

Wiltshire Council

Schools Funding Working Group – 5 October 2020

Schools Forum – 15 October 2020

School Revenue Funding 2021-22

Purpose of report

1. To outline and update Schools Forum regarding the content of the Department for Education's (DfE) operational guidance on School Revenue Funding for the 2021-22 year.

Background

2. Each year the DfE issue updated operational guidance regarding schools revenue funding. The DfE then go on to issue Technical Guidance, containing any policy changes which offer further details. As part of the Operational Guidance, the key changes between funding for the 2020-21 year and the 2021-22 year are outlined.
3. Any updates to the National Funding Formula (NFF) funding rates are usually announced between October and December. For the 2021-22 year, the DfE announced at the end of July 2020, the key funding changes to the National Funding Formula. This provides Schools Forum and schools with a greater lead-in period for making strategic decisions.
4. In the Autumn of 2019, the government announced its pledge to boost schools and high needs funding. Building on the 2019-20 funding levels, the cash increases of £14.5 billion for schools over 3 years would comprise;
 - i. £2.6 billion in 2020-21
 - ii. £4.8 billion in 2021-22
 - iii. £7.1 billion in 2022-23
5. In addition, a further £700million was pledged for High Needs nationally in 2020-21.
6. In recognition of the increase in employer contributions for members of the Teachers' Pension Scheme, the DfE confirmed that it would fund the Teachers' Pension Employer Contributions Grant (TPECG) for the next three years until 2022-23.
7. The Teachers Pay Award Grant would continue for the 2020-21 year.
8. The (DfE) will continue to allocate school funding on the basis of the National Funding Formula (NFF) to local authorities which will see all schools benefitting from the additional funding.
9. The DfE have also confirmed their commitment to move to a 'hard' NFF and will put forward its proposals later this year.

DSG Funding Proposed for 2021-22

10. The DfE have announced the indicative DSG Block allocations, based upon October 2019 census data which formed the basis of the 2020-21 allocations. The only Block which can't be proposed at this early stage is the Early Years Block, which is subject to further work by the DfE.
11. A key change to the Schools Block between 2020-21 and 2021-22 is the treatment of the Teachers Pay Grant and the Teachers Pension Employers Contribution Grant. These have always been treated as separate grants but from 2021-22 will be baselined and included in the core school funding. Further detail is provided at para. 15.
12. The table below sets out the indicative DSG funding for the Schools, High Needs and Central Blocks. The Early Years Block figures are simply replicated from the 2020-21 allocation in order to provide a view of the overall quantum of funding for 2021-22.

| | Schools* | High Needs | Central | Early Years | TOTAL |
|----------|-----------------|-------------------|----------------|--------------------|---------------------|
| 2020-21 | £304,666,140* | £51,987,188 | £2,479,715 | £27,243,000 | £386,376,043 |
| 2021-22 | £314,778,576 | £57,528,558 | £2,448,599 | £27,243,000 | £401,998,733 |
| Uplift | £10,112,436 | £5,541,370 | £-31,115 | £0 | £15,622,691 |
| % Uplift | 3.40% | 10.66% | -1.25% | 0.00% | 4.04% |

* Adjusted as now includes Teachers Pay & Pension Grants – see para. 15

13. The High Needs funding for 2021-22 is increasing by £730m nationally, an overall uplift of 10%, with all local authorities seeing an increase between 8% and 12% in recognition of the funding challenges faced within the High Needs Block.
14. The Central School Services Block has seen an overall drop of 1.25% compared with 2020-21. The Block is split into two elements;
- Ongoing local authority responsibilities (£2,081,239)
 - Historic Commitments (£367,360)

Whilst the overall funding is decreasing, funding for the ongoing responsibilities has increased by 4%, whereas the historic commitment funding has been reduced by 20% in line with DfE policy. The net impact is a reduction in funding for Wiltshire of £31k.

