

Appendices to item 4

Cabinet

Thursday, 10 December 2020, 10.00 am, Online only

Membership: Mr S E Geraghty (Chairman), Mr A T Amos, Mr A I Hardman,
Mr M J Hart, Mrs L C Hodgson, Ms K J May, Mr A P Miller,
Dr K A Pollock, Mr A C Roberts and Mr J H Smith

Agenda

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DEPARTMENT FOR EDUCATION (DfE)
CONFIRMED FUNDING ARRANGEMENTS FOR 2021-22 – SUMMARY OF ISSUES

1. DfE DSG BASELINE 2021-22

1.1 **Table 1** confirms the DSG Current 2020-21 compared to the DSG Provisional Allocations for 2021-22 for 3 of the DSG Blocks – Schools, Central School Services and High Needs. This is the **gross** DSG prior to academy and high needs places recoupment.

Table 1:
DSG Current 2020-21 compared to the DSG Provisional Allocation 2021-22

Detail	DSG Current 2020-21 July 2020 £'m	DSG Initial 2021-22 July 2020 £'m	Notes
SCHOOLS BLOCK			
Schools	339.667	368.200	A.
Pupil Growth Fund (PGF)	2.319	TBC	B.
TOTAL SCHOOLS BLOCK	341.986	368.200	
CENTRALLY SERVICES SCHOOLS BLOCK (CSSB)			
Central School Services	2.315	2.383	C.
Historic Commitments	1.200	0.960	D.
TOTAL CSSB	3.515	3.343	
HIGH NEEDS (HN) BLOCK			
Formulaic	60.101	67.944	E.
TOTAL	60.101	67.944	
TOTAL DSG SCHOOLS AND HIGH NEEDS	405.602	439.487	
Schools Block			
Guaranteed Units of Funding £			
Primary (PUF)	£4,065.10	£4,407.42	F.
Secondary (SUF)	£5,179.87	£5,634.82	F.

Notes

A. This reflects the share of the NFF Year 4 on the parameters set out by the DfE (see below). This includes the effect of the mainstreaming of former specific grants to support the costs of teachers pay and employer pension contributions.

B. The PGF for 2021-20, to support basic need revenue costs, has yet to be confirmed as it requires the final October 2020 pupil census data.

C. Central School Services £2.383m for ongoing functions for Co-ordinated Admissions, Servicing of the Schools Forum, Retained Duties Former ESG and National Licenses and Subscriptions.

D. Ongoing Historic Commitments £0.96m for Early Intervention Family Support Service (EIFS). The DfE have started to unwind this funding for all LAs and have reduced all LAs allocations by a further 20% in 2021-22.

E. Reflects the share of the additional £730m and the mainstreaming of grants supporting teachers' pay and employer pension contributions announced in September 2020.

F. The new Primary and Secondary Units of Resource (PUF) and (SUF) reflecting the DfE NFF Year 4. These will be applied to the October 2020 pupil census to calculate the Schools Block DSG for 2021-22. This will be notified as part of the School Funding Settlement 2021-22 later in December 2020.

2. SUMMARY OF KEY POLICY ISSUES

2.1 The following are the key aspects of the national policy arrangements: -

(a) ESFA

- The ESFA have published provisional funding allocations for 2021-22 through the schools, high needs and central school services national funding formulae (NFF).
- The DfE will publish provisional DSG allocations for LAs for 2021-22 in late December 2020 based upon the October 2020 census and other 2020 data sets.

(b) Schools NFF

- This will continue to have the same factors as in 2020-21 but the ESFA have made two technical changes: -
 - Funding from the teachers' pay grant and the teachers' pension employer contribution grant, including the supplementary fund, **has been added to the NFF formulae from 2021-22**. This is on a per pupil rate into the AWPU – primary £180 and secondary £265.
 - The 2019 update to the Income Deprivation Affecting Children Index (IDACI) has been incorporated so that deprivation funding allocated through the formulae is based on the latest data.
- The NFF allocations will provide increases to the funding block in 2021-22 as follows: -
 - School Block DSG funding is increasing by 4% overall, compared to 2020-21, with the funding floor allocating at least 2% more in pupil-led funding per pupil, and higher minimum per pupil funding levels. **This will allow the key factors in the NFF to increase by approximately 3%.** A comparison of the DfE NFF factors between 2020-21 and 2021-22 is detailed in **Table 2**.

