

2021/22 Schools Budgets and Dedicated Schools Grant Funding

Schools Forum – 6th November 2020

Introduction

The purpose of today's presentation is to share with Schools Forum the latest position on Dedicated Schools Grant (DSG) funding in relation to the 2021/22 budget setting round:

1. 21/22 School Funding Arrangements
2. High Needs Block
3. Illustrative Budget Modelling
4. Consultation Process & Results
5. Centrally Retained Funding
6. Growth Funding / New Schools
7. Next Steps

21-22 School Funding Arrangements

Schools Block

- Extra £4.8bn into Education nationally in 21/22 (second year of the funding settlement worth £14.4bn over 3 years – 22/23 original plan for an additional £7bn. Any spending review may change this allocation (even increase it).
- Funding from the teachers' pay grant (TPG) and the teachers' pension employer contribution grant (TPECG), including the supplementary fund, has been added to the formulae.
- Increased minimum per pupil levels (MPPL) of £4,180 for Primary and £5,415 for Secondary (includes uplifts to reflect the TPG/TPECG at a rate of £180 in primary and £265 in secondary)

21-22 School Funding Arrangements

Schools Block

- DfE published illustrative figures show a £30.6m increase for Cambridgeshire (excluding growth funding) compared to the amount received in 2020/21 – However this approximately £17.6m of this relates to the baselining of TPG/TPECG and as such the net increase is in the region of £13m / 3.4%.
- Final allocations will differ based on the October 2020 census information.
- The Income Deprivation Affecting Children Index (IDACI) has been updated to the latest 2019 data which will have an impact on the distribution of deprivation funding.

21-22 School Funding Arrangements

Schools Block

- The sparsity factor has been increased at a national level, as a first step towards expanding the support the NFF provides for small and remote schools from 2022 to 2023.
- The DfE define a small school as having less than 21.4 pupils per year group in primary and less than 120 per year group in secondary.
- However the mandatory distance thresholds of 2 miles for primary and 3 miles for secondary (as the crow flies) excludes the majority of Cambridgeshire small schools.
- As a result the national changes will have a minimal impact other than for those which already qualify.

21-22 School Funding Arrangements

Schools Block

- Minimum Funding Guarantee (MFG) can be set between +0.5% and +2% increase per pupil; LA decision
- No national cap but LAs can still opt to use a local cap
- 0.5% limit on movements between funding blocks remains

21-22 School Funding Arrangements

Early Years Block

- No announcements as yet.
- Continuation of the maintained nursery school supplement until the summer of 2021

High Needs Block

- Extra £730m announced nationally
- Allocated through the High Needs funding formula with floors, protections and caps – minimum uplift 8% - Cambridgeshire to receive and extra £6.1m / 8% - excluding TPG/TPECG (based on illustrative data)

21-22 School Funding Arrangements

Central Schools Services Block (CSSB)

- Historic commitments reduced by a further 20% from last year resulting in a net CSSB reduction of £0.8m compared to last year.
- This will impact on the budgets currently funded through this route. i.e. Broadband.

How do we compare?

Source: DfE 2021-22 NFF Summary	20/21 Rank	2020/21 Baseline Schools Block per Pupil	21/22 Rank	Illustrative 2021/22 Schools Block per Pupil
Tower Hamlets	1	£7,219	1	£7,376
Hackney	2	£7,136	2	£7,297
Peterborough	63	£5,044	65	£5,193
Bedford Borough	87	£4,928	86	£5,106
Norfolk	86	£4,942	89	£5,092
Hertfordshire	104	£4,862	110	£5,017
Worcestershire	116	£4,831	116	£4,999
Northamptonshire	113	£4,837	117	£4,998
Bath and North East Somerset	111	£4,844	118	£4,997
Suffolk	121	£4,823	120	£4,988
Essex	125	£4,811	127	£4,971
West Berkshire	127	£4,798	128	£4,970
Oxfordshire	129	£4,778	130	£4,933
Wiltshire	133	£4,767	132	£4,929
Central Bedfordshire	136	£4,754	136	£4,914
West Sussex	142	£4,729	139	£4,910
Hampshire	143	£4,727	142	£4,901
Cambridgeshire	141	£4,732	143	£4,900
South Gloucestershire	149	£4,637	149	£4,815