Key Funding Changes in 2021-2022 – Schools Block

15. The DfE have confirmed that the following key elements of the NFF are to be in place for 2021-22 for mainstream school funding;

- a. The Teachers Pay Grant in respect of pay awards from September 2018 and 2019, along with the Teachers' Pension Employers Contributions Grant for the increase in contribution rates from September 2019, will be incorporated and 'baselined' into the 'per pupil' AWPU funding rates.
- b. AWPU rates will be increased by £180 and £265 for primary and secondary schools respectively.
- c. From 2021-22, the Teachers Pay and Pension Grants will be discontinued, and the funding rolled into and baselined into the AWPU funding.
- d. Minimum per pupil Funding Levels to be set at £4,180 in Primary and £5,415 in Secondary schools.
- e. A 3% increase in the formula's core pupil and school led factors. (A full list of funding rates is provided further in this paper.)
- f. Premises factors (rates, PFI, split site, rents) will be funded at the local authority level without inflationary increases.
- g. The IDACI (Deprivation funding based upon postcode data) has been refreshed.
- h. An increase in the maximum Primary Sparsity funding from £26,000 to £45,000.
- i. All schools expected to see an increase in their core funding by at least 2% compared to their 2020-21 baseline funding and in effect acts as a minimum funding guarantee. (For 2020-21, this was set at 1.84%)
- j. Growth funding to be based upon the same methodology as in 2020-21. (Protection provided to ensure that no LA will lose funding of greater than 0.5% of its Schools Block allocation, should its growth be significantly lower year on year).

Key Funding Decisions Taken by Schools Forum for 2020-21

16. A number of funding decisions were taken by Schools Forum for the 2020-21 year including;

- a. Not to include the Mobility factor within the Wiltshire formula
- b. To apply all other NFF factors in full
- c. To set the Minimum Funding Guarantee at +1.84%
- d. To transfer 0.7% of the Schools Block to the High Needs Block (subsequently reduced to 0.5% by the Secretary of State)

Funding Values Proposed in the NFF for 2021-22

17. The table below sets out the NFF funding values for school for the 2021-22 year.

| Factor | 2019-20 Value | 2020-21 Value | 2021-22 Value |
|------------------------------|---------------|---------------|---------------|
| Primary KS1&2 AWPU | £2,747 | £2,857 | £3,123* |
| Secondary KS3 AWPU | £3,863 | £4,018 | £4,404* |
| Secondary KS4 AWPU | £4,386 | £4,561 | £4,963* |
| Primary & Secondary FSM | £440 | £450 | £460 |
| Primary FSM6 | £540 | £560 | £575 |
| Secondary FSM6 | £785 | £815 | £840 |
| IDACI Primary Band A | £575 | £600 | £620 |
| IDACI Primary Band B | £420 | £435 | £475 |
| IDACI Primary Band C | £390 | £405 | £445 |
| IDACI Primary Band D | £360 | £375 | £410 |
| IDACI Primary Band E | £240 | £250 | £260 |
| IDACI Primary Band F | £200 | £210 | £215 |
| IDACI Secondary Band A | £810 | £840 | £865 |
| IDACI Secondary Band B | £600 | £625 | £680 |
| IDACI Secondary Band C | £560 | £580 | £630 |
| IDACI Secondary Band D | £515 | £535 | £580 |
| IDACI Secondary Band E | £390 | £405 | £415 |
| IDACI Secondary Band F | £290 | £300 | £310 |
| Prior Attainment – Primary | £1,022 | £1,065 | £1,095 |
| Prior Attainment – Secondary | £1,550 | £1,610 | £1,660 |
| EAL – Primary | £515 | £535 | £550 |
| EAL - Secondary | £1,385 | £1,440 | £1,485 |
| Mobility – Primary | £0 | £875 | £900 |
| Mobility – Secondary | £0 | £1,250 | £1,290 |
| Lump Sum | £110,000 | £114,400 | £117,800 |
| Sparsity – Primary | £0-£25,000 | £0-£26,000 | £0-£45,000 |
| Sparsity – Secondary | £0-£65,000 | £0-£67,500 | £0-£70,000 |
| Primary - MPPFL | £3,500 | £3,750 | £4,180 |
| Secondary – MPPFL | £4,800 | £5,000 | £5,415 |
| Area Cost Adjustment | 1.00703 | 1.00716 | 1.00716 |

*- Includes the Teachers Pay and Pension Grants of £180 for Primary and £265 for Secondary

Role of Schools Forum and the Local Authority

18. The government has confirmed its intention to move to a single 'hard' NFF to determine every schools budget. For the 2021-22 year, the DfE have confirmed it will be another 'soft' year, with each LA along with its Schools Forum being able to determine its school funding formula.
19. The only mandatory factor for 2021-22 will be the application of the minimum per pupil funding levels, being £4,180 and £5,415 in Primary and Secondary respectively.
20. The formula will be presented at Schools Forum when the final allocations have been confirmed and to the LA for political ratification and approval in February 2021.