Table 2: DfE NFF Factors 2020-21 to 2021-22

<u>FORMULA FACTOR</u>	<u>2020-21</u> £	<u>2021-22</u> £	<u>NFF INCREASE</u>
<u>AWPU</u>			
Primary	2,857	3,123	) (2020-21 +3%) + £180) Teacher Pay and Pension) Grants
KS3	4,018	4,404	) (2020-21 +3%) + £265) Teacher Pay and Pension
KS4	4,561	4,963	) Grants
<u>Minimum Funding Levels (MFLs)</u>			
Primary	3,750	4,180	) £4,000 + £180 Teacher Pay) and Pension Grants
KS3	4,800	5,215	) (2020-21 +3% Rounded) +
KS4	5,300	5,715	) £265 Teacher Pay and
Secondary	5,000	5,415	) Pension Grants
<u>Deprivation FSM</u>			
Primary Annual	450	460	) +2% Rounded
Secondary Annual	450	460)
Primary Ever 6	560	575	) +3% Rounded
Secondary Ever 6	815	840)
<u>Deprivation IDACI</u>			
Primary A	600	620	) +3% Average Across Sector
Primary B	435	475)
Primary C	405	445)
Primary D	375	410)
Primary E	250	260)
Primary F	210	215)
Secondary A	840	865	) +3% Average Across Sector
Secondary B	625	680)
Secondary C	580	630)
Secondary D	535	580)
Secondary E	405	415)
Secondary F	300	310)
<u>Low Prior Attainment</u>			
Primary	1,065	1,095	) +3% Rounded
Secondary	1,610	1,660)
<u>English as an Additional Language</u>			
Primary	535	550	) +3% Rounded
Secondary	1,440	1,485)
<u>Lump Sum</u>			
Primary	114,400	117,800	) +3% Rounded
Secondary	114,400	117,800)
<u>Sparsity</u>			
Primary	26,000	45,000	) Reflects Increase to DfE NFF
Secondary	67,600	70,000	) Policy

- Increased total funding through the sparsity factor from £26m to £42m, as a first step towards expanding the support the NFF provides for small and remote schools from 2022-23.
- Further key aspects of the NFF for 2020-21 are: -
 - The minimum per pupil funding levels will be set at £4,180 for primary, £5,215 for KS3, £5,715 for KS4 and £5,415 for standard secondary schools with 5-year groups.
 - The NFF funding floor will be set at 2.00% per pupil.
 - Premises funding will continue to be allocated at LA level based on actual spend in the 2020-21 APT with the PFI factor increasing by the RPI(X) inflation measure of +1.56%.
 - The policy of no gains cap in the NFF will continue so that schools could attract their full core allocations under the formula. This will depend on affordability.
 - Growth funding will be based on the same methodology as 2020-21.

(c) Local Schools Funding Formula (LSFF)

- LAs will continue to have discretion over their LSFF and in consultation with schools, will ultimately determine allocations in their area.
- The DfE will continue to make the use of the national Minimum Funding Levels (MFLs) per pupil, at the values in the school NFF, **compulsory** for LAs to use in their LSFF.
- In addition, two important restrictions will continue: -
 - LAs will continue to set a Minimum Funding Guarantee (MFG) in the LSFF, which in 2021-22 must be between +0.50% and +2.00%. This allows LAs to mirror the real terms protection in the NFF.
 - LAs can only transfer up to 0.5% of their School Block to other blocks of the DSG, with Schools Forum approval. To transfer more than this, or any amount without Schools Forum approval, LAs will have to make a request to the DfE even if the same amount was agreed previously.

(d) High Needs NFF

- This will also continue to have the same factors as at present and will reflect the mainstreaming of grants supporting teachers' pay and employer pension contributions.
- High Needs DSG is increasing by a further £730m, or 10%, in 2021-22, bringing the total high needs budget to over £8bn. The NFF will ensure that every LA receives an increase of at least 8% per head of population, compared to this year, and up to 12%.

(e) Early Years NFF

- Information for the Early Years DSG will be published later in the year.

(f) Central School Services DSG

- This will increase by 4% in 2021-22 for the ongoing responsibilities that LAs continue to have for all schools, while funding for historic commitments within this block will decrease by a further 20% for those LAs in receipt of this funding.
- The latter will have significant implications for the Early Intervention Family Support Service (EIFS)

2.3 The ESFA have re-iterated the government's intention to move to a 'hard' NFF for schools, where budgets will be set based on a single, national formula. The DfE recognise that this will represent a significant change and will work closely with LAs, schools and others to make this transition as smoothly as possible.

3. OVERALL CONSIDERATIONS

3.1 Until the DfE issue the final allocations to be based upon the October 2020 census and other data sets, it is difficult to quantify the impact.

3.2 For 2021-22, the national policy direction looks similar to 2020-21 with the ability of LAs to continue be able to set a Local Schools Funding Formula (LSFF) including the continuation of: -

- The mandatory inclusion in LAs LSFF of the national per pupil Minimum Funding Levels (MFLs), at the values in the school NFF.
- No gains cap in the DfE NFF, so that schools could attract their full core allocations under the formula. However, the DfE have confirmed LAs will be able to have a gains cap for affordability, which must be set at least as high as the MFG threshold.