Required Actions

- Schools Forum are asked to note and comment on the national funding announcements

High Needs Block

- 2020/21 High Needs Block:

Source of Funding	£m
DfE Allocation	£75.41m
Transfer from Schools Block	£0m
Transfer from CSSB	£1.22m
Total	£76.63m

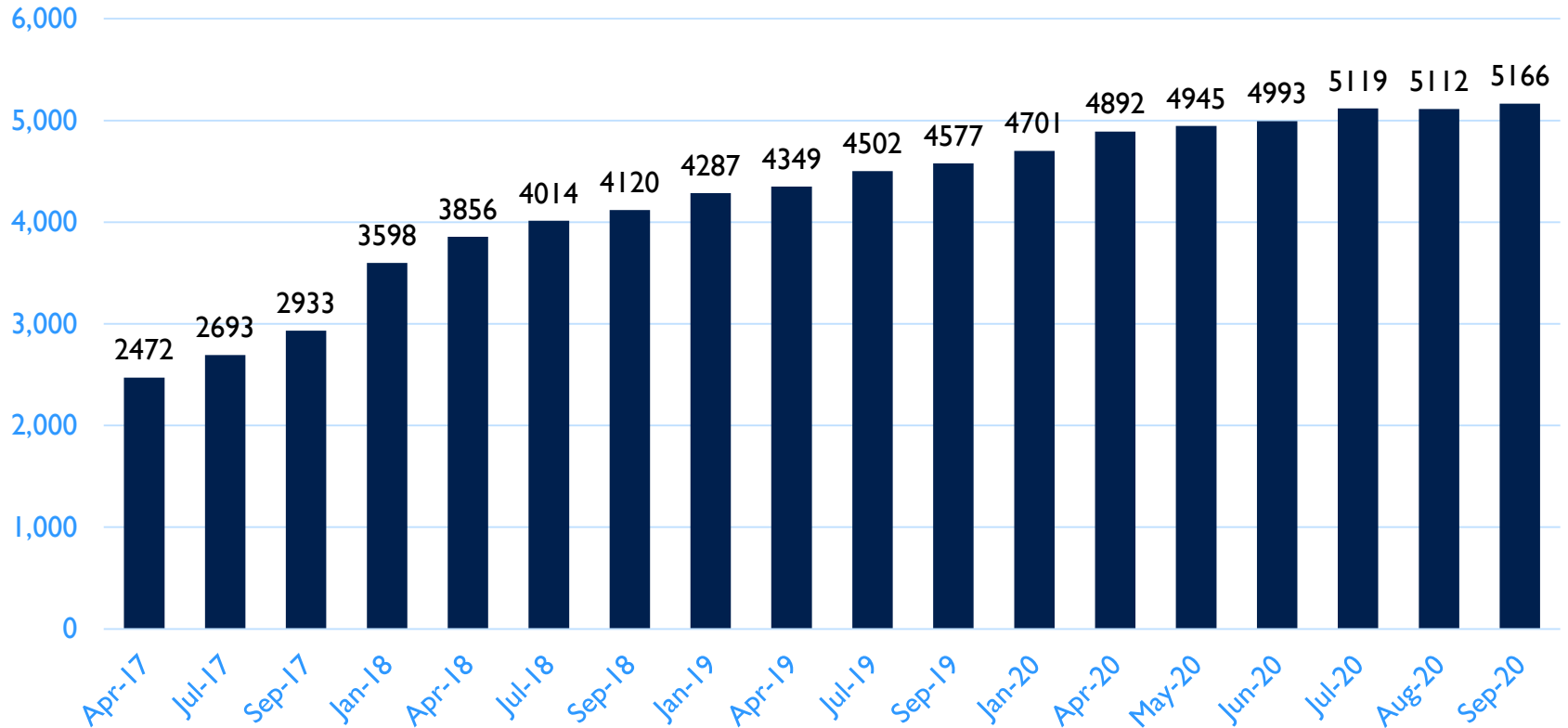
- Total estimated spend for 20/21 = £88.5m+
- Adjusted Deficit b/fwd from 19/20 = £16.62m
- Forecast Deficit to c/fwd to 21/22 = £28.5m+**

