

## Schools Management Forum

**Report of:** Dianne Nielsen

**Subject:** 2021/22 Dedicated Schools Grant - National Funding Formulae

**Date:** 18<sup>th</sup> November 2020

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### 1.0.0 Purpose of the report

1.1.1 The purpose of this report is to provide an update to the forum regarding 2021-22 Dedicated Schools Grant, National Funding Formulae.

### 2.0.0 Background

2.1.1 The Education & Skills Funding Agency (ESFA) announced indicative Dedicated Schools Grant (DSG) funding allocation for the schools, central schools and high needs block, along with the “Schools Revenue Funding 2021 to 2022 operation guide”, on 20<sup>th</sup> July 20.

2.1.2 The early years block forms part of the DSG but is determined by a separate national formula. Allocations are to be published in December 2020.

2.1.3 The paragraphs below highlight the key items for 2021-22. The full document can be accessed on the ESFA website at [https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2021-to-2022?es\\_c=A2B80D62A2AADFF0523D36F2AA0BDAA1&es\\_cl=74041A18C8FE24C50B0DACABE6F3A46F&es\\_id=9d%c2%a3o3](https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2021-to-2022?es_c=A2B80D62A2AADFF0523D36F2AA0BDAA1&es_cl=74041A18C8FE24C50B0DACABE6F3A46F&es_id=9d%c2%a3o3)

2.1.4 Final DSG allocations will be received in December 2020, based upon the National Funding Formula (NFF) and the October 2020 school census.

### 3.0.0 Schools Block National Funding Formula

3.1.1 As in previous year the schools block of the DSG will providing funding for both school budget shares and the growth fund.

3.1.2 The ESFA have confirmed the following key elements for the schools National Funding Formula (NFF) in 2021-2022:-

- The National Funding Formula (NFF) funding units will be updated for the 2021/22 values (see table below).
- The IDACI data will be updated for the 2019 dataset and will change the banding structure to reflect the new data. This change will ensure that the amount of funding allocated through IDACI does not decrease. The new banding methodology will

ensure that the proportion of pupils attracting funding through each band will remain broadly unchanged.

- Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grants (TPECG), including the supplementary fund, to mainstream schools for pupils from reception to year 11 will be allocated through the schools NFF. This will add £180 per pupil at primary and £265 per pupil at secondary to the DSG allocation.
- The minimum per-pupil levels will be set at £4,180 for primary and £5,415 for secondary. These include both TPG and TPECG allocations.
- Sparsity NFF unit rate will increase to £45,000 for primary schools and £70,000 for secondary schools to improve support for small and remote schools.
- There is no NFF gains cap.
- Growth funding with the formula will be allocated on the same basis as 2020-21.

3.1.3 Government have confirmed its intention to move to a single hard national funding formula. In 2021-22 this is to be set by the local authority in consultation with 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.

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3.1.4 The following table below summarises the NFF unit rates for 2021-2022:

<b>Factor</b>	<b>NFF 20/21 £</b>	<b>NFF 21/22 £</b>	<b>Change £</b>
<b>PRIMARY</b>			
AWPU - Primary	2,857	3,123	266 *
Minimum per pupil	3,750	4,180	430 *
FSM	450	460	10
FMS6	560	575	15
IDAC A	600	620	20
IDAC B	435	475	40
IDAC C	405	445	40
IDAC D	375	410	35
IDAC E	250	260	10
IDAC F	210	215	5
EAL	535	550	15
Mobility	875	900	25
Prior Attainment	1,065	1,095	30
Lump Sum	114,400	117,800	3,400
Sparsity	26,000	45,000	19,000
<b>SECONDARY</b>			
AWPU – KS3	4,018	4,404	386 *
AWPU – KS4	4,561	4,963.00	402 *
Minimum per pupil	5,000	5,415.00	415 *
FSM	450	460.00	10
FSM6	815	840.00	25
IDAC A	840	865.00	25
IDAC B	625	680.00	55
IDAC C	580	630.00	50
IDAC D	535	580.00	45
IDAC E	405	415.00	10
IDAC F	300	310.00	10
EAL	1,440	1,485.00	45
Mobility	1,250	1,290.00	40
Prior Attainment	1,610	1,660.00	50
Lump Sum	114,400	117,800.00	3,400
Sparsity – Secondary	67,600	70,000	2,400

\* Includes £180 Primary and £265 Secondary transfer in of TPG & TPECG

3.1.5 School Budget Shares 2021-2022:-

- Can set a minimum funding guarantee (MFG) in local formulae between +0.5% and +2% per pupil,
- The MFG calculations will require that the formula baseline (i.e 2020-21 funding) is updated to mirror the additional funding for

TPG and TPECG, so that schools at the MFG can benefit from the addition of these grants.

