



## SCHOOLS FORUM

### 2021/22 School and High Needs Funding

28 September 2020

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	Yes	Pre School	No
Academies	Yes	Foundation Stage	Yes
PVI Settings	No	Primary	Yes
Special Schools / Academies	Yes	Secondary	Yes
Local Authority	Yes	Post 16	No
		High Needs	Yes

#### Purpose of Report

Content Requires;		By;	
Noting	Yes	Maintained Primary School Members	Yes
Decision		Maintained Secondary School Members	Yes
		Maintained Special School Members	Yes
		Academy Members	Yes
		All Schools Forum	No

1. This report sets out the schools and high needs funding arrangements for 2021/22. Whilst some detail remains lacking this report sets out the settlement information announced by the Department for Education (DfE) in July to be used by schools in their financial planning processes.

#### Recommendations

2. That Schools Forum note the contents of this report and highlight it's content to the groups represented by Members.

#### Background

3. The DfE announced the provisional settlements for the Schools, Central School services and High Needs Blocks of the Dedicated Schools Grant (DSG) in July. The

announcement included the publication of indicative school allocations under the National Funding Formula (NFF)

### **2021/ 2022 National Funding Formula**

4. There is no change to the structure of the 2021/22 NFF but two technical changes have been implemented;
  - a) Funding for the teachers' pay grant and the teachers' pension employers grant has been added to schools' NFF allocations through an increase in the minimum per pupil funding levels.
  - b) The Income Deprivation Affecting Children Index (IDACI) data has been updated for the most recent 2019 data.

It isn't currently possible to determine the impact of these changes as the DfE has not as yet made the data on individual schools available to local authorities.

5. The DfE have confirmed their intention to move to a 'hard' NFF, i.e. one where school allocations are calculated nationally rather than by local authorities, and will 'shortly' put forward proposals for consultation.
6. It should be noted that the NFF allocation published by the DfE will not be the budgets received by schools in 2021/22. Firstly the indicative allocations and based on the October 2019 census and will be updated in December for the 2020 data, and secondly they do not include premises funding which remains outside the formula.
7. Overall the values for the formula factors have increased by 3%, Appendix 1 sets out the funding rates.. The formula factors are pupil driven and schools will not all receive an overall increase of 3% in their overall budget. However schools are guaranteed an increase of 2% in pupil-led funding.
8. The indicative information shows the following position for Leicestershire maintained schools and academies:

	Primary		Secondary	
	No of Schools	% of Schools	No of schools	% of schools
<b>Minimum per pupil increase 2%</b>	91	40%	4	9%
<b>Increase per pupil 2.1% - 4%</b>	49	22%	38	84%
<b>Increase per pupil 4.1% - 9%</b>	81	36%	3	7%
<b>Increase per pupil over 9%</b>	5	2%	0	n/a

As seen above a significant number of schools remain on the funding floor i.e. at the minimum increase. In a pure formula with no guaranteed increase in funding as seen in recent settlements these schools are financially vulnerable, without the guaranteed per pupil increase these schools would not have received additional funding in 2021/22.

9. An additional increase in the sparsity values has been made, the DfE reference this as a first step to expanding and improving the NFF for small and remote schools. Despite a significant number of small and remote schools in Leicestershire only 15

primary and 1 secondary school were eligible for sparsity funding in 2020/21. In previous funding consultations the Leicestershire response has set out that sparsity funding does not achieve the objectives set by the DfE.

10. The minimum per pupil funding rates for schools have been set at £4,180 per primary pupil, £5,215 per KS3 pupil and £5,715 per KS4 pupil. These are increased over the rates set out in 2019 to account for the transfer of the teacher pay and pension grants. The transfer has been made at 2019/20 rates and there will be no further increase for the 2020 teacher pay award. Academies will continue to receive pay and pension grants directly from the DfE for April to August 2021.
11. Whilst final funding for schools will be dependent upon pupil numbers and their characteristics recorded in the October 2020 census the rates payable to Leicestershire are fixed at £4,351 per primary pupil and £5,510 per secondary pupil. School budgets will need to be delivered within this funding envelope, in order to achieve this nationally the Minimum Funding Guarantee has been set between +0.5% and +2.0%.
12. Whilst the final Schools Block settlement will not be received until December 2020 and final school budgets submitted to the Education and Skills Funding Agency (ESFA) in January 2021, schools are able to, and should, use the settlement information within medium term financial plans.
13. The local authorities funding allocation for mainstream school growth will not be conformed until December.

### **High Needs**

14. Nationally high needs funding has increased by £730m (10%). Local authorities are guaranteed a minimum increase of 8% per head of population and are capped at a 12% increase. Leicestershire remains on the funding floor and receives an increase of 8%.
15. Funding is also transferred to high needs for the teachers pay and pension grants and lifts the basic funding rate per pupil by £660. It should be noted that this is the only increase in the per pupil funding levels since the high needs formula was introduced in 2013 and funding for special schools and top-up funding for mainstream schools remains at 2013 levels.
16. Special schools will receive protection on both place led and top-up funding. The arrangements for this are unclear and will be set out in September.
17. In cash terms DSG increases by £7.8m of which c£1.1m is transferred funding from the former teachers' pay and pension grant. Whilst this net increase in funding is welcomed it is insufficient to return the high needs budget to a balanced position and a deficit on high needs continues to be forecast for the medium term
18. Unlike the NFF for mainstream schools there is no mechanism to move the former pay and pension grants funding into special school budgets without a change to the funding mechanism. The intention is that for 2020/21, pending a review of the special school funding mechanism, that the local authority will continue to pay the funding to schools in addition to the formula.