High Needs Block

- 2021/22 Illustrative High Needs Block = £82.5m
- Of which approximately £1m relates to TPG/TPECG.
- The majority of the budget (circa 70%) funds activities in schools and 14% funds out of county provision.
- Main pressures due to increasing numbers continue to be:
 - High Needs top-up budget
 - Out of School Tuition Budgets
 - Special Schools
 - High Needs Units
- **Basic HNB funding not sufficient to meet current commitments.**

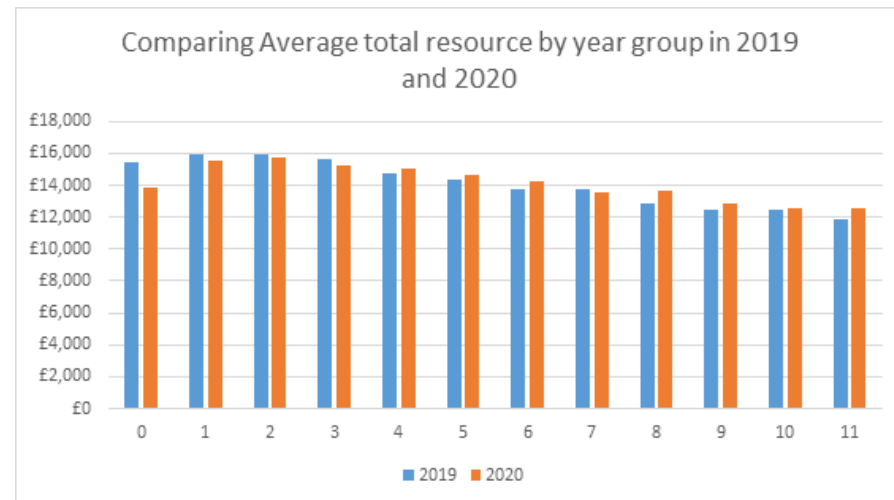
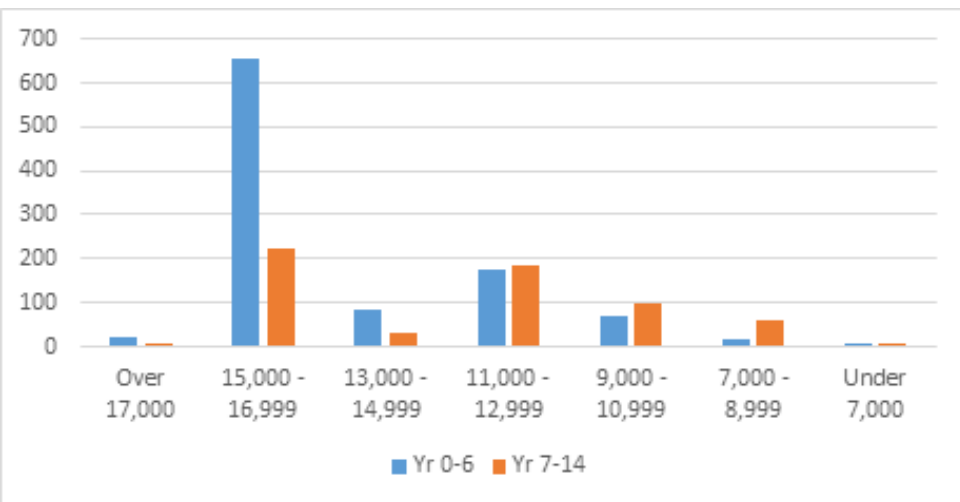
High Needs Block – EHCPs

Cambridgeshire EHCPs



High Needs Block

- Alongside the continuing increase in EHCPs the complexity of need is also continuing to rise.
- Currently the average full year top-up is in the region of £8,170 per mainstream pupil with approximately 44% of pupils receiving a full year top-up equivalent of more than £10k.



