

DARLINGTON SCHOOLS FORUM

13th October 2020

ITEM NO 4

SCHOOL FUNDING 2021/22

Purpose of Report

1. To update Forum regarding the 2021/22 School Funding arrangements.

Background

2. The Education & Skills Funding Agency (ESFA) announced indicative Dedicated Schools Grant (DSG) funding allocations for the schools, central schools and high needs block, along with the “Schools revenue funding 2021 to 2022 operational guide”, on 20th July 2020.
3. Early years DSG allocations are to be published in December 2020.
4. The following paragraphs highlight the key items relating to the setting of schools budget shares for 2021/22. The full document can be accessed on the ESFA website at https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2021-to-2022?es_c=A2B80D62A2AADFF0523D36F2AA0BDAA1&es_cl=74041A18C8FE24C50B0DACABE6F3A46F&es_id=9d%c2%a3o3
5. ESFA have provided the Local Authority with an updated formula tool, to allow modelling of any proposed changes to the local formula.
6. Final DSG allocations will be received in December 2020, based upon the National Funding Formula (NFF) and the October 2020 school census.

Schools Block DSG/National Funding Formula

7. As in previous years the schools block of the DSG will provide funding for both schools budget shares and the growth allocations.
8. The schools block overall allocation will be calculated with the following changes to previous years,
 - a. The National Funding Formula (NFF) funding units will be updated for the 2021/22 values (see table below).
 - b. The Teachers Pay Grant (TPG) and Teachers Pension Employers Contribution Grant (including supplementary funding) (TPEG) will be merged into the NFF. This will add £180 per pupil at primary and £265 per pupil at secondary to the DSG allocations.
 - c. The existing TPG and TPEG separate grants will cease from April 2020/21 for maintained schools and for academy schools from September 2020/21. Academy schools grant will continue to reflect their funding in academic years.

- d. The minimum per pupil factor will have a minimum level of funding for primary schools of £4,180 and for secondary schools £5,415. These revised values include both TPG and TPEG allocations.
- e. The IDACI data will be updated for the 2019 dataset and will change the banding structure to reflect the new data. This change will ensure that the amount of funding allocated through IDACI does not decrease. The new banding methodology will ensure that the proportion of pupils attracting funding through each band will remain broadly unchanged.
- f. The Sparsity NFF unit rate will increase to £45,000 for primary schools and £70,000 for secondary schools to improve support for small and remote schools. Further changes are planned from 2022/23, which will be consulted upon in due course.
- g. There will be no cap on gains in the overall NFF allocation.
- h. Growth funding will be allocated on the same basis as in 2020/21.
- i. Premises funding will be allocated on the same basis as in 2020/21.

Funding Factor	NFF 2020/21 £	NFF 2021/22 £	NFF Change £
AWPU - Primary	2,857	3,123	266*
AWPU - Key Stage 3	4,018	4,404	386*
AWPU – Key Stage 4	4,561	4,963	402*
Minimum Per Pupil – Primary	3,750	4,180	430*
Minimum Per Pupil - Secondary	5,000	5,415	415*
Deprivation – FSM Current – Primary	450	460	10
Deprivation – FSM Ever 6 – Primary	560	575	15
Deprivation – FSM Current – Secondary	450	460	10
Deprivation – FSM Ever 6 – Secondary	815	840	25
Deprivation – IDACI - Primary Band A	600	620	20
Deprivation – IDACI - Primary Band B	435	475	40
Deprivation – IDACI - Primary Band C	405	445	40
Deprivation – IDACI - Primary Band D	375	410	35
Deprivation – IDACI - Primary Band E	250	260	10
Deprivation – IDACI - Primary Bands F	210	215	5
Deprivation – IDACI – Secondary Band A	840	865	25
Deprivation – IDACI – Secondary Band B	625	680	55
Deprivation – IDACI – Secondary Band C	580	630	50
Deprivation – IDACI – Secondary Band D	535	580	45
Deprivation – IDACI – Secondary Band E	405	415	10
Deprivation – IDACI – Secondary Band F	300	310	10
EAL - Primary	535	550	15
EAL - Secondary	1,440	1,485	45
Mobility – Primary	875	900	25
Mobility - Secondary	1,250	1,290	40
Prior Attainment – Primary	1,065	1,095	30
Prior Attainment – Secondary	1,610	1,660	50
Lump Sum	114,400	117,800	3,400
Sparsity - Primary	26,000	45,000	19,000
Sparsity - Secondary	67,600	70,000	2,400

*Includes £180 Primary & £265 Secondary transfer in of TPG & TPEG

School Budget Shares (Local Formula)

