

National Funding Formula and Indicative Budgets

Schools Forum
Paper 6, Appendix 1
15 December 2020

Sheffield City Council

Sheffield
City Council



**Continuing our journey towards
implementation of the National
Funding Formula (NFF) 2017/18 to
2021/22**



Transition to date

- **Work started in 2017/18** with a view to ‘soft’ implementation in 2018/19 and 2019/20 (transition).
- Original ESFA plan was to transition ready for full (or ‘hard’) **implementation in 2020/21**.
- We **continue to transition** towards the NFF in 2021/22 until full allocation of funds is awarded to enable full implementation.



Main changes achieved for Sheffield:

- Reduced **Lump Sum** from £150k to £120k.
- Increased Primary : Secondary **sector ratio** from 1 : 1.24 to 1 : 1.29.
- **Prior Attainment** factor aligned with NFF.
- **£ per pupil values aligned to NFF** where possible.
- Delivered transition with the **minimum negative impact** on schools.

Continuing transition to the National Funding Formula (NFF)

- **£12.7m** increase in Individual Schools Budget funding for Sheffield for 2021/22 – total of £379.3m (indicative published figure).
- Includes **conversion of grant** increase of **£15.7m** for teachers' pay and pension grants.
- Still a **shortfall of £3.75m** in 2021/22 to enable us to fully implement the NFF by unit value.
- Recommended model therefore continues to **move significantly closer towards NFF**, proportionately (as close as possible within available funding).

Overall DSG Schools Block Increase

	2020/21 - £m	2021-22- £m	Variance - £m
Individual Schools Budget	350.9	363.6	12.7
Rolled in grants:			
Teachers' pay & pension	15.7	15.7	0.0
High Needs Transfer	1.5	1.5	0.0
Sub-total	368.1	380.8	12.7
Growth	2.3	2.3	0
Schools Block DSG	370.4	383.1	12.7
In addition:			
Pupil Premium	29.3	29.3	0
Total	399.7	412.4	12.7

Sheffield's Principles for Continued Transition to the NFF in 2021-22

1. **Increase AWPU** so all schools **benefit** from the increase in funding.
2. **Maintain 1:1.29** primary : secondary **sector balances** as per NFF.
3. **Align Social Deprivation** to the national %age proportion of 8.59%.
4. **Maintain the 50 : 50** split between free school meals and IDACI.
5. **Alignment with NFF** values and proportions.
6. **Maintain Lump Sum** at £120k.
7. Models reflect the **new 2019 IDACI data set** in line with Government expectation.
8. Demonstrate the newly **rolled-in grants** figure has been included **in AWPU**.

Options Considered for Continued Transition

- **Model 1 (existing protocols)**
 - AWPU.
- **Model 2 (NFF alignment and targeted enhancement)**
 - NFF £ / pupil figures and scales based on Sheffield Social Deprivation principles.
 - Enhanced investment through Social Deprivation factors
- **Model 3 - recommended (NFF alignment and universal enhancement)**
 - NFF %age proportions for Social Deprivation.
 - Remaining elements use £ / pupil rates.
 - Enhanced investment through AWPU.
- **Model 4 - NFF illustration only**
 - Shows effect/cost of Sheffield implementing full NFF rates.

Recommend Model 2021/22 (as per Funding Working Group)

Model 3 - (NFF alignment and universal enhancement)

- **Universal benefit - all schools benefit** from increased AWPU.
- Uses NFF %age proportions for **Social Deprivation**.
- Other factors use the NFF £ / pupil rates.
- **AWPU increasing to NFF level or Sheffield 2020-21 level** at a minimum, to include rolled-in grant funding:
 - Ensures primary AWPU minimum of £3,374 (£251 higher than NFF).
 - Secondary AWPU – KS3 £4,404 (aligns with NFF) and KS4 £5,012 (£49 higher than NFF).
- **Maintains Lump Sum** at £120K.

Summary Models

Funding Factors	Model 1 – Existing Protocols	Model 2 – NFF Align & Targeted Enhancement	Model 3 – NFF Align & Universal Enhancement
AWPU - Primary	6.45	2.85	5.9
AWPU - Secondary	6.78	4.28	4.8
Minimum Funding Level	-0.47	0.69	-0.07
Base Entitlement Funding	12.76	7.82	10.64
FSM	-	1.79	0.54
Ever6	-	0.55	0.54
IDACI	-	2.22	0.94
Prior Attainment	-	0.22	-0.03
EAL	-	0.28	0.28
Mobility	0.01	-0.01	-0.01
Additional Needs Funding	0.01	5.06	2.26
Lump Sum	-	-	-
Premises	-0.02	-0.05	-0.02
School Led Funding	-0.02	-0.05	-0.02
MFG	-	-0.08	-0.13
Total	12.74	12.74	12.74

