

Schools Forum

6th October 2020

Schools Funding Arrangements 2021/22 and Other Funding Updates

Introduction

1. This paper is intended to inform the Schools Forum of the latest information regarding the 2021/22 national funding formula for schools which was published by the DfE in July.

National Increases

2. The Government have announced that nationally core school funding is increasing by £2.6bn in 2020-21, and will increase by £4.8bn and £7.1bn in 2021-22 and 2022-23 respectively, compared to 2019-20, including significant additional funding for children with special educational needs and disabilities. In addition to this, DfE will continue to fund additional pension costs for teachers, worth £1.5bn a year.
3. Funding from the teachers' pay grant and the teachers' pension employer contribution grant, including the supplementary fund, will be added to schools' NFF allocations from 2021-22. The funding has been added to basic per pupil entitlement, to the minimum per pupil funding levels, and to schools' baselines so that it is protected through the funding floor. This funding is worth £2bn a year.
4. High needs funding is increasing by a further £730m, or 10%, in 2021-22 – that follows the £780m increase this year and brings the total high needs budget to over £8bn. The high needs NFF will ensure that every local authority receives an increase of at least 8% per head of population.
5. The Central Schools Services Block will continue to fund local authorities for the ongoing responsibilities they have a statutory duty to deliver for all pupils in maintained schools and academies. The total funding for ongoing responsibilities is £257m in 2021-22, a 3.8% increase compared to 2020-21 to keep up with inflation and pupil numbers.
6. The DfE will publish final dedicated schools grant allocations for LA's in December 2020.

The National Funding Formula for Schools

7. The basic structure of the schools national funding formula (NFF) is not changing for 2021-22. However, they are changing some existing features of the formula, alongside making some technical changes as detailed below:

- a. In light of the need to focus efforts on meeting the challenges of COVID-19, DfE are not changing local authorities' flexibility over the distribution of school funding in 2021-22. The government will be putting forward proposals to move to a 'hard' NFF in future, which will determine schools' budgets directly, rather than through local formulae set independently by each local authority.
- b. The key factors in the NFF will increase by 3%,
- c. The Teachers' Pay Grant (TPG) and the Teachers' Pension Employer Contribution Grant (TPECG) and pension supplementary fund will be rolled into the NFF. This will equate to £180 per pupil in primary schools and £265 per pupil for secondary schools.
- d. The minimum per pupil levels in 2021-22 will be set at £4,180 for primary schools. This means that every primary school will receive a minimum of £4,000 per pupil, with a further addition of £180 per pupil from the rolling in of grants. The minimum per pupil levels will be £5,215 for KS3 and £5,715 for KS4 – ensuring that standard secondary schools with 5 year groups receive at least £5,415 per pupil. This includes £265 per secondary pupil for the rolling in of grants.
- e. In 2021-22, local authorities will remain responsible for determining final allocations to schools, in consultation with the Schools Forum. It is the DfE expectation that, as far as possible, individual schools' additional funding from the previous pay and pension grants should be passed on to them by local authorities in 2021-22. It is the intention that Stockton will adhere to this requirement.
- f. The 2021-22 NFF funding floor is set at 2.0%, broadly in line with current inflation forecasts. This means that every school will attract an increase in their pupil-led funding of at least 2.0% per pupil, compared to their funding floor baseline.
- g. The free school meals factor will also increase by 2.0%, as the factor value is based on an estimate of the actual cost of providing school meals.
- h. The 2019 update to the Income Deprivation Affecting Children Index has been incorporated so that deprivation funding allocated through the formulae is based on the latest 2019 data. DfE will also be changing the banding structure to reflect the new data. This change is necessary to ensure that the amount of deprivation funding allocated through IDACI does not decrease.
- i. Local authorities will continue to set a Minimum Funding Guarantee in their local formulae, which in 2021-22 must be between +0.5% and +2.0%.

- j. Local authorities will continue to be able to transfer up to 0.5% of their schools block to other blocks of the Dedicated Schools Grant (DSG), with schools forum approval. In 2021-22, the total schools block available for such transfers must exclude the additional funding local authorities have been allocated for the teachers' pay and pension grant, thereby guaranteeing that all of this funding remains with schools. A disapplication will be required for transfers above 0.5%, or for any amount without schools forum approval.
8. As in previous years it is Stockton intention to consult with schools on the transfer of up to 0.5% of the schools block into the high needs block.
 9. For Stockton the indicative Schools Block allocation for 2021/22 (excluding growth factor) is £143.542m (2020/21 £137.578m).
 10. Until the DfE publishes much more detailed information it is difficult to gauge precisely the implications locally.

The National Funding Formula for High Needs

11. It is anticipated that Stockton's share of the national increase as noted in paragraph 4 will be £3.484m for 2021/22 which includes £465k for teachers pay and pension grants.
12. The funding floor ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2021-22 the funding floor will be kept at 8.0%.
13. The limit on gains will be 12.0% per head of population compared to the baseline, so that authorities due to gain under the formula see an increase of up to 12.0% before their gains are capped.
14. For 2021-22, DfE have incorporated the teachers' pay grant and the teachers' pension employer contribution grant amounts within the formula by increasing the basic entitlement factor value to £4,660 for special schools, and through an additional factor in the formula that will enable local authorities to receive funding equivalent to the teachers' pay and pension grant they will receive in 2020-21 for AP settings.