Budget Setting Process 2021-22

21. Local authorities are required to submit the proposed delegated budget for schools in their areas to the Education and Skills Funding Agency (ESFA) in January 2021. The ESFA are required to confirm the formula is fully compliant with the funding regulations and will then confirm budgets to academies during February 2021. The LA will need to notify maintained schools of their budget shares by the end of February 2021 as in previous years.
22. The LA will engage in consultation with schools in the County, including any changes to the formula, movement between blocks and any de-delegation for maintained schools. In terms of setting the budgets for schools for 2021-22, the amount of funding available for distribution to schools will be calculated as follows;

| | |
|------------------------------------|--------------------|
| DSG Schools Block Allocation | 304,666,140 |
| Less: Growth Fund | x,xxx,xxx |
| Less: Transfer to Other Blocks | x,xxx,xxx |
| Total available for School Funding | xxx,xxx,xxx |

Growth Funding

23. The new approach introduced as part of the NFF for calculating the Growth funding will continue in the 2021-22 year. The County will be broken down into middle layer super output areas (MSOA's) and the growth in pupils in the MSOA area between the October 2019 census and the October 2020 census will attract funding at:
 - £1,455 per primary pupil
 - £2,175 per secondary pupil
 - £68,700 for each new school (no new schools in Wiltshire this year)
24. The level of Growth funding required in 2021-22 and size of the Growth Fund will be determined later in the year along with confirmation of Growth funding criteria.

Initial Modelling

25. Initial modelling of the Schools Block demonstrates that the NFF is affordable, based upon the October 2019 census and therefore the full NFF could be implemented. There are questions for Schools Forum to consider regarding a move to the full NFF.

De-Delegation

26. There are a number of budgets included in the local formula that maintained schools only can agree to de-delegate so that they continue to be provided centrally. De-delegation cannot be applied to amounts delegated to academies or to special schools. Schools Forum will take this decision on behalf of maintained schools, based upon consultation responses.
27. For the 2020-21 year, it was agreed by the maintained schools voting members that the de-delegation of services would continue as it had for those services de-delegated in 2019-20.

Notional SEN

28. Mainstream schools and Academies will continue to receive a clearly identified budget for SEN, known as the Notional SEN budget. Using their notional SEN budget, mainstream schools and Academies will be expected to:
- meet the needs of pupils with low-cost, high-incidence SEN and
 - contribute towards the costs of provision for pupils with high needs.

Questions for Schools Forum

29. The introduction of the Mobility Factor
- The Mobility factor is an optional funding factor and Schools Forum has consistently expressed its concerns about this factor and resolved not to introduce this factor. (In the 2020-21 formula this 'freed up' £571k of funding)
 - The MOD's Education Support Fund which supports schools and pupils directly impacted by Mobility and Deployment has been extended for a further year with funding available for the 2021 year
30. Increased funding through Sparsity. The Sparsity factor is an optional factor and until the advent of the NFF, Schools Forum had always resisted its introduction, based upon a number of reasons. At its inception, Sparsity was designed to help secure small rural schools
- An increase in the sparsity allowance from £26,000 to £45,000 in primary schools will push another £220k through the formula to the 'sparsity' schools.
 - The DfE will be reviewing Sparsity and support for small rural schools with a consultation due out later this year.
31. The Split Site Allowance within the Wiltshire formula is currently set at £65k in primary and £100k in secondary schools. The purpose of the split site allowance is to provide additional funding in respect of duplicated costs incurred by a school operating over two sites, in lieu of the fact that only one 'lump sum' is received by the school. The allowance has not been reviewed since the introduction of the NFF in 2018-19.
32. Under the funding guidance for 2021-22, Schools Forum will continue to be able to transfer up to 0.5% of their Schools Block allocation to other Blocks of the DSG (excluding the extra funding for the Teachers Pay & Pensions Grant). A transfer of up to 0.5% can be agreed locally but for a transfer in excess of 0.5% will require following the Disapplication process.

Proposal

33. Schools Forum to note the content of the report and to consider the questions raised in the paper.

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