High Needs Block

- A reduction in the funding to Behaviour and Improvement Partnerships (BAIPs) has already been actioned.
- Work is ongoing to review and reduce High Cost Placements.
- Reductions in Top-Up funding for mainstream schools will be consulted upon in the new year – likely 10% reduction from summer / autumn 2021.
- Other workstreams being developed by the Special Educational Needs and Disability (SEND) Recovery Board include:
 - Review of Out of School Tuition
 - Review of Enhance Resource Centres/Bases
 - SEND Service Review
 - Quality Assurance Framework
 - Performance Data
 - Demand Management
 - Invest to save options...

High Needs Block

- The DSG conditions of grant to make it clear that any deficit **must** be carried forward to the schools budget in future years. The local authority may **not** fund any part of the overspend from its general resources, unless it applies for and receives permission from the Secretary of State to do so.
- The High Needs Block not only needs to be sustainable on an ongoing basis, but the overall DSG will also need to recover the cumulative deficit.

Illustrative Budget Modelling

- Schools have been provided with illustrative funding allocations to show the potential impact of 3 different scenarios:
 - A) 0% Block Transfer – 2% MFG
 - B) 0.5% Block Transfer – 1.5% MFG
 - C) 1% Block Transfer – 0.5% MFG
 - At each scenario the MFG and Cap have been adjusted to ensure overall affordability.

Illustrative Budget Modelling

- Important points to note:
 - The illustrative figures use the revised NFF unit values and MPPL values for 2021-22.
 - The 2020-21 baseline has been adjusted to reflect an estimate of the levels of TPG and TPECG to be received by each school.
 - As with the pupil numbers and backing data used in the DfE school level information the illustrative amounts are based on the October 2019 census. Therefore the actual figures to be received in 2021-22 will differ, and in some cases will be significantly different due to changes in overall numbers and pupil characteristics.

Illustrative Budget Modelling

- Important points to note:
 - Any school currently funded below the MPPL will as a minimum see an increase up to this level.
 - Conversely any school already funded above the MPPL will see a variable level of funding in 21/22 dependent on individual characteristics and overall affordability.
- Analysis undertaken by the Education Policy Institute notes that:
- *“..the link between funding and pupil need is being weakened by a system of levelling up which directs a proportion of additional funding towards schools with historically lower levels of funding – these schools will typically (though by no means exclusively) be serving schools in more affluent areas. “*

Illustrative Budget Modelling

Likewise a report from the Institute for Fiscal Studies (IFS) notes:

- *Schools in disadvantaged areas of England will receive smaller funding increases than those in wealthier areas under the Government's new schools funding formula.*
- *The researchers added that the new national funding formula should ensure that the funding system responds to the geography of deprivation in the long term, however, schools in poorer areas will receive funding increases of 3-4 percentage points less than those in affluent areas up to 2021.*
- *The IFS warned that the short-term funding disparity will create “additional challenges” in responding to the COVID-19 crisis, with headteachers already having to find additional funds to cover the costs of reopening, and would widen educational inequalities and hamper the Government's “levelling up” plans.*

Consultation Process

- The schools funding formula continues to be a local authority (LA) decision in 2021-22.
- As in prior years schools must be consulted on:
 - a) Any changes to the formula being proposed; and
 - b) Any transfer proposed from the Schools Block.
- The consultation periods are having to be shorter due to the timing of announcements (October rather than July) which the DfE acknowledge.




