

Wiltshire Council

Schools Forum

21 January 2021

Schools Revenue Funding 2021-22 - Funding Settlement & Budget Setting Process

Purpose of the Paper

1. To update Schools Forum on the revenue funding settlement and the budget setting process for 2021-22.
2. The report will outline the funding settlement announced on 17 December 2020 and the impact on school budgets arising from the settlement. The report will also outline the decision-making process for the 2021-22 budget.
3. Further detail on each of the funding Blocks and the specific decisions required will be provided in separate papers on this agenda. A separate decision paper will also be provided so that decisions can be considered after all the update reports have been discussed.

Introduction to Funding Changes for 2021-22

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 over 3 years would comprise;
 - £2.6 billion in 2020-21
 - £4.8 billion in 2021-22 (increase by £2.2bn)
 - £7.1 billion in 2022-23 (increase by £2.3bn)
5. In addition, a further £700million was pledged for High Needs nationally in 2020-21 and a further £730m for 2021-22.
6. The Department for Education (DfE) have continued to allocate school funding on the basis of the National Funding Formula (NFF) which should see all schools benefitting from the additional funding. Nationally, the Dedicated Schools Grant (DSG) shows an average increase of 3% in the pupil-led funding factors compared to 2020-21. The 2021-22 year is another 'soft' year with local Schools' Forum still retaining its role in determining the school funding allocation methodology.
7. The introduction of mandatory minimum per pupil funding levels for the 2020-21 year have been continued and the rates have increased for the 2021-22 year as detailed in the table below.

| <u>MPPFL</u> | <u>2020-21</u> | <u>2021-22</u> |
|---------------|----------------|----------------|
| Key Stage 1&2 | £3,750 | £4,180* |
| Key Stage 3 | £4,800 | £5,215* |
| Key Stage 4 | £5,300 | £5,715* |

* - Includes Teachers Pay and Pension element of £180 KS1&2 and £265 KS3&4

8. The introduction of the mandatory minimum per pupil funding levels represents a step towards the introduction of a 'hard' formula, where national rates must be implemented without allowing for local discretion. Further consultation regarding the 'hard' formula is expected as the DfE propose a transition and 'hardening' between now and 2024-25.
9. The Minimum Funding Guarantee (MFG) threshold has been adjusted to ensure that all schools gain through the allocations per pupil and must be set between +0.5% and +2.0%.
10. The Income Deprivation Affecting Children Index (IDACI) data has been refreshed and the 2019 dataset will be used rather than the 2015 dataset.
11. Following the cancellation of the 2020 primary school assessments due to Covid-19, the Low prior Attainment ratios for years 1 and 7 for schools has been updated using the corresponding ratios for pupils in years 2 and 8.
12. Pupil Premium Grant (PPG) funding will continue in the 2021-22 year at the same rates as in the 2020-21 year. The DfE have announced that the numbers of eligible PPG pupils will be taken from the October 2020 census and not the January 2021 census. The funding rates for 2021-22 are set out in the table below.

| <u>Premium</u> | <u>Primary</u> | <u>Secondary</u> |
|--------------------|----------------|------------------|
| FSM6 (Deprivation) | £1,345 | £955 |
| LAC and Post-LAC* | £2,345 | £2,345 |
| Service | £310 | £310 |

* - LAC PPG is payable to the LA's Virtual Headteacher. Where a pupil has previously been LAC but has left LA care through adoption, special guardianship order or child arrangements order, then the PPG is payable to the school.

School Revenue Funding Settlement 2021-22

Dedicated Schools Grant 2021-22

13. The DfE issued the revenue funding settlement for schools on the 17th December 2020. The provisional Dedicated Schools Grant (DSG) allocation for Wiltshire Council is **£406.342m**. This is an increase of £31.839m compared with 2020-21. The table below shows the breakdown of the Blocks.

| <u>Block</u> | <u>2021-22</u> |
|----------------------|-----------------------|
| Schools Block | £317,724,345 |
| Central Block | £2,565,122 |
| High Needs Block | £57,835,120 |
| Early Years Block | £28,217,273 |
| TOTAL FUNDING | £406,341,860 |

14. The increase reflects the impact of the increase to Schools' Block funding for the NFF incorporating the additional funding pledged by the government, the overall increase in the numbers of pupils to be funded from the Schools' Block, and the impact of the funding uplift through the NFF for the High Needs Block.
15. The increase also reflects the Teachers Pay and Pension Grants which were not previously included within the Blocks and sat outside the DSG. The additional funding for the Teachers Pay and Pension in the Blocks is £15.094m, which means that for comparative purposes the 'real' uplift in the DSG is £16.745m.
16. The split of funding between the Blocks is set out below to show the 'real' movements.

| | <u>2019-20</u> | <u>2020-21</u> | <u>2021-22</u> | <u>Increase</u> | <u>Pay & Pens.</u> |
|----------------------|-----------------------|-----------------------|-----------------------|------------------------|-------------------------------|
| Schools Block | 275,215,164 | 293,142,767 | 303,545,131 | 10,402,364 | 14,179,214 |
| Central Block | 2,570,343 | 2,479,715 | 2,455,503 | -24,212 | 109,619 |
| High Needs Block | 47,091,825 | 51,996,188 | 57,029,690 | 5,033,502 | 805,430 |
| Early Years Block | 26,768,825 | 26,884,359 | 28,217,273 | 1,332,914 | 0 |
| TOTAL FUNDING | 351,646,157 | 374,503,029 | 391,247,597 | 16,744,568 | 15,094,263 |

17. The overall uplift in 'real' funding for comparative purposes is 4.47%, split as Schools - 3.55%, Central – **-0.98%**, High Needs – 9.68%, Early Years – 4.96%.
18. The **Schools Block** has been calculated based on the NFF figures published in October 2020. The funding values published in July 2020 have been used to calculate a PUF and SUF (primary unit of funding and secondary unit of funding) for