9. As in previous years the Local Authority will continue to set a local schools formula using national regulations in consultation with schools.
10. The Government is to put forward plans for a move to a “hard formula” later this year. A hard formula will determine school funding allocations centrally rather than through a local formula.
11. The minimum funding guarantee (MFG) will be set locally between +0.5% and +2.00%. Any proposed value outside of this will require a disapplication request to the Secretary of State.
12. The MFG calculation will require that the formula baseline (i.e. 2020/21 funding) is updated to mirror the additional funding for TPG and TPEG, so that schools at the MFG can benefit from the addition of these grants.
13. Local Authorities will continue to be able to transfer up to 0.5% of the schools block to another block with agreement of the Schools Forum. This transfer will exclude the additional funding provided into the schools block for the TPG and TPEG grants, in order that this funding is fully passported to schools.
14. A disapplication request to the Secretary of State will be required for a transfer above 0.5%, or should a School Forum not approve a transfer.
15. Local Authorities will need to consult with all maintained and academy schools as well as their School Forum on any proposed changes to the local formula. Any changes will need to show the effect of the changes on a school by school basis.
16. The Local Authority remains responsible for setting the local funding formula, which will need to be submitted to ESFA by 21st January 2021.
17. The formula factors that can be used in the local formula in 2020/21 are as follows,
 - Basic Entitlement (AWPU) – Compulsory
 - Deprivation – Compulsory
 - Minimum per pupil funding – Compulsory
 - Prior Attainment – Optional
 - Looked After Children – Optional
 - English as an additional language – Optional
 - Pupil Mobility – Optional
 - Sparsity – Optional
 - Lump Sum – Optional
 - Split Sites – Optional
 - Rates – Optional
 - PFI – Optional
 - Exceptional Premises – Optional

18. There remains the requirement to ensure at least 80% of the funding is allocated through pupil led factors.
19. The funding formula will continue to be set using school dataset blocks from the October census provided by ESFA.
20. Most of the factors continue to use the same criteria in 2021/22 as in 2020/21. The only changes are detailed as follows all other elements remain the same;
 - a. Basic entitlement, the unit values include £180 for primary and £265 for secondary for TPG & TPEG grants, it is not compulsory that these amounts are added to the local unit value, however ESFA would expect this to be the case in order to pass funding onto schools.
 - b. Deprivation, the data has been updated for 2019 and uses ranks rather than scores to define the bands of funding.
 - c. Minimum per pupil values are increased to £4,180 at primary and £5,415 at secondary respectively. Minimum per pupil funding excludes premises factors or growth funding.
 - d. Low Prior Attainment, the dataset uses a weighting which has been rolled forward for another year. Where tests were not carried out in summer 2020 (due to COVID) 2019/20 data has been used in the formula tool. A local secondary weighting is still allowed.
 - e. LAC, remains optional, but is still not funded via the NFF.
 - f. Sparsity, the maximum funding allowed to be allocated through this factor have increased in line with paragraph 8
21. There remains the option within the local formula to cap and scale back gains to ensure that the overall formula is affordable.
22. School Forums are required to agree the criteria and amounts of budget set for growth.

Darlington's Formula 2020/21

23. ESFA use the updated NFF rates (for 2021/22) to recalculate the 2020/21 schools block allocations, using the 2020/21 number of pupils in each factor. These overall allocations are then divided by the number of primary and secondary pupils to give a primary and secondary unit of funding per pupil. These units of funding are then used to calculate the actual schools block allocation that will be received in 2021/22.
24. The indicative allocations received in July show that Schools Block will increase by £5.916 million in 2021/22 compared to 2020/21 (this excludes premises and growth) using the same pupil numbers as in the October 2019 census. Forum should recall however that this figure includes the TPG and TPEG grants that have now been included within the schools block. On removing these new elements, the schools block increases by £2.742 million. This increase corresponds to a £179 at primary and £193 at secondary increase in funding on per pupil basis.
25. The final allocation received in December will be based upon the October 2020 census using the unit values calculated by ESFA as outlined in paragraph 23.

