

Meeting:	Schools Forum
Date:	15 September 2020
Subject:	Item 4: 2021-22 Budget Setting and Funding Formula Review
Responsible Officer:	Jo Frost, Finance Business Partner – Children’s Services

Section 1 – summary

1. This report is to update Schools Forum on the Education Skills & Funding Agency (ESFA) arrangements for Schools Revenue Funding for 2021-22
2. Schools Forum is asked to:
 - note the changes to the funding arrangements for 2021-22 as set out in the report

Section 2 – report

Schools Block

1. In 2018-19 the government introduced a new National Funding Formula for Schools, High Needs and the Central Schools Services Block. For the schools block this means that LAs will be funded on the basis of the aggregate of the national funding formula for all schools, academies and free schools in its area but the final formula for distribution will be determined by each Council following consultation with schools and Schools Forums. The ESFA has published a guidance report with regards to the funding arrangements for 2021-22.

Summary of proposals for 2021-22

- In 2021-22 each LA will continue to set a local schools formula in consultation with local schools. The government will, later this year, put forward plans to move to a ‘hard’ NFF in the future, which will determine school funding allocations directly, rather than local funding formulae.
- The Minimum Per-Pupil Funding Levels (MPPL) will be set at £4,180 for primary schools and £5,415 for secondary schools compared with £3,750 and £5,000 in 2020-21.

- Basic per-pupil funding factors have been increased by 3% since the 2020-21 NFF. A further £180 has been added to the primary amount and £265 to each of the KS3 and KS4 amounts per pupil, representing the teachers' pay and pension grants.
- The Income Deprivation Affecting Children Index (IDACI) dataset has been updated in 2019 so that the IDACI bands are now assigned based on rank rather than score. For example, Band A now consists of pupils in the most deprived 2.5% of lower super output areas (LSOAs), instead of consisting of pupils in LSOAs with an IDACI score greater than 0.5.
- Funding previously received through the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grants (TPEG), including the supplementary fund, to mainstream schools for pupils from reception to year 11 will be allocated through the schools NFF by adding to schools' baselines
- Local authorities have the freedom to set the MFG in local formulae between +0.5% and +2% per pupil, and should add total funding from the TPG and TPEG to schools' baselines, as has been done in the NFF
- Following the cancellation of a number of assessments in summer 2020 due to COVID-19, local authorities will use 2019 assessment data as a proxy in funding formulae for the 2020 reception and year 6 cohort, which will be reflected in the data they receive from the department in the APT.
- LAs will be continue to be able to transfer up to 0.5% of the schools block to other blocks of the DSG with schools forum approval. A disapplication will be required for transfer above 0.5% or where schools forum does not approve.
- Risk Protection Arrangement (Maintained Schools). From April 2020 LA maintained schools have been able to join the RPA which has previously only been available to academies. LAs may de-delegate funding to primary and/or secondary schools for schools entered into the RPA.
- The pupil premium grant will continue in 2021-22. The rates will be published later in the year. Details of other school and LA grants will be published in due course.

Current Position

2. The LA carried out a consultation in Autumn 2017 which sought views on whether the LA should continue to use the Harrow Schools Funding Formula or introduce the National Funding Formula from 2018-19.
3. 76% of schools responded to the consultation and 89% voted in favour of introducing the National Funding Formula from 2018-19. Harrow's funding formula now mirrors the NFF with the exception of the mobility factor which is currently allocated based on historical spend.

Schools Block Baseline Funding 2021-22

4. The National Funding Formula generates a primary and secondary unit of funding (P/SUF). This is the per pupil funding of all Harrow schools based on the aggregate of the funding which the NFF has generated for each school. This funding forms the majority of funding in the Schools Block. There is also an allocation for premises and a further allocation for the growth fund.
5. Table 1 shows the 2021-22 Primary and Secondary Units of Funding (P/SUF) and the total allocation based on the October 2019 schools census.