19. It remains possible to seek a transfer of 0.5% of the Schools Block (excluding pay grant transfers) to High Needs with Schools Forum approval, and the approval of the Secretary of State for amounts in excess of this or where the Schools Forum do not approve.
20. As set out in the September 2019 consultation on a School Block Transfer to High Needs, the minimum per pupil funding rates result in any such transfer affecting only those schools the NFF funds in excess of those rates who are largely schools with the highest level of additional funding most usually as a result of high levels of deprivation. This position is unchanged for 2021/22. As such no schools block transfer is being considered for 2021/22 but the local authority has written to the Schools Minister asking for flexibility in these rates in order to consider future transfers should the future funding framework make provision to do so.

### **Central Schools Services Block**

21. There is a national increase of 3.8% in the overall level of funding, the grant is allocated in two separate elements.
22. The provisional settlements is unclear on the two elements that are separately calculated to determine the grant allocation;
  - a) The settlement for on-going responsibilities is increased by 6.45% per pupil,
  - b) Funding for historic commitments is being reduced by 20% but a guarantee is in place in order that funding doesn't decrease below the commitment to meet former teacher employment costs. The methodology for this is unclear but it is estimated that the loss could be between £65,000 and £185,00 dependent upon methodology. Historic commitments includes a contribution to the School Improvement function.

The impact of these changes cannot be accurately assessed until the settlement is confirmed.

### **Resource Implications**

23. This report sets out the headlines of the provisional settlement for both schools and the local authority. Further detail is required in order to understand the potential impact on individual schools.
24. It should be noted that the indicative allocations for individual schools published by the DfE are not the budget allocations schools will receive for 2021/22 and purely serve to illustrate the impact of the next stage towards the implementation of the NFF.

### **Equal Opportunity Issues**

25. There are no equal opportunity issues arising directly from this report which presents analysis of national funding changes implemented by the DfE.

### Background Papers

Department for Education - National Funding Formula Tables for Schools and High Needs 2021 to 2022

<https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2021-to-2022>

Department for Education – The national funding formula for schools and high needs 2021 – 2022

<https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

### Officers to Contact

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**2021/22 National Funding Formula Values**

Source – Department for Education – The national funding formula for schools and high needs 2021 – 2022

Funding Factors	Unit values	Total Funding (including ACA)	Proportion of core total
<b>Basic per-pupil funding</b>		<b>£24,525m</b>	<b>73.1%</b>
Age Weighted Pupil Unit (AWPU): Primary	£2,747	£12,722m	37.9%
Age Weighted Pupil Unit (AWPU): Secondary - KS3	£3,863	£6,823m	20.3%
Age Weighted Pupil Unit (AWPU): Secondary - KS4	£4,386	£4,793m	14.3%
Minimum per pupil funding level	NA	£187m	0.6%
<b>Additional needs funding</b>		<b>£5,922m</b>	<b>17.6%</b>
<b>Deprivation</b>		<b>£3,022m</b>	<b>9.0%</b>
Current FSM top up (Pupils currently claiming FSM at the last census): Primary	£440	£287m	0.9%
Current FSM top up (Pupils currently claiming FSM at the last census): Secondary	£440	£171m	0.5%
FSM6 (Any pupil that has ever claimed FSM in the past 6 years): Primary	£540	£608m	1.8%
FSM6 (Any pupil that has ever claimed FSM in the past 6 years): Secondary	£785	£646m	1.9%
IDACI band F: Primary	£200	£95m	0.3%
IDACI band F: Secondary	£290	£82m	0.2%
IDACI band E: Primary	£240	£102m	0.3%
IDACI band E: Secondary	£390	£98m	0.3%
IDACI band D: Primary	£360	£131m	0.4%
IDACI band D: Secondary	£515	£110m	0.3%
IDACI band C: Primary	£390	£123m	0.4%
IDACI band C: Secondary	£560	£104m	0.3%
IDACI band B: Primary	£420	£166m	0.5%
IDACI band B: Secondary	£600	£139m	0.4%
IDACI band A: Primary	£575	£89m	0.3%
IDACI band A: Secondary	£810	£70m	0.2%
<b>Low prior attainment</b>		<b>£2,472m</b>	<b>7.4%</b>
Low prior attainment: Primary	£1,022	£1,548m	4.6%
Low prior attainment: Secondary	£1,550	£924m	2.8%
<b>English as an additional language</b>		<b>£407m</b>	<b>1.2%</b>
English as an additional language: Primary	£515	£301m	0.9%
English as an additional language: Secondary	£1,385	£106m	0.3%
<b>Mobility</b>		<b>£21m</b>	<b>0.1%</b>
<b>School led funding</b>		<b>£2,933m</b>	<b>8.8%</b>
<b>Lump sum</b>		<b>£2,266m</b>	<b>6.8%</b>
Lump sum: Primary	£110,000	£1,884m	5.6%
Lump sum: Secondary	£110,000	£383m	1.1%
<b>Sparsity</b>		<b>£25m</b>	<b>0.1%</b>
Sparsity: Primary	£25,000	£21m	0.1%
Sparsity: Secondary	£65,000	£5m	0.0%
<b>Premises</b>		<b>£641m</b>	<b>1.9%</b>
<i>Area Cost Adjustment: A multiplier that is applied to basic per pupil, additional needs and school led funding (ACA is already included in each of the factor subtotals)</i>		£831m	
<b>Core Total (Excluding funding floor)</b>		<b>£33,380m</b>	
<b>Funding Floor</b>		£681m	
<b>Total (including funding floor)</b>		<b>£34,061m</b>	