3.3 The above issues have the potential to restrict LAs in their use of the Schools Block, as it is likely, as in previous years, all the funding will be required to implement the above LSFF parameters in particular: -

- For the MFLs in the LSFF for 2020-21 these were a substantial call on the additional Schools Block DSG, so this is anticipated again in 2021-22.
- Although any potential 0.5% transfer to High Needs is still in the national policy, these above restrictions will make that extremely difficult. It is suspected the DfE view is that is what the additional £730m in the High Needs DSG is designed for.

3.4 It is hoped the DfE will construct the PUF and SUF with their policy by increasing the Schools Block DSG for distribution. The funding of the MFLs will be challenging for LAs and LAs will need to assess their need to cap or not if there is an affordability issue.

3.5 The additional HN is welcomed but is only allowing most LAs to meet current demand and for most LAs it is a year behind as the pressures are current and will not cover the current DSG deficit.

4. TIMELINE

4.1 The timeline is detailed in **Table 3**.

Table 3: Timeline

DETAIL	DATE
Meeting of the WSF to discuss and agree continuing with the current arrangements in 2020-21 into 2021-22	15 September 2020
Meeting of the WSF to consider their decisions for de-delegated and centrally retained services	5 November 2020
Report to Cabinet making recommendations for the Local Schools Funding Formula (LSFF), de-delegated and centrally retained budgets for 2021-22	10 December 2020
Confirmation by the DfE/ESFA of: - <ul style="list-style-type: none">• October 2020 census data and other 2020 data sets• Final LSFF Authority Proforma Tool (APT) for 2021-22• DSG Allocations for 2021-22	) Late) December) 2020
LA to consider impact of the new October 2020 data sets for LSFF APT submission for 2021-22	Late December 2020/Early January 2021

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Meeting of the WSF to: - <ul style="list-style-type: none"> Consider impact of the new October 2020 data sets Agree submission for the final LSFF APT 2021-22 to the ESFA 	21 January 2021
LA to submit final data for Schools Budget DSG LSFF APT for 2021-22	21 January 2021
LA to confirm School Budget Shares 2021-22 for their maintained mainstream schools	By 28 February 2021
LA to confirm initial School Budget Shares 2021-22 for their maintained specialist providers	By 28 February 2021
ESFA to confirm General Annual Grant (GAG) 2021-22 to academies	By 31 March 2021

FAIR FUNDING CONSULTATION OUTCOMES 2021-22
WORCESTERSHIRE SCHOOLS FORUM (WSF) ISSUES, DECISIONS AND
RECOMMENDATIONS SEPTEMBER AND NOVEMBER 2020

As the statutory consultation body for schools funding issues and local schools' formula development, the Worcestershire Schools Forum (WSF) met to receive and discuss the national Fair Funding Policy Direction and Local Issues as follows: -

- On 15 September 2019 for the overall outcomes of the Department for Education (DfE) policy direction for the National Funding Formula (NFF) and for consideration of potential local issues for 2021-22.
- On 5 November 2020 for the outcomes of the local policy direction and required decisions for Schools Block DSG transfer, de-delegated and centrally retained services for 2021-22.

The main areas discussed are detailed in the following sections.

ISSUES CONSIDERED AT THE WORCESTERSHIRE SCHOOLS FORUM ON
15 SEPTEMBER 2020

The WSF considered and debated the Government's school funding and NFF policy announcements and draft communication to schools.

The WSF endorsed and approved: -

- The continuation of the existing local policy arrangements for 2020-21 into 2021-22 for the Local Schools Funding Formula (LSFF) to be based upon the DfE NFF parameters as far as is practicable and affordable.
- No transfer of Schools Block DSG into the High Needs Block DSG to support cost pressures.
- The continuation of the current arrangements for 2021-21 into 2021-22 for de-delegation for maintained mainstream schools and centrally retained services for all schools.

In doing this the WSF noted with LSFF the need for stability so supported the continuation of a LSFF based upon the NFF parameters Year 4 and that school budget allocations will differ between 2020-21 and 2021-22 due to: -

- The MFG and capping calculation for 2021-22 having to be based upon the revised NFF parameters.
- The **mainstreaming into the DSG of the former specific grants for teachers pay and employers pension contributions** on a per pupil rate into the Age Weighted Pupil Unit (AWPU).
- Data not yet available from the October 2020 and other 2020 DfE data sets, including prior years, which must be used for the 2021-22 allocations.
- The final Schools Block Dedicated Schools Grant quantum for 2021-22, which will not be notified by the DfE until late December 2020.
- The need to continue to incorporate the mandatory DfE sector Minimum Funding Levels (MFLs) in the LSFF.

ISSUES CONSIDERED AT THE WORCESTERSHIRE SCHOOLS FORUM ON 5 NOVEMBER 2020

1. Local Schools Funding Formula (LSFF)

The WSF further considered the issues for the LSFF for 2021-22 to continue to be based as far as is practicable and affordable on the DfE NFF Year 4 parameters.