Table 1 – baseline funding

Factors	PUF	Pupils	SUF	Pupils	Total
Per pupil	£4,559	21,752	£6,254	12,439	£176,962,708
Premises & mobility					£2,730,395
Growth Fund (to be updated, based on 2020-21)					£2,572,938
Grand Total indicative Schools Block 2021-22					£182,266,042

Per Pupil Funding

6. The National Funding Formula has generated a primary and secondary unit of funding. This is the per pupil funding of all Harrow schools based on the aggregate of the funding which the NFF has generated for each school. The per pupil factor values are shown below at Table 2

Table 2 – funding formula factor values

Factors	2020-21		2021-22		% Change	
	Pri	Sec	Pri	Sec	Pri	Sec
Pri AWPU	£3,137.07		£3,429.15*		9%	
KS3 AWPU		£4,411.88		£4,835.72*		10%
KS4 AWPU		£5,008.11		£5,449.52*		9%
FSM	£494.11	£494.11	£505.09	£505.09	2%	2%
Ever6	£614.90	£894.89	£631.37	£922.35	3%	3%
IDACIF	£230.59	£329.41	£236.08	£340.39	2%	3%
IDACIE	£274.51	£444.70	£285.49	£455.68	4%	2%
IDACID	£411.76	£587.45	£450.19	£636.86	9%	8%
IDACIC	£444.70	£636.86	£488.62	£691.76	10%	9%
IDACIB	£477.64	£686.27	£521.56	£746.66	9%	9%
IDACIA	£658.82	£922.35	£680.78	£949.80	3%	3%
LPA	£1,169.40	£1,767.83	£1,202.34	£1,822.73	3%	3%
EAL	£587.45	£1,581.16	£603.92	£1,630.57	3%	3%
Mobility	£960.78	£1,372.54	£988.23	£1,416.46	3%	3%
Lump Sum	£125,614.6	£125,614.63	£129,347.93	£129,347.93	3%	3%

**includes increase for teachers' pay and pension grants*

Premises

7. These continue to be allocated on an historic basis. Premises factors relate to business rates. This could potentially be a risk if business rates increase between years and funding is not allocated to reflect this.

Growth Fund

8. Growth funding is within the Schools Block. For 2021-22 it will be calculated using the same methodology as in 2020-21 based on the growth in pupil numbers between the October 2019 and October 2020 censuses.
9. LAs that received growth funding protection in 2020-21 will continue to receive protection in 2021-22 meaning the maximum reduction in growth funding for these LAs will be set at -0.5% of the total DSG schools block allocation.
10. The growth fund can only be used to support
 - Growth in pre-16 pupil numbers to meet basic need
 - Additional classes needed to meet the infant class size regulation
 - The costs of new schools

Minimum Funding Guarantee (MFG)

11. LAs will continue to set an MFG to protect schools from excessive year-on-year changes and to allow changes in pupil characteristics to flow through.
12. In 2021-22 the allowable range will be between +0.5% and +2% per pupil. This means that all schools will gain at least +0.5% per pupil compared with 2020-21 funding.
13. In 2020-21 there was an additional £3.2m of funding to distribute through the schools funding formula after applying the NFF. Despite a proposal to the ESFA to increase the basic entitlement rate and treat it as a technical adjustment so that it did not impact on future years' MFG the ESFA did not agree.
14. The ESFA supported this approach for approx. £1.1m which was considered one off funding mainly due to being allocated from the schools brought forward contingency. However they argued that the remainder of the funding was 2020-21 schools block funding and not one off so could not be treated as a technical adjustment.
15. Therefore we could not disapply the MFG from this element of the additional funding and it created an MFG of +4.24%. The ESFA was also concerned about approving a request to set the MFG at such a high value but in the context that the only other option had been rejected there were no alternatives.
16. It is not yet clear what the impact of the 2020-21 MFG will have on the affordability of the funding formula in 2021-22.

17. It is proposed that the funding formula 2021-22 applies the highest MFG allowable (up to +2%) subject to affordability.
18. It should be noted that the MFG does not protect school budgets from fluctuations in pupil numbers.