- Local authorities can continue to be able to transfer up to 0.5% of the schools block to other blocks of the DSG, with schools forum approval. This will exclude the additional funding local authorities have been allocated for TPG and TPECG, therefore guaranteeing that all of this funding remains with schools.
- A disapplication is required to the Secretary of State for transfers above 0.5% or any amount without schools forum approval.
- Local Authorities are required to consult with all maintained and academy schools as well as their School Forum on any proposed changes to the local formula. Any changes will need to show the effect by school.
- The formula is set by the Local Authority, which is to be submitted to the ESFA by 21<sup>st</sup> January 2021.

3.1.6 The Local Authority funding formula factors for 2021 to 2022 are:-

- Basic Entitlement (AWPU) – compulsory
- Deprivation – compulsory
- Minimum per pupil funding – compulsory
- Prior Attainment - optional
- Looked after children (LAC) – optional
- English as an additional language (EAL) – optional
- Pupil mobility – optional
- Sparsity – optional
- Lump sum – optional
- Split sites – optional
- Rates – optional
- PFI – optional
- Exceptional circumstances (with ESFA agreement) – optional

3.1.7 Local authorities must allocate at least 80% of the delegated schools block funding through pupil-led factors.

3.1.8 The funding formula will continue to be set using school dataset blocks from the October census provided by the ESFA.

3.1.9 Most of the factors continue to use the same criteria in 2021/22 as in 2020/21. The only changes are detailed as follows all other elements remain the same:-

- Basic entitlement, unit value rates include £180 for primary and £265 for secondary for TPG and TPECG grants. It is not compulsory that these amounts are added to the local unit rate value, however the department expect local authorities to add these amounts to the basic per pupil funding value in order to pass funding onto schools.
- Deprivation – the 2021 to 2022 NFF uses IDACI data that has been updated for 2019. The scores have been replaced with ranks to define the bands.

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- Minimum per pupil funding (MPPL) value have increased to £4,180 for primary and £5,415 for secondary. Factors not included in MPPL calculation are premises and growth funding.
- Low Prior Attainment – the department has carried forward the weightings it used in 2020 to 2021 for year 7 to year 9 cohorts, so they will apply to the year 8 to year 10 cohorts. Where summer 2020 assessment did not take place due to COVID19. 2019 assessment data will be used and reflected in the APT. As in previous years, the secondary LPA unit values will be able to be adjusted.
- Looked After Children (LAC) – is optional but the DfE does not use a LAC factor in the NFF.
- Sparsity, the maximum sparsity values in the 2021 and 2022 NFF are £45,000 for primary schools and £70,000 for secondary.

3.2.0 There is still an option with the formula to cap and scale back gains to ensure that the overall formula is affordable.

3.2.1 The ESFA use the updated NFF rates for 2021-22 to recalculate the 2020-21 schools block allocation, using the 2020-21 number of pupils in each factor. These overall allocations are divided by the number of primary and secondary pupils to give a primary and secondary unit of funding per pupil (known as SUFs and PUFs). These units of funding are then used to calculate the actual schools block allocation that will be received in 2021-22.

3.2.2 The indicative allocation received in July show that Schools Block will increase by £8,051m, excluding growth and premises. However please be aware that this indicative allocation includes the TPG and TPECG grants.

3.2.3 The indicative allocation will be updated with the October 20 census when the APT is received in December.

3.2.4 Growth fund is part of the schools block but is calculated separately. It will be calculated using the same methodology as in 2020-21 based on growth in pupil numbers between two October census. As per last year I will consult with you at the next meeting on what the total growth fund should be.

3.2.5 I propose to use the same factors as agreed by SMF for the 2020-21 formula and apply the 2021-22 NFF rates, subject to affordability.

### **4.0.0 Central Schools Services Block**

4.1.0 The Central School Services Block (CSSB) covers funding allocated to Local Authorities (LAs) to carry out central functions on behalf of pupils in maintained schools and academies. CSSB funding is split into two

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elements: funding for ongoing responsibilities and funding for historic commitments. The total CSSB funding is made up of these two elements.