Consultation Responses








- A total of 80 submissions were received in response to the funding consultation which closed on Friday 23rd October.
- The following slides provide a summary of the results of the consultation.
- Appendix 2 provides further detail, including a full transcript of the narrative responses.

Consultation Responses

1. Which best describes the organisation you are representing in your consultation response?

			Response Percent	Response Total
1	Individual maintained school		56.25%	45
2	Individual academy school		22.50%	18
3	Academy Trust or other (please specify):		21.25%	17




2. Which of the following best describes your position/role?

			Response Percent	Response Total
1	Headteacher		62.50%	50
2	Governor		17.50%	14
3	CEO		1.25%	1
4	Finance staff		11.25%	9
5	Parent		0.00%	0
6	Other (please specify):		7.50%	6

- If representing an individual maintained school or academy:
 - Primary = 61 Secondary = 9 Special = 2

Consultation Responses

5. Do you agree that the Cambridgeshire funding formula unit values for 2021-22 should be aligned with the national funding formula rates?

			Response Percent	Response Total
1	Yes		91.25%	73
2	No		1.25%	1
3	Not Sure		7.50%	6

- Comments included:
 - *“Movement to the national funding formula should be made as soon as possible”*
- *Based on the responses received the LA recommendation will be to implement the NFF funding rates as set out in the consultation.*

Consultation Responses

6. Do you support the transfer of funding from the Schools Block to the High Needs Block to support the increasing pressures within this area?




			Response Percent	Response Total
1	Yes		30.00%	24
2	No		62.50%	50
3	Not Sure		7.50%	6

- Comments included:

- *“Historic underfunding of the High Needs block in Cambridgeshire should not be subsidised by a transfer from our historically underfunded mainstream schools”*
- *“Central government should be properly and effectively funding children with Higher Needs across this country”*

Consultation Responses




- Of the 24 responses that did support a block transfer to the High Needs Block:

7. If "Yes", at what level do you think the transfer should be:			Response Percent	Response Total
1	0.5% (£1.9m)		52.94%	18
2	1.0% (£3.8m)		17.65%	6
3	Other (please specify):		29.41%	10

- The 10 “Other” answers were “0%” or “n/a”






Consultation Responses

8. If there are overall affordability issues due to growth, cost of protection or agreed block transfers do you support the Minimum Funding Guarantee (MFG) being set at lower than the maximum allowable 2.0%?

			Response Percent	Response Total
1	Yes		41.25%	33
2	No		40.00%	32
3	Not Sure		18.75%	15




- Comments seemed to suggest be quite a lot of confusion in respect of the MFG with reference to growing schools, those with falling rolls or setting the MFG as low as possible to protect schools.

9. If "Yes", what is the minimum the MFG should be set at?

			Response Percent	Response Total
1	0.5%		23.81%	10
2	1.0%		14.29%	6
3	1.5%		16.67%	7
4	Not Sure		23.81%	10
5	Other % (please specify):		21.43%	9

Consultation Responses











10. If there are overall affordability issues due to growth, cost of protection or agreed block transfers do you support the use of a funding cap?(note the funding cap restricts the amount of any funding gains of those schools above the level at which the funding cap is set)

			Response Percent	Response Total
1	Yes		52.50%	42
2	No		27.50%	22
3	Not Sure		20.00%	16

- A lot of comments referred to the fact that the use of a cap has an adverse impact on those schools already in receipt of more than the MPPL which tend to be those in more deprived areas and/or those with great levels of need.
- We recognise this, but due to the way in which the mandatory MPPL is applied and the overall limit on resources the options to balance overall are limited and do not allow a more equal distribution.
- *Based on the responses received the LA recommendation will be to use a combination of the MFG and funding cap to balance within available resources.*