Early Years Block

19. The guidance for 2021-22 will be published in autumn 2020. This will cover
- 15 hours entitlement for disadvantaged 2 year olds
 - universal 15 hours entitlement for all 3 and 4 year olds
 - additional 15 hours entitlement for eligible working parents of 3 and 4 year olds
 - early years pupil premium (EYPP)
 - disability access fund (DAF)

Central Schools Services Block (CSSB)

20. This block is to fund statutory duties that LAs hold for both maintained schools and academies.

Table 3 – Central Schools Services Block Indicative Allocation 2021-22

Activity	£
Retained Duties in relation to all schools and academies	£523,865
Admissions	£645,490
Servicing of Schools Forum	£2,340
Total Central Schools Block	£1,171,695

De-delegated services

21. These are for maintained schools only. Funding for de-delegated services must be allocated through the formula but can be passed back with Schools Forum approval. De-delegation isn't an option for special schools, nursery schools and PRUs.
22. Schools Forum members for primary and secondary maintained schools must decide separately for each phase whether the service should be provide centrally and the decision will apply to all maintained mainstream schools in that phase. The funding can then be removed from the formula before schools budgets are issued.
23. Services which may be de-delegated are:
- school improvement
 - contingencies (including schools in financial difficulties and deficits)
 - behaviour support
 - support to underperforming ethnic groups and bilingual learners
 - free school meals eligibility
 - insurance

- museum and library services
- licences and subscriptions (other than those paid for by DfE)
- staff costs supply cover (for example long term sickness, maternity, trade union and public duties)

24. In Harrow, staff costs for supply cover in relation to trade union duties is currently de-delegated. It is proposed to continue this in 2021-22. The proposed per pupil delegation amounts will be reported at a future Schools Forum for approval.

Trade Union Duties

25. The LA is undertaking a consultation in respect of TU Duties. Maintained schools have continued to fund TU Facility Time but academies and free schools currently do not contribute. Trade union representatives, however, support employees in maintained schools, academies and free schools.
26. This consultation proposes that academies and free schools also contribute to facility time. The funding would be calculated on the basis of a per pupil funding equivalent to the funding de-delegated from maintained schools.
27. If the consultation proceeds as proposed then the level of funding would be calculated annually based on the requirement of the relevant trade union representatives and within the guidance and invoiced to academies. This would also reduce the financial obligation for maintained schools.

High Needs Block

28. The ESFA has confirmed the following with regards to High Needs funding arrangements for 2021-22.
- The funding floor is set at 8% so each local authority will see an increase of at least 8% per head of their 2 to 18 population.
 - The gains cap is set at 12%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on the basis of per head of population.
 - Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval. In 2021 to 2022, the total schools block available for such transfers must exclude the additional funding local authorities have been allocated for the TPG and TPECG, thereby guaranteeing that all of this funding remains with schools. A disapplication is required for transfers above 0.5%, or any amount without schools forum approval; this applies to any transfers even if the minister agreed the same amount in previous years.
 - The department recognises that there may well be some local authorities which, despite their best efforts and the increased funding for the high needs

block, will still not be able to pay off their historic deficit from the DSG over the next few years. In these cases, the department expects to work together with the local authority to agree a plan of action to enable the local authority to pay off its deficit over time. The department will need convincing evidence from the local authority that it would be impracticable to pay off a historic deficit from the DSG it would expect to receive in future years. The department will discuss the evidence requirement with selected local authorities and provide a template to assist all local authorities report their DSG balance.

- The department expects to approach selected local authorities to begin discussions with them during 2020. These discussions are likely to be detailed, and in order to make this process manageable it will be necessary to limit discussions during 2020-21 to a fairly small number of authorities. The department expects to expand the discussions to other authorities during 2021-22 and subsequent years.

Timetable

Date	DfE or ESFA activity	Local authority activity
1 October 2020	School census day.	School census day.
11 October 2020		Deadline for submitting provisional disapplication request
20 November 2020		Deadline for submitting final disapplication requests
20 November 2020	School census database closed.	
Mid-January 2021		Schools Forum consultation and political approval required for final 2021-22 funding formula.
21 January 2021		Deadline for submission of final 2021-22 APT to ESFA.
28 February 2021		Deadline for confirmation of schools budget shares to mainstream maintained schools.

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