- 4.1.1 The LAs ongoing responsibilities is allocated to LA's using a pupil-led formula. The formula uses 2 factors, a basic per-pupil factor (majority of funding is derived) and a deprivation per-pupil factor.
- 4.1.2 In the indicative allocation the 2020-21 pupil count has been used. This will be updated once the October 20 pupil census is available.
- 4.1.3 Additional pension funding that LAs have claimed for centrally employed teachers will be added to the ongoing responsibilities element of the CSSB. The funding will be added as a per pupil amount to the per pupil rate. This has not been included as part of the indicative allocation for 2021-22. The DSG CSSB allocation will be updated later in the year to reflect this. Please note that this is new for 2021-22.
- 4.1.4 As advised in 2020-21 the historic commitments funding has been reduced by 20%, compared to 2020-21. The ESFA will provide further details in due course regarding any further reduction in future years.
- 4.1.5 The indicative allocation for 2021-22 is:-

<b>CSSB</b>	<b>Per-pupil rate *</b>	<b>DSG Schools Block pupil count **</b>	<b>£</b>
Ongoing responsibilities	£35.37	21,422	757,780
Historic commitments			238,080 ***
<b>TOTAL</b>			<b>995,860</b>

\* The per-pupil rate to be updated for Teachers' Pension.

\*\* Schools block pupil count to be updated with October 20 census

\*\*\* Historic commitments allocation reduced by 20%.

- 4.1.6 Based on 2021-22 indicative allocation this has resulted in an anticipated pressure of £35.8k in 2021-22. Even though the per-pupil rate has increased, funding could reduce further if pupil numbers are reduced in the October 20 census.
- 4.1.7 Until the October census is finalised, it is not known if all elements previously funded through this resource can continue. A report will be brought to the January meeting.

## **5.0.0 DSG High Needs Block**

- 5.1.0 The DSG High Needs guidance was received in September.
- 5.1.1 The high needs block is calculated for each Local Authority area based on a formula. The funding floor for 2021-22 allows each LA to receive an underlying increase of at least 8% per head of 2 to 18 population. The limit on gains is set at 12%.
- 5.1.2 For 2021-22 the teachers' pay grant (TPG) and teachers' pension employer contribution grant (TPECG) has been incorporated within the high needs NFF. The grants have been incorporated by increasing the basic entitlement factor for special schools from £4,000 to £4,660. The increase of £660 is the TPG and TPECG combined.
- 5.1.3 For alternative provision (AP) the TPG and TPECG has been allocated through an additional factor as the basic entitlement factor does not include funding for AP settings.
- 5.1.4 For special schools and AP who received the pensions supplementary funding. This has not been included in the indicative allocation and will be updated later in the year. This will be based on those who received the funding in 2020-21.
- 5.1.5 It is expected that LAs pass on this funding to special schools, special academies, pupil referral units, AP academies and hospital schools. This element of the funding will not be recouped for payment by the ESFA to academies.
- 5.1.6 The indicative DSG high needs allocation for 2021-22 is £29,405m before recoupment. This is an increase of £3,045m on 2020-21, however please note that this increase includes an uplift for the incorporation of the TPG and TPECG of which this is £449.5k and elements of the formula will be updated in December, which will update the indicative 2021-22 high needs allocation.
- 5.1.7 The DSG High Needs block allocations will be published in December 20.
- 5.1.8 In 2019-20 the terms and conditions of the DSG require any LA with a deficit of more than 1% to submit a recovery plan to the department to show how the deficit would be recovered. The requirement to submit a plan was removed at the end of 2019-20, however the conditions of grant require any LA with an overall deficit on its DSG account at the end of 2019-2020 financial year have to produce a DSG management plan, which School Forum are required to be updated upon. In addition, DfE can require details

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of progress against the plan or further information regarding high needs planning at their request.

5.1.9 The DfE recognises that the deficit may not be able to be recovered over a few years. Therefore the DfE will work with the LA to agree a plan of action to enable the deficit to be recovered over time. The DfE have created a template to assist LAs with this task.

5.2.0 The DfE expect that LAs management plan will focus on how they will bring spending in-year, in line within resources allocated for the year.

5.2.1 The DfE made changes at the end of 2019-20 to the School and Early Years regulations, this change no longer allows deficits to be offset against their own general fund without the approval of the Secretary of State.

### **6.0.0 DSG Early Years**

6.1.0 As advised in paragraph 2.1.2, the DSG Early Years block is determined by a separate national formula. At the time of writing this report the guidance on the early years block had not be released. Provisional allocations are to be published in December 2020.

### **7.0.0 Recommendations**

7.1.0 That the Schools Management Forum notes the changes to the DSG Schools Block, DSG High Needs Block and DSG Central Schools Services Block.