Consultation Responses

11. Maintained schools are asked to show their support for the continuation of the following de-delegation arrangements:

11.1. Primary Contingency Scheme			Response Percent	Response Total
1	Yes		81.6%	40
2	No		4.1%	2
3	Not Sure		14.3%	7
11.2. Free School Meal Eligibility			Response Percent	Response Total
1	Yes		89.8%	44
2	No		0.0%	0
3	Not Sure		10.2%	5
11.4. Maternity Cover			Response Percent	Response Total
1	Yes		89.6%	43
2	No		0.0%	0
3	Not Sure		10.4%	5
11.5. Trade Union Facilities Time			Response Percent	Response Total
1	Yes		73.5%	36
2	No		6.1%	3
3	Not Sure		20.4%	10

De-delegation Amounts

- Apply to maintained primary schools only:

	Agreed 2020/21 Basis	Proposed 2021/22 Basis
Contingency	£2.10 per pupil	£2.10 per pupil
Free School Meals	£4.65 per FSM child	£4.65 per FSM child
Insurance*	£22.51 per pupil	£21.00 per pupil
Insurance (catch up)	£2.21 per pupil	£0 per pupil
Maternity	£5.00 per pupil	£5.00 per pupil
Trade Union Facilities Time	£1.10 per pupil	£1.10 per pupil

Please note: Final de-delegation amounts for 2021/22 will be updated on receipt of revised data from the ESFA and presented at the January meeting of Schools Forum. Although final amounts will change to reflect final pupil numbers and academy conversions the principles for de-delegation will remain as set out above.

Consultation Responses

- In respect of the questions in relation to Insurance and the Risk Protection Arrangements we intend to circulate additional information on the levels of cover provided to each scheme to maintained schools only.
- This will then allow schools to consider in more detail and make an informed decision about the appropriateness and value for money of each.
- A final decision can then be made by maintained school representatives at either the December or January meeting of Schools Forum.

Required Actions



- Schools Forum are asked to comment on the responses received to the consultation and the proposed LA approach.
- Schools Forum are asked to vote on the approval of a block transfer between the Schools Block and High Needs Block.
- If the transfer is approved, at what level should it be set:
 - 0.5% or
 - 1.0% (will require Secretary of State approval)

Required Actions cont..

- Maintained Primary representatives on Schools Forum are asked to approve the continuation of de-delegations in respect of:
 - 1) Contingency
 - 2) Free School Meals Eligibility
 - 3) Maternity
 - 4) Trade Union Facilities Time

Central Schools Services Block

- Continued reduction of CSSB funding based on DfE published illustrative figures. Historic Commitments reduced by 20% to £3.693m

Historic Commitments	2020/21 Budget £000	Proposed 2021/22 Budget £000
Contribution to Children's Services	£1,500	£1,000
Early Intervention Family Workers	£733	£733
Broadband Contract	£1,167	£875
Transfer to High Needs Block	£1,217	£1,085
Total	£4,617	£3,693
School Contribution to Broadband	£292	£584

Central Schools Services Block

- Broadband Contract - Proposed pricing based on approximately 40% of total costs being met by schools and the remaining 60% continuing to be subsidised in 2021/22:

Phase	Bandwidth	Cost 2020-21	Cost 2021-22
Primary	100	£1,050	£2,100
Secondary	1000	£1,650	£3,300

- The base entitlement under Eastnet for Schools framework is 1000Mb for Secondary schools and 100Mb for Primary Schools. For the 2021-22 financial year, any schools considering upgrading beyond the base offer, for example a primary requiring 200Mb, will be charged the 40% of the 100Mb circuit, plus the full difference between a 100Mb and 200Mb circuit.

Retained Duties Funding

- For 2021/22 it is proposed to:
 - Continue to apply the retained duties funding received as per of the CSSB to support ongoing functions.
 - Continue to retain £10 per pupil from maintained schools for services specifically provided to maintained schools.

