

Report Title:	School Budget Funding 2021/22 Consultation Review
Contains Confidential or Exempt Information?	No – Part I
Lead Member:	Councillor Stuart Carroll - Deputy Chairman of Cabinet, Adult Social Care, Children’s Services, Health and Mental Health
Meeting and Date:	Schools Forum 21 January 2021
Responsible Officer(s):	Kevin McDaniel - Director of Children’s Services James Norris - Head of Finance Achieving for Children (RBWM)
Wards affected:	All

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REPORT SUMMARY

Following the Schools Forum report dated 19th November 2020 and the consultation undertaken with schools in respect of the proposed school budget formula for 2021/22 the purpose of this report is to provide the Schools Forum with:

- a summary and brief analysis of the results of the consultation
- details from the consultation to enable a decision on which budget model should be implemented.
- an update on the Growth Fund allocation 2021/22
- an update on the proposed de-delegation rates for 2021/22 (maintained schools only)

1. DETAILS OF RECOMMENDATION

1.1 **RECOMMENDATION:** That Schools Forum notes the contents of the report and:

- Agrees to adopt model 1 as set out in paragraph 2.4
- Agrees de-delegation rates for 2020/21 as set out in table 1 (maintained schools only)
- Notes the planned Early Years formula consultation.

2. BACKGROUND

2.1 School Funding is received through the Dedicated Schools Grant (DSG), and is split into four blocks, each with its own formula to calculate the funding to be distributed to each local authority.

- Schools Block – funds mainstream primary and secondary schools through the school formula, and growth funding for new growing schools/bulge classes

- High Needs Block – funds places in special schools, resource units and alternative provision, and top up funding for pupils with EHCPs in all settings including non-maintained, independent, and further education colleges
- Early Years Block – funds nursery schools, nursery classes in mainstream schools, and early year’s settings in the private, voluntary and independent (PVI) sector through the free entitlement for 2, 3 & 4 year olds
- Central Schools Services Block – funds services provided by the local authority centrally for all schools, such as the admissions service

2.2 The DSG must be deployed in accordance with the conditions of grant and the latest School and Early Years Finance (England) Regulations. Detailed guidance is contained within various operational guidance documents issued by the Education Funding & Skills Agency (EFSA). The latest Operational guidance can be found at the following link:

<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2021-to-2022>

2.3 At the Schools Forum on 19th November 2020 it was agreed that a consultation would be undertaken on the principles relating to a number of formula factors impacting on the Schools Budget allocation, funding formula for 2021/22 and migration towards the National Funding Formula (NFF).

2.4 At the request of Schools Forum (November 2020) it was agreed three models would be consulted on. A summary of the proposed formula changes are reflected in the models 1, 2 and 3 as listed below:

Model 1 – local priority focus with Minimum Funding Guarantee (MFG) at 0.5%

- Deprivation funding – increased allocation in Income Deprivation Affecting Children Index (IDACI) and Free School Meals (FSM) ever 6 (which relates to pupils who have qualified for FSM at any point in the last 6 years) unit rates to remain at higher level than NFF,
- Optional Factor of funding Looked After Children (LAC) to remain at 2020-21 unit rate.
- Increase in English as an additional language (EAL) to NFF unit rates including Area cost adjustment (ACA).
- Minimum Per Pupil (funding) Level (MPPL) met in full.
- MFG retained at 0.5%.
- Balance of funding to be distributed via school lump sum.

Model 2 – local priority focus with MFG at 1.3%

- Deprivation funding – increased allocation in IDACI and Free School Meals (FSM) ever 6 unit rates to remain at higher level than NFF,
- Optional Factor of funding Looked After Children (LAC) to remain at 2020-21 unit rate.

- Increase in English as an additional language (EAL) to NFF unit rates including Area cost adjustment (ACA).
- MPPL met in full.
- MFG increased from 0.5% to 1.3%.
- Balance of funding to be distributed via school lump sum.

Model 3 – NFF matching

- Deprivation funding – IDACI and FSM ever 6 unit rates reduced to match 2021-22 NFF & ACA.
- Optional factor of funding Looked After Children (LAC) reduced from £475.00 to £237.50 per eligible child.
- Increase in English as an additional language (EAL) to NFF unit rates including ACA.
- MPPL met in full.
- MFG increased from 0.5% to 1.25%.
- Balance of funding to be distributed via school lump sum.

3. RESPONSES TO THE SCHOOLS CONSULTATION

- 3.1 For each question included in the consultation a summary and brief analysis of the results with schools feedback is set out in appendix A.
- 3.2 An extract of the original consultation document is attached as appendix B.

4. ANALYSIS OF CONSULTATION RESULTS

- 4.1 The results of the consultation is shown in detail in appendix A. Consultation was on an individual school basis therefore weighted pupil percentages are for information only.
- 4.2 A total of 23 schools (39%) responded to the consultation representing 8,660 pupils (40%). This was an increase on previous response rates. The percentages set out in 4.3 to 4.7 are based on those schools that responded to the consultation, therefore, reflect the view of 39% of all schools.

- 4.3 The support for retaining MFG at 0.5% was supported by 65% (75%) of schools. Models 2 and 3 which were proposing a move to MFG at 1.3% and 1.25% received 17% (12%) and 13% (9%) support respectively.
- 4.4 Targeting funding at local priorities, such as deprivation funding, was supported by 87% (74%) of schools. There were two secondary schools who did not support this approach.
- 4.5 The Looked After Children factor to remain at the current rate was supported by 91% (87%) of schools. Responses reflected on the COVID pandemic expressing this cohort of pupils needed continued additional support. One secondary school did not support this approach.
- 4.6 The proposal to target headroom at lump sum allowance was supported by 78% (72%) of schools. One primary and one secondary school were opposed to this approach, with three schools being unsure. Those schools opposed to this proposed use of headroom suggested an alternative methodology based on number on roll or further funding towards the deprivation factors would be more appropriate.
- 4.7 The responses demonstrated that model 1 with 74% (81%) of responses was favoured. This was consistent across all sectors.
- 4.8 One school commented that any funding model would not take into account the local needs of their school.