26. Darlington Schools Forum agreed their local funding formula factors in November 2017, which have been used in each year since. In line with that decision, it is proposed that the same factors will be used in the 2021/22 formula.
27. Darlington Schools Forum agreed to implement the NFF unit rates in full, except for the basic entitlement (AWPU) (which would be used to balance the formula overall) at their November 2019 meeting. In January 2020 Forum agreed to use all the 2020/21 NFF unit values as this was affordable in 2020/21 with the use of previous underspent Schools Block DSG.
28. At this stage it is proposed to still use the NFF unit values (at the set national rates), in setting the formula for 2021/22, except for the basic entitlement factor (AWPU) in line with Forum's November 2019 decision. This will enable the formula to be balanced overall. It is however still the intention to use the NFF unit value for the AWPU in 2021/22 if this is affordable within the funding available.
29. In line with the compulsory requirement, the "Minimum per Pupil" unit value will be used in Darlington's formula in 2021/22.
30. It is not the intention to seek a disapplication from the nationally set MFG range. It is proposed that the MFG will be set as high as possible within the formula to maximise funding to all schools. The MFG value will be modelled in line with the AWPU unit values to ensure the most appropriate allocation of funding in 2021/22.
31. School Forum will be notified of the final AWPU and MFG values used within the 2021/22 formula at their January meeting.
32. As there is scope to continue to transfer funding from the schools block into another block in 2021/22, the Local Authority will explore this option. Although there has been increases in funding for the high needs block in 2020/21 and are proposed increases for 2021/22 there remains due to demand, a significant challenge to balance high needs budgets within year.
33. In addition, the high needs block is projected to be overspent by £5.4 million at the end of 2020/21 which will need to be recovered in line with ESFA's requirements. Any decision to request a transfer of funding will be consulted with all schools.
34. At this stage it is not proposed to make any further changes to the Darlington formula. However the changes to the NFF will need to be modelled on receipt of the formula tool to ensure that the formula agreed previously is still affordable. As a result, on receipt of the formula funding tool, modelling will be undertaken by the Local Authority, to understand the changes to Darlington's formula. If following this modelling there is a requirement to change Darlington's formula, then the Local Authority will consult with schools as necessary.

High Needs

35. High needs guidance will be published in September (not received at the time of writing). Any changes to the high needs formula or high needs system will be reported to Forum at their January meeting following receipt of the guidance.

36. The high needs block is calculated for each Local Authority area based on a formula. For 2021/22 the formula funding floor will be set at 8%, taking account of changes in the 2 to 18 population. Gains will be capped at 12% per head of population.
37. Based upon the provisional allocations received in July the high needs block will increase by in 2021/22 approximately £890,000 (this assumes that the import/export allocation remains constant, see agenda item 3). This increase also includes TPG and TPEG for special schools and once this is removed, leads to an increase of approximately £750,000.
38. TPG and TPEG will be required to be passed onto special academies sand the pupil referral unit in 2021/22 on a similar basis to their 2020/21 allocations. Guidance on how this will be achieved will be included within the high needs guidance due to be published.
39. Final allocation for 2021/22 will be received in December and Forum will be provided details of the actual budget allocations at their January meeting.

Early Years

40. At the time of writing no guidance or allocations have been issued for the early years block in 2021/22.

Central Schools Block

41. Along with the schools and high needs block, provisional allocations for 2021/22 central schools block were received in July 2020.
42. The central schools block remains split into two allocations, a formula based element and the historic element.
43. As Forum members will recall the historic element of the central schools block was reduced by 20% from April 2020 in comparison to the 2019/20 allocation. As expected the historic block will again decrease by a further 20% to £155,000. This will require some changes to the elements funded through this resource, which will be reported to Forum in January.
44. ESFA will provide further details in due course regarding any further reduction in future years.
45. ESFA are not changing the regulations that the Authority spend no more on historic commitments than they did in the previous year, therefore on approval of School Forum budgeted spend in 2021/22 can be maintained using funding from other sources.
46. The formula based element is based upon a amount of £33.62 per pupil for 2021/22. This is an increase of £0.97 per pupil on 2020/21. The amount of funding received in 2021/22 is based on pupils in the October census and therefore although the unit rate has increased the actual funding received can decrease if there are less pupils on the census. Until the October census is complete it will not be known if all the elements funded through this resource can continue to be so in 2021/22. Forum will be updated at their January meeting.

Budget Deficits

47. An increasing number of Local Authorities have been incurring deficits on their overall DSG, mainly due to high needs pressures. The DfE made changes to the School and Early Years regulations requiring the Local Authority to carry forward deficits to be set against the next years DSG or the future years DSG. Local Authorities are no longer allowed to offset DSG deficits against their own general fund without the approval of the Secretary of State. These regulations are continuing in 2020/21.
48. In 2019/20 the DfE required all Local Authorities with a deficit of 1% or more on their DSG to submit a recovery plan to the department to show the deficit would be recovered. The requirement to submit a plan was removed at the end on 2019/20, however the conditions of the DSG grant require any authority with a deficit to have a plan for managing its DSG account, which School Forum are required to be updated upon. In addition, DfE can require details of progress against the plan or further information regarding high needs planning at their request.
49. The DfE recognises that some local authorities will not be able to pay off historic deficits on the DSG over the next few years. In these cases the department will work together with the local authority to agree a plan of action to enable the deficit to be recovered over time. The department will require evidence and will create a template to assist local authorities with these requirements. The DfE will contact Local Authorities in the near future to further prescribe these requirements.
50. In all cases the DfE expects that the Local Authority's management plans will focus on how they will bring spending in-year, in line within the resources for that year.

Recommendations

51. That Forum notes the changes nationally to the school funding formula.

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