Retained Duties Estimates	2021/22 £000
Estimated Retained Duties - Applies to all Schools*	£1,605
Estimated Education Functions - £10 per pupil - Maintained Only*	£292
Estimated Total Retained Funding	£1,897

*Final amounts will be dependent on October 2020 pupil numbers and academy conversions.

Required Actions

- Schools Forum are asked to approve:
 - 1) the reduction in Contribution to Children's Services from £1.5m to £1m for 2021/22.
 - 2) the continuation of the £733k to support early intervention family workers.
 - 3) the transfer of £1,085k from the Central Schools Service Block (CSSB) to the High Needs Block.
 - 4) the continued use of the retained duties funding within the CSSB to support ongoing functions.
 - 5) the continued retention of £10 per pupil from maintained schools for services specifically provided to maintained schools.
- Schools Forum are asked to comment on:
 - 1) the proposal for Schools to be charged for 40% of the current Broadband costs following the further reduction in funding.

Growth Funding

- No proposed changes to the Growth Fund methodology for 2021/22. (Full criteria can be seen at Appendix 3)
- The inclusion of Headteacher Representatives on the Growth Fund panel has added an additional level of challenge to the process.
- To date in 20/21 a total of £1.85m has been allocated across diseconomies funding, and growth funding for primary and secondary schools.

Growth Funding

- Proposed 21/22 funding rates per form of entry (FE):

Phase	Academic Year	Financial Year (7/12ths)
Primary (1FE)	£54,000 + £4,000	£31,500 + £4,000
Secondary (1FE)	£65,000 + £4,000	£37,917 + £4,000

Growth Funding

- Based on the latest available data and intelligence from the Place Planning Team, and allowing for changes in required Diseconomies funding the estimated centrally retained Growth Fund requirement for 2020/21 remains at £2m.
- The total cost of implicit growth will not be known until final pupil data is received from the ESFA in December, but we estimate it to be around £2m.
- A final reconciliation will be provided to Forum on receipt of the December information, but as in previous years the expectation is that a subsidy in the region of £1m from existing schools will be required to meet the cost of new and growing schools.

New School Funding

- There are no proposed changes to the funding for New Schools.
- Variations to pupil numbers are applied to new and growing schools whilst they fill to capacity.
- DfE Require the numbers at the new Alconbury Weald secondary school to be underwritten. (due to open in Sept 23)
- We would be required to fund 120 pupils per year group – same approach we have applied to recent new secondary schools.
- Increasing requirement from the DfE to guarantee numbers for new schools.

Variation to Pupil Numbers

School	Guaranteed Number 21/22 APT - April to Aug (5/12ths)	Guaranteed Number 21/22 APT - Sept to Mar (7/12ths)
Godmanchester Bridge Academy*1	180	210 TBC
Ermine Street Primary*	210	210 TBC
Pathfinder Primary*	240	270 TBC
Trumpington Park Primary	270	330
Littleport Secondary	480	600
Wintringham Park	60	60
Northstowe Secondary	240	360
Cromwell Community College *2	30	60

*1 - Disapplication required

*2 – Move to all-through – adjustment to primary age pupils

Required Actions

Schools Forum are asked to approve:

- 1) the continuation of the current growth fund criteria and funding rates for 2021/22
- 2) the continuation of the centrally retained growth fund to £2m.
- 3) the variation to pupil numbers for new schools.
- 4) the underwriting of pupil numbers for new schools in the future – subject to changes in national policy

Next Steps

- 10th November 2020 – Children and Young People Committee
- Mid-December 2020 / Early January 2021 – ESFA to publish final DSG figures and revised Authority Proforma Tool (APT)
- 16th December 2020 – Schools Forum
- 15th January 2021 – Schools Forum
- 19th January 2021 – Children and Young People Committee to approve final budget proposals
- 21st January 2021 – APT submission deadline to the ESFA
- End of January/early February – budgets to be issued to Primary and Secondary Schools (academy budgets will be illustrative only as final budgets will be confirmed by the ESFA).
- Spring 2021 – High Needs Consultation to be launched.