NFF compared to Sheffield 2021/22 - %age Proportion of Core Total

A	B - Funding Factor	C - NFF 2021/22	D - Proposed Model 3 - Sheffield 2021/22	E - Variance - %
		Proportion of core total - %		
Basic / pupil	Inc: AWPU, MFL and Funding Floor			
	Basic / Pupil Sub-total 1	75.8	75.4	-0.4
Additional Needs	FSM factor	1.6	2.1	0.5
	Ever 6 Factor	3.4	2.1	-1.3
	IDACI	3.6	4.4	0.8
	Deprivation Sub-total 2	8.6	8.6	0
	Prior Attainment	6.7	6.9	0.2
	EAL	1.1	1.1	0
	Mobility	0.1	0.1	0
	Additional Needs Sub-total 3	16.5	16.7	0.2
School-led	Lump Sum	6.2	5.2	-1
	Sparsity	0.1	0	-0.1
	Premises	1.4	2.7	1.3
	School-led Sub-total 4	7.7	7.9	0.2
	Total	100	100	0

NFF compared to Sheffield – Unit Values

Funding Factors	Sheffield Unit Values 2020-21	Sheffield Proposed Model 3 Unit Values 2021-22	National Unit Values 2021-22	Variance
Age Weighted Pupil Unit (AWPU): Primary	£3,237	£3,372	£3,123	£249
Age Weighted Pupil Unit (AWPU): Secondary - KS3	£4,159	£4,404	£4,404	£0
Age Weighted Pupil Unit (AWPU): Secondary - KS4	£5,012	£5,012	£4,963	£49
Minimum Per Pupil Funding Level - Primary	£3,930	£4,180	£4,180	-
Minimum Per Pupil Funding Level - Secondary	£5,265	£5,415	£5,415	-
FSM (delivering % proportion of NFF)	£917	£982	£920	£62
FSM - Ever6 (delivering % proportion of NFF)	£658	£705	£1,415	-£710
IDACI – primary (delivering % proportion of NFF)	£314	£322	£355	-£33
IDACI – secondary (delivering % proportion of NFF)	£493	£505	£514	-£9
Low prior attainment: Primary	£1,157	£1,095	£1,095	-
Low prior attainment: Secondary	£1,487	£1,660	£1,660	-
English as an additional language: Primary	£508	£550	£550	-
English as an additional language: Secondary	£1,439	£1,485	£1,485	-
Mobility - Primary	£919	£900	£900	-
Mobility - Secondary	£1,380	£1,290	£1,290	-
Lump sum: Primary	£120,000	£120,000	£117,800	£2,200
Lump sum: Secondary	£120,000	£120,000	£117,800	£2,200

Next Steps

- **Principles and recommend model** agreed by Funding Working Group (19 November).
- **December Schools Forum** to review and approve recommended model.
- Share indicative individual **schools breakdown** based on model.
- **Localities engagement.**
- **Forum to consider recommendation to transfer £1.5m to High Needs Block.**

High Needs Block and CSSB

- Indicative **High Needs** allocation increased by £8.7m (including the combined amount of the teachers' pay and pensions grants of £827k) from £66.6m to £75.3m.
- However, **Central Services Schools Block (CSSB)** has reduced by £0.8m, which results in a **net increase of £7.9m.**
- Growth in the allocation to each authority has been capped at 12% against 2020/21 baselines which means that Sheffield will not receive the full £81m that we would be allocated if the NFF was fully implemented – we are therefore **£5.7m short of our full allocation.**
- The full increase of £660 per place for Teachers' Pay Grant (TPG) and Teachers' Pension Employers Grant (TPEG) will be passed through to all settings that received the grant in 2020/21.

£1.5m Transfer to High Needs Block: Consultation

- We are proposing to redirect £1.5m of the Schools Block to the High Needs Block in 2021/22 to continue to support the inclusion work of previous years (as per Paper 3) and in recognition that the High Needs Block continues to be underfunded.
- Consultation launched on 25 November giving schools the opportunity to let us know if they are in agreement to redirect £1.5m to the High Needs Block in 2021/22.
- The outcome of this consultation to date is that 70% of respondents have voted in favour of redirecting funds to the High Needs Block. However, the final decision sits with the Schools Forum.

Early Years Block

- There will be an extra £44m in 2021/22 for local authorities to increase hourly rates paid to childcare providers for the government's free childcare entitlement offers. Further information on how this will be distributed will be made available as soon as possible.
- We are exploring the cost of the guaranteed funding paid to Funded Early Learning (FEL) providers in the autumn 2020 term.
- Early Years Block funding allocation for 2021/22 will not be finalised until July 2022.
 - Post-Covid, if the national Government reverts back to the January 2021 Census there is a risk of a negative impact on early years allocation for 2021/22. This also needs to be considered in the context of falling birth rates.
 - Further work will be undertaken to progress this and reported through the Early Years Working Group and to the Forum at the February 2021 meeting.

Recommendations

Forum members are asked to:

- a) Agree to the recommendation of the Funding Working Group to continue to transition towards the NFF in 2021/22 by adopting the principles outlined above and the recommended model.
- b) Approve the request to transfer £1.5m of the Schools Block to the High Needs Block for 2021/22.
- c) Note the indicative budgets for 2021/2022 which are based on the recommended transitional approach and take into consideration the £1.5m transfer to the High Needs Block.
- d) Note the changes to the High Needs and CSSB allocations.
- e) Note the Government's additional national allocation of £44m to increase hourly rates paid to childcare providers in 2021/22, and that further work will be undertaken by the Early Years Working Group.