Wiltshire. These units of funding have been multiplied by the numbers of primary and secondary pupils from the October 2020 census to arrive at the Schools' Block total for 2021-22. (The rates now include the Teachers Pay and Pension funding)

19. The PUF and SUF rates for 2021-22 are detailed in the table below;

| | 2019-20 | 2020-21 | 2021-22 | Inc / 'Real' Inc & % |
|------------|----------------|----------------|----------------|---------------------------------|
| PUF | £3,849.15 | £4,079.69 | £4,432.68 | £352.99 / £172.99 / 4.2% |
| SUF | £4,885.94 | £5,092.09 | £5,514.14 | £422.05 / £157.05 / 3.1% |

20. Pupil numbers have increased in each phase, as per the table below:

| | 2018-19 | Increase | 2019-20 | Increase | 2020-21 | Increase | 2021-22 |
|--------------|----------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| Primary | 38,218 | 15 | 38,233 | 262 | 38,495 | -45 | 38,450 |
| Secondary | 24,471 | 412 | 24,883 | 481 | 25,364 | 242 | 25,606 |
| TOTAL | 62,689 | 427 | 63,116 | 743 | 63,859 | 197 | 64,056 |

21. Included within the Schools Block of funding of £317.724m is the amount of £1.814m allocated on the basis of pupil growth within Wiltshire. A breakdown of the elements comprising the Schools' Block is detailed in the table below.

| Funding 2021-22 | Amount £ |
|------------------------|---------------------|
| Core funding | £301,730,998 |
| Growth funding | £1,814,133 |
| Net Funding | £303,545,131 |
| Pay & Pension funding | £14,179,214 |
| TOTAL | £317,724,345 |

22. The DfE have stipulated that the funding awarded through the Teachers Pay and Pension elements must be excluded when considering any transfers between the Schools' Block and other Blocks. Therefore, any transfer would be based upon the Net Funding figure of £303.545m, not the Total funding figure of £317.724m.
23. The **Central Schools Services Block (CSSB)** has been calculated according to the national funding formula for the CSSB. October 2020 pupil numbers have been multiplied by a unit value of £34.31 (unit rate of £32.59, plus £1.72 for centrally

employed teachers) and a headcount of 64,056. Funding for agreed historic commitments has then been added to that total. The Block is calculated as;

| | |
|---------------------------------|-------------------|
| Pupil Funding (£34.31 x 64,056) | £2,197,762 |
| Historic Commitment Funding | £367,360 |
| Total CSSB Funding | £2,565,122 |

24. The **High Needs Block** has been allocated as per the baselines notified to local authorities in September 2020. These baselines are calculated according to the NFF for high needs, a significant percentage of which is allocated according to historic spend. The basic entitlement amount reflects the numbers of pupils in special schools has been updated to reflect the October 2020 census and the import/export adjustment. The uplifted funding reflects and includes Wiltshire's share of the £730m additional funding announced for High Needs in 2021-22.
25. Included within the Wiltshire allocation is £0.805m for the Teachers Pay and Pension funding for Special Schools. This has been equated to an uplift of £660 per place to be added to the current funding in Special Schools.
26. The DfE continue with their commitment to reviewing the High Needs NFF and a consultation is proposed with the initial changes expected to be reflected in 2022-23. The review will cover all factors of the High Needs NFF including the 'Historic Spend' factor and also the weightings applied to each factor.
27. The **Early Years Block** reflects the indicative hourly rates announced for 2021-22 and an estimate of the full year effect of the entitlement to an additional 15 hours of childcare for children of working parents which came into effect in September 2017. Again, Wiltshire remains on the funding floor for the early years national funding formula. It should be noted that the Early Years Block would ordinarily be updated during the 2021-22 financial year to reflect the January 2021 and January 2022 early years census data. In the current year, due to Covid-19, the census information will not present a true reflection and therefore the DfE will be looking at how to address the funding position.

Block Transfers 2021-22

28. The funding regulations do allow for a transfer of funding between the Schools' Block and other Blocks within the DSG. Local authorities have the flexibility to move up to 0.5% from the Schools' Block to the other Blocks including the high needs Block with the agreement of Schools Forum. It has previously been agreed by Schools Forum that a transfer up to a maximum of 0.5% would be supported. Due to the Secretary of State's previous decisions regarding transfers and the

requirement to passport 99.5% of the Schools' Block of funding to schools, a Disapplication Request to transfer a sum greater than 0.5% has not been submitted.

Budget Setting Process 2021-22

29. Local authorities are required to submit the proposed delegated budget for schools in their areas to the DfE by 21st January 2021. The DfE are required to confirm the formula is compliant with the funding regulations and will then confirm budgets to academies by the end of February 2021. The LA is required to notify maintained schools of their budget shares by the end of February 2021.
30. 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 | 317,724,345 |
| Less: Growth Fund | x,xxx,xxx |
| Less: Transfer to Other Blocks | x,xxx,xxx |
| Total available for School Funding | xxx,xxx,xxx |

31. The update reports will show that many of the decisions in relation to individual funding Blocks will impact on the affordability, or otherwise, of other proposals and this will be important to take into account when considering the final decision paper.

De-Delegation

32. There are a number of budgets that maintained primary and secondary schools can agree to de-delegate so that services continue to be provided centrally. De-delegation cannot be applied to amounts delegated to academies or special schools.
33. At the December 2020 Schools Forum meeting, it was agreed by the maintained schools voting members that the de-delegation of services would continue in 2021-22, as in 2020-21. The amount of each de-delegated service budget is based upon the relevant formula factors for maintained schools.

Proposal

34. Schools Forum is asked to note the report.

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