The WSF noted: -

- The proposal by the DfE for mandatory Minimum Funding Levels (MFLS) in LAs LSFF.
- Despite the LSFF being based upon the DfE NFF there is still not enough resource in the school funding system to support significant demands and cost pressures.

The WSF further noted no contra indications had been received from schools and concluded overall that this gave credence to continuing with the DfEs NFF based model in 2021-22 for the LSFF.

The WSF **resolved to endorse** this approach for the LSFF in 2021-22 and for it to continue as far as is affordable and practicable to using the DfE Year 4 NFF parameters using the DfE required data sets and formula factors as detailed in paragraph 33 of this report, noting the potential impact of this on individual school allocations discussed at its previous meetings.

In doing this the WSF **noted** the requirements of the NFF as the LSFF in 2021-22 as far as affordable and practicable including the effect of: -

- The actual schools block DSG allocated.
- The mandatory sector Minimum Funding Levels (MFLs) per pupil.
- The Minimum Funding Guarantee (MFG) of between +0.5% and +2.00% per pupil in each year.
- The potential need for a relevant cap per pupil yet to be determined for affordability purposes.

The WSF **further noted** the estimated LSFF NFF units of resource and these may need to be reviewed together with the need for a capping % yet to be determined in January 2021, as required, to take account of: -

- October 2020 census data impact and requirements including use of estimated data for changes in school age ranges if required.
- Other DfE prescribed 2020 data changes including those from prior years.
- The final Schools Block Dedicated Schools Grant for 2021-22.
- Statutory requirements relating to the Minimum Funding Guarantee (MFG)/Capping and the School and Early Years Finance (England) Regulations.

As in previous years the WSF noted the LSFF model for 2021-22 will **not** include factors for:

- Pupil Mobility – although part of the NFF not deemed to be a significant issue.

- Looked After Children (LAC) – not part of the NFF and previous funded reflected in the previous increase in the separate LAC Pupil Premium Grant.
- Higher Teacher Costs – only applies to London fringe Local Authorities.

2. Potential to Transfer Schools Block Funding to Support High Needs Budget Pressures

The WSF considered its statutory responsibility in making a decision on the proposed transfer.

In line with the Schools Forum (England) Regulations 2012, the Worcestershire Schools Forum **resolved NOT to approve** any transfer of funding in 2021-22 from the Schools Block to support High Needs budget pressures.

3. Delegation and De-delegation of Centrally Retained Dedicated Schools Grant Services for Maintained Schools

The WSF considered its statutory responsibilities in making decisions on the delegation or de-delegation of services for maintained schools only currently centrally retained in the Dedicated Schools Grant.

In line with the Schools Forum (England) Regulations 2012, the WSF maintained school members by phase considered these areas. By phase these WSF members **resolved to approve** to either delegate or de-delegate these areas in 2021-22 as detailed in this report in paragraphs 36 to 38 together with the method of delegation or de-delegation proposed.

4. Centrally Retained Dedicated Schools Grant Services

The WSF also considered its statutory responsibilities in making decisions on other centrally retained services for all schools retained in the Dedicated Schools Grant.

In line with the Schools Forum (England) Regulations 2012, the WSF **resolved to approve** the continued central retention in 2021-22 of the centrally retained services as detailed either limited to the 2017-18 budget level or as prescribed by the DfE (indicative budgets are shown either limited to previous year levels or **estimated** funding subject to final clarification and change) as detailed in this report paragraph 39 for: -

- Copyright Licensing Agency (CLA) and Music Publishers Association (MPA) licences (subject to DfE prescription) – £0.41m **estimated**.
- Contributions to Combined Services – the Early Intervention Family Support (EIFS) service budget – £0.96m **actual** (reflecting the 2020-21 amount being reduced by a further 20% because of the DfE reduction to all LAs Central Services Schools Block DSG).
- Co-ordinated admissions scheme – £0.60m **actual**.
- Servicing of the Schools Forum – £0.06m **actual**.
- Services previously funded by the retained rate of the Education Services Grant – £1.26m **actual**.

5. Pupil Growth Fund

The WSF considered a report on the operation of the LAs Pupil Growth Fund (PGF), which forms part of the Schools Block DSG and provides in-year revenue funding to support LA basic need requirements not supported through the DfEs lagged funding arrangements. The WSF were given options to consider changes to the existing PGF qualification criteria.

The WSF **resolved to approve** changes to the criteria to provide per pupil funding to based upon the DfE Minimum Funding Levels (MFLs) in 2020-21 from September 2020.

6. Overall

In terms of all their deliberations and decisions above, the WSF **resolved** that these be communicated to the Worcestershire County Council Cabinet as required.