5. GROWTH FUNDING

- 5.1 The growth fund for 2020/21 is £954,000 with a forecasted expenditure of £504,000, the reported underspend is reflected in the latest monitoring report. The level of funding advised by the ESFA for 2021/22 in December 2020 is £679,635 this represents a 30% year on year reduction reflecting the reduced future demand on school places within the Borough.

6. DE-DELEGATION RATES

- 6.1 In accordance with the Schools Revenue Funding 2021 to 2022 Operational Guidance de-delegated services are for maintained schools only; funding for de-delegated services must be allocated through the formula but can be passed back, or 'de-delegated', for maintained mainstream primary and secondary schools with schools forum approval.
- 6.2 Schools Forum members for primary maintained schools and secondary maintained schools must decide separately for each phase whether the service should be provided centrally; the decision will apply to all maintained mainstream schools in that phase. They must decide on fixed contributions for these services so that funding can then be removed from the formula before school budgets are issued. There may be different decisions for each phase.

- 6.3 Any underspend on the de-delegated budgets will be retained within the Dedicated Schools Grant (Schools Block) and will be carried forward into the next financial year or repaid to the contributing schools.
- 6.4 The proposal is to keep the maintained schools de-delegated unit rates at 2019/20 unit rates. The largest fund within the de-delegation is the Maternity Pay costs. Although salaries and on-costs have increased, the overall charges to this account have decreased in the last three years. The proposed de-delegation rates for 2021/22 are shown in table 1.

Table 1 Proposed de-delegation unit rates 2021/2022

	Data	Unit Rate	Total Budget
Primary		£	£000
Contingency	Per Pupil	15	115
Behaviour Support	Per IDACI	50	53
Staff Costs (maternity and divisional reps)	Per Pupil	25	192
Secondary			
Contingency	Per Pupil	N/A	N/A
Behaviour Support	Per IDACI	N/A	N/A
Staff Costs (maternity and divisional reps)	Per Pupil	25	14

7. EARLY YEARS NATIONAL FUNDING FORMULA

- 7.1 The 2021/22 initial allocations for the early years block were announced in December 2020. Funding rates have increased by 8p per hour for two year olds and 6p per hour for three and four year olds.
- 7.2 Local authorities are required to consult providers on annual changes to their local formula. Schools forums must also be consulted on changes to local early years funding formulas, including agreeing central spend, although the final decision rests with the local authority.
- 7.3 It is not expected there will be any significant changes to the local formula for 2021/22, therefore, a short consultation is planned to be undertaken during the spring term 2021. Only one submission will be accepted per setting and school, responses will be collated and anonymised before being considered by the Schools Forum in April 2021.
- 7.4 As part of the consultation period a document providing guidance, context and the process for submission will be distributed to all settings and schools.

8. FINANCIAL DETAILS / VALUE FOR MONEY

- 8.1 The financial implications are set out in sections 2 to 7.

9. LEGAL IMPLICATIONS

9.1 There are no legal implications arising from this report.

10. RISK MANAGEMENT

10.1 There are no potential risks arising from this report.

11. POTENTIAL IMPACTS

11.1 Equalities. Equality Impact Assessments are published on the [council's website](#). The Equality Act 2010 places a statutory duty on the council to ensure that when considering any new or reviewed strategy, policy, plan, project, service or procedure the impacts on particular groups, including those within the workforce and customer/public groups, have been considered. There are no Equality Impact risks arising from this report.

11.2 Climate change/sustainability. There are no climate change/ sustainability risks arising from this report.

11.3 Data Protection/GDPR. There are no data protection/ GDPR risks arising from this report.

12. BACKGROUND DOCUMENTS

12.1 This report is supported by the following background documents:

- Schools revenue funding 2021 to 2022 Operational guide
<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2021-to-2022>
- DSG Conditions of grant 2021 to 2022
<https://www.gov.uk/government/publications/dedicated-schools-grant-dsg-2021-to-2022/dsg-conditions-of-grant-2021-to-2022>

13. CONSULTATION

13.1 There is no requirement for stakeholder consultation arising from this report.

14. TIMETABLE FOR IMPLEMENTATION

14.1 There is no timetable for implementation of any actions arising from this report.

15. CONSULTATION (MANDATORY)

Name of consultee	Post held	Date sent	Date returned
Cllr Stuart Carroll	Deputy Chairman of Cabinet, Adult Social Care, Children's	19-12-20	

Name of consultee	Post held	Date sent	Date returned
	Services, Health and Mental Health		
Duncan Sharkey	Managing Director	19-12-20	21-12-20
Vacant	Director of Place		
Adele Taylor	Director of Resources/S151 Officer	19-12-20	11-01-21
Kevin McDaniel	Director of Children's Services	19-12-20	21-12-20
Hilary Hall	Director Adults, Commissioning and Health	19-12-20	20-12-20
Andrew Vallance	Head of Finance	19-12-20	
Elaine Browne	Head of Law	19-12-20	21-12-20
Mary Severin	Monitoring Officer	19-12-20	21-12-20
Nikki Craig	Head of HR, Corporate Projects and IT	19-12-20	21-12-20
Louisa Dean	Communications	19-12-20	
Karen Shepherd	Head of Governance	19-12-20	21-12-20

REPORT HISTORY

Decision type: Schools Forum For Decision	Urgency item? No	To Follow item? No
Report Author: James Norris - Head of Finance Achieving for Children (RBWM)		