National Funding Formula for Early Years

15. At the date of the meeting the guidance for 2021-22 is due to be published in the autumn. The schools Forum will be updated on any changes once the information is published.

The National Funding Formula for Central Schools Services

16. The CSSB is calculated using a simple per-pupil formula, the structure of which is unchanged. 90% of the funding will be distributed through a basic per-pupil factor, and 10% of funding through a deprivation factor based on

the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools. Both elements will be adjusted for area costs.

17. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is of 2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 6.45%.
18. In 2021-22, historic commitments funding will continue to reduce by 20.0% on 2020-21 allocations, the same rate as the reduction in 2020-21.
19. For Stockton the indicative allocation for 2021/22 is £891k (2020/21 £866k)

Other Updates

20. The government has announced £1 billion of funding to support children and young people to catch up. This includes a one-off universal £650 million catch-up premium for the 2020 to 2021 academic year to ensure that schools have the support they need to help all pupils make up for lost teaching time. Alongside the universal catch-up premium, they are launching a £350 million National Tutoring Programme to provide additional, targeted support for those children and young people who need the most help.
21. Details of this additional funding is provided in the following link <https://www.gov.uk/guidance/coronavirus-covid-19-catch-up-premium>
22. The Education Secretary on the 21st July accepted all the recommendations from the independent School Teachers' Review Body to raise the starting salary for new teachers by 5.5% and increase the upper and lower boundaries of the pay ranges for all other teachers by 2.75%. These recommendations are equivalent to a 3.1% increase in the overall pay bill.
23. The Government states that this year's pay award will be affordable for schools on average across the country, due to their investment in core schools funding, increasing by £2.6 billion this year, £4.8 billion in 2021-22 and £7.1 billion in 2022-23, compared to 2019-20.
24. In July 2020 the Government published the outcomes and recommendations from the Financial transparency of LA maintained schools and academy trusts consultation. The outcomes which place additional burdens on schools can be found in the following link. <https://www.gov.uk/government/consultations/financial-transparency-of-la-maintained-schools-and-academy-trusts>
25. Due to Covid 19 there are changes to early years funding as detailed in the following link; <https://www.gov.uk/government/publications/use-of-free-early-education-entitlements-funding-during-the-coronavirus-outbreak/use->

[of-free-early-education-entitlements-funding-during-coronavirus-covid-19.](#)

Some of the key points to note are as follows;

- I. The normal process for determining funding allocations for local authorities for the early years entitlements is to take an annual census count of the number of hours taken up by children in each local authority in January. This is the mid-point of the academic year and so balances the relatively lower numbers eligible for the free entitlements in the autumn term and the higher numbers in the summer term. This means that local authorities would in normal circumstances be paid for the autumn term 2020 based on the January 2021 census data.
- II. The Government recognise that the number of children attending childcare may not have returned to normal levels by early January, when they take the January 2021 census. In light of the coronavirus (COVID-19) outbreak, the final funding allocation to local authorities for the 2020 autumn term will therefore exceptionally be based on their January 2020 census count.
- III. From the start of the autumn term 2020, Stockton will continue to fund providers which are open at broadly the levels they would have expected to see in the 2020 autumn term had there been no coronavirus (COVID-19) outbreak. Stockton will also continue to fund providers which have been advised to close, or left with no option but to close, due to public health reasons.

Timeframes

26. An extract of the DfE's timetable as published in the Schools revenue funding 2020/21 operational guide is attached as an Appendix.

Recommendation

27. That the Schools Forum note the report.

Andy Bryson
Chief Accountant

Appendix

Local Authority Activity - Timetable

01 October

- School census day.

11 October 2020

- Deadline for submitting disapplication requests (for response by December) for:
 - MFG exclusions
 - exceptional circumstances
 - sparsity factors
 - lump sum variations for amalgamating schools
 - pupil number reductions

Mid-November 2020

- Closing date for submission of the 2021 to 2022 high needs place change workbooks.

20 November 2020

- Deadline for submitting disapplication requests (for response by the APT deadline) for:
 - MFG exclusions
 - exceptional circumstances
 - sparsity factors
 - lump sum variations for amalgamating schools
 - pupil number reductions
- Deadline for submitting disapplication requests if the local authority wishes to move more than 0.5% of the schools block.
- A request must also be submitted if the schools forum has turned down a proposal from the local authority to move funding out of the schools block, but the local authority wishes to proceed with the transfer. The department aims to issue decisions before the APT deadline.

November 2020

- School census database closed.
- Check and validate school census.

Mid-January 2021

- Schools forum consultation and political approval required for final 2021 to 2022 funding formula.
- 16 January schools block disapplication submission amendment date.

21 January 2021

- Deadline for submission of final 2021 to 2022 APT to ESFA.

28 February 2021

- Deadline for confirmation of schools budget shares to mainstream maintained schools