Increase in Minimum Per Pupil Funding factor
  - £4,265 per Primary pupil (£4,180 in 21/22)
  - £5,525 per Secondary pupil (£5,415 in 21/22)

# Where are we now?

- Data Point Changes
  - FSM Ever 6 data is now based on the October census instead of January in order to bring it into line with other NFF factors
    - Impact hopefully less significant than that of PPG in 21/22 as we are now 12 months on from that change & schools know the importance of the October census for FSM eligibility checks
  - Low prior attainment uses data from the Early Years Foundation Stage profile & KS2 assessments
    - Not conducted in 2020 so use a second year of the 2019 data as a proxy.
  - Mobility funding is based on a pupils 'entry date' between Jan 20 & May 20 as the May 20 census did not take place.

# Where are we now?

- Premises allocations continue to be historic
  - Rates (NNDR), Split Site, PFI (inflated by RPIx),
  - As in previous years, if our costs for these items exceeds the historic funding allocation it will impact our affordability.
- School business rates paid by ESFA directly to local authorities on behalf of all state funded schools from 2022/23 onwards
  - Not a change in funding levels, more streamlined process.
  - Schools will no longer see funding for business rates in budget shares.

# Funding Formula: Options

All models based on current best  
info and will change for 2022/23

# Formula Options: Introduction

- Why are we still doing this? Doesn't NFF decide for us??
- None of the legislation is in place for the government to introduce a hard NFF – nor to allow it to be allocated out
- Legally this means that Coventry is required to continue to run a funding formula and abide by the rules in place
- This creates tension with school expectations of the NFF allocations that have been published
- Affordability!

# What are some of the issues?

- Since 18/19 we've mirrored the NFF allocations as closely as possible - giving schools the higher of the funding floor allocation or the NFF formula allocation.
  - Means all schools have seen per pupil gains vs 2017/18
- A level of expectation exists (again) that schools will see an increase of +2.00% per pupil in 22/23
  - As in previous years, affordability is the main threat to delivering this
- Affordability will be affected by:
  - DFE calculation methodology; Historic Factors; Oct-21 data changes

# Funding Formula: Option A

- Replicate the National Funding Formula allocations\*
    - This will require some technical disapplications (see later)
    - MFG = +2.00%\*
  - Impact
    - The majority of schools (58) would see a 2.00% per pupil increase in like for like funding in 22/23 vs 21/22.
    - 49 other schools would see an increase of up to 4.11% (these schools would no longer be on the floor but on the NFF)
- \* As far as possible
- » Cost of historic factors
  - » Update based on October census
  - » Won't match DFE school level allocations
  - » If 2.00% unaffordable, scale down allocations equally



# Why Cov and DFE allocations don't match

- DFE Allocations are based on NFF allocation + Floor
  - Key is what the floor is based on...
- DFE's calculated floor is based on Notional NFF
  - Notional NFF baseline was calculated based on older data than the first LA NFF allocation to schools
  - This means our NFF baselines have never aligned – and these form the 'history' of MFG protection calculations
- At LA level the total floor value is roughly right, but for individual schools the published allocations cannot exactly match LA budget allocations

# Funding Formula: Option B

- Move away from mirroring NFF allocations, instead providing an equal level of per pupil protection.
- Impact
  - All Schools will see the same % increase in per pupil funding vs 21-22. The protection level will be marginally more (+0.43%) than under option A vs 21/22
  - Risk of moving away from NFF
- This means:

## Impact of Option B vs Option A

Primary	Increase		Decrease	
Max (£)	12,065		-41,989	
Max (%)	0.4%		-1.4%	
Average	5,344	0.3%	- 15,026	-0.7%
Count	67		19	

Secondary	Increase		Decrease	
Max (£)	36,905		-54,449	
Max (%)	0.4%		-1.5%	
Average (£)	22,923	0.4%	- 27,432	-0.6%
Count	10		11	

# Funding Formula: Views

- Option A: all schools would be funded at the higher of the +2.00% funding floor allocation or at the NFF allocation level (same approach as prev)
- Option B: Majority of schools would be slightly better off under option B (vs option A), but with 30 other schools seeing allocations significantly below the NFF level.
- We recommend Option A
- What are your views?

# Minimum Funding Guarantee

- We are required to run MFG protection as part of formula
  - Historically the MFG level was fixed at -1.5% for 5 years.
  - Since NFF it has increased to +0.5% and then +1.84% in 20/21
  - From 2021/22 can be between +0.5% and +2.00%
- MFG level will be dictated by the formula option chosen:
  - **Option A:** requires an **MFG of +2.00%\*** in order to pass on the funding floor increase set out under NFF . We may also need to scale back some gains above MFG if 2.00% not affordable.
  - **Option B:** requires an MFG of A+0.43% to protect all schools to the same % level whilst remaining cost neutral. We will also need to cap 100% of gains above MFG to ensure that gains are equal\*.
  - **Affordability:** If final DSG resources are not sufficient we would need to reduce MFG level and introduce some 'gains capping' so that any shortfall is shared out as fairly as possible for all schools\*.

» \*NB, School's cannot have their budget shares reduced below the MPP funding level

# MFG disapplications

- In order to deliver the funding options set out, the LA would need to apply for disapplications to the MFG calculation:
  - **Exclude one-off funding from the calculation of the MFG** - In order to allow one-off reserve funding for the Education Improvement pot to be delegated to schools at an equal per pupil value, as the operation of the MFG would currently act to redistribute the funding.
    - With SF support LA applied for this in window 1 – subject to sub-group review
  - **Approval to set an MFG level above the 2.00% threshold** – in order to deliver an option B we would need to be able to set the MFG above 2.00% (Option B only)

# Thank you

Thank you for your time and for continuing to be a part of the Schools Forum Sub-group.

Your contributions are valuable and help steer the direction and approach we take.