

SCHOOLS FORUM

14th JANUARY 2021

SCHOOLS BUDGET AND EARLY YEARS FUNDING FORMULA 2021-22

1. Introduction

- 1.1 The purpose of this report is to inform the Schools Forum about the 2021/22 funding position, and to seek the Forum's approval in respect of several issues associated with finalising the schools' budget and early years funding arrangements for 2021/22.

2. Background

- 2.1 The Dedicated Schools Grant (DSG) will continue to comprise four funding blocks in 2021/22: schools; high needs; early years and central school services. The total value of each block is determined by a national funding formula.
- 2.2 The national formula in relation to the schools block of the DSG is comprised of pupil-led factors (a basic amount of funding per pupil together with additional needs funding predominately based on deprivation, low educational attainment and English as an additional language); school-led funding (e.g. lump sum, sparsity); premises factors (e.g. rates allocations, split sites); and an area cost adjustment.
- 2.3 Local authorities will continue to use their existing formulae to calculate school budgets for 2021/22. During 2020/21 the government reconfirmed their commitment to transition to a national funding formula to determine individual school budgets, however they have not yet set out in any detail the consultation process and proposed timelines.
- 2.4 Local authorities are required to submit their finalised 2021/22 school funding formulae to the Department for Education (DfE) by 21st January 2021. The DfE uses a standard format (known as the Authority Pro-forma Tool or APT) to collect this data from local authorities.
- 2.5 The St Helens school funding formula has now been updated with the October 2020 school census information, on which 2021/22 school budgets will be based. The 2021/22 St Helens APT is attached at Appendix 1a. The APT relates only to the Schools Block of the DSG. School delegated budgets also include funding from the early years and high needs blocks of the DSG.

3. Dedicated Schools Grant 2021/22

- 3.1 On 17th December 2020, the indicative DSG allocations for 2021/22 were published. The indicative DSG for St Helens (prior to adjustments for Academy funding) is £165.957m. This represents an increase of approximately £13.1m over the 2020/21 funding level. The increase broadly comprises:

- £6.563m due to the increase in the level of the DSG nationally;
 - £5.457m following the transfer of the Teachers Pay Grant (TPG) and Teachers Pension Employer Contribution Grant (TPECG) into the DSG;
 - £1.186m due to an increase in the total number of St. Helens pupils compared to 2020/21;
 - £0.084m (reduction) technical adjustment relating to the residency of pupils attending provision either inside or outside of the borough.
- 3.2 Minimum per pupils funding levels for 2021/22 have also been confirmed as £4,180 per pupil for primary schools whilst secondary schools will receive £5,415. The minimum per pupil funding levels are inclusive of an additional amount (£180 per pupil for primary schools and £265 per pupil for secondary schools) to cover the teachers' pay and pension costs previously funded through separate specific grants.
- 3.3 Maintained nursery schools, and schools and academies with early years pupils, currently receive TPG and TPECG which includes early years pupils. In 2021/22 the DfE will continue to provide these grants to eligible schools separately from the DSG in relation to early years pupils. Further details are expected to be published during the Spring term.
- 3.4 Further adjustments will be made to DSG allocations throughout the year in respect of issues such as academy conversions, recouplement, early years headcount data and import / export adjustments.
4. School Funding Formula 2021/22
- 4.1 Based on the indicative DSG referred to in paragraph 3.1 above, the summarised school funding formula for 2021/22 is attached at Appendix 1a. The total amount of funding set out at Appendix 1a represents the DSG schools block allocation as published by the DfE on 17th December 2020. Individual school allocations are included at Appendix 1b.
- 4.2 It is important to note that the allocations included at Appendix 1b do not represent each school's total delegated budget for 2021/22. As stated in paragraph 2.5 above, schools also receive allocations from the high needs block of the DSG, and funding is allocated in respect of nursery pupils from the early years block. These allocations have not yet been finalised for 2021/22.
- 4.3 The Minimum Funding Guarantee for 2021/22 has been set at +1.84% which is the same rate as 2020/21. The MFG applies to 6 schools in 2021/22 and setting the MFG at this level will result in those schools receiving a funding increase of 1.84% rather than between 0.45% and 1.62%, which would be the unadjusted increases. All other schools will receive a funding increase of at least 1.84%.
- 4.4 £689k is set aside to fund increases in pupil numbers (basic need), including additional allocations in relation to infant class sizes. This amount also includes funding in respect of specific schools which, in agreement with the Council, have increased their Published Admission Number to accommodate localised demand for school places. The amount to be set aside is the allocation as determined by the DfE - there is no proposed transfer of funding from school budgets.

5. Pupil Premium Grant 2021/22

- 5.1 The Pupil Premium Grant is additional funding for schools to raise the attainment of disadvantaged pupils, including those who are looked after by a local authority, and supports children and young people with parents in the regular armed forces. It has been confirmed that the per pupil rates for 2021/22 will remain unchanged from 2020/21 and these are set out below. The Department for Education have confirmed that they will be using the October 2020 school census data to calculate pupil premium allocations. Exceptions to this include Alternative Provision and Pupil Referral Units where eligibility will continue to be based on the January census:

Pupil Premium	(£)
Primary Pupil	1,345
Secondary Pupil	955
Looked After Child / Former LAC	2,345
Service Child	310

Pupil Premium funding is not part of the DSG and, therefore, is additional to the school formula funding allocations that are included at Appendices 1a and 1b.

6. Central School Services Block and De-Delegated Funding

- 6.1 The central school services block (CSSB) funds local authorities for the statutory duties they hold. The CSSB brings together:

- funding previously allocated through the retained duties element of the Education Services Grant (ESG);
- funding for ongoing central functions previously funded from the schools block;
- funding for historical commitments previously funded from the schools block.

- 6.2 The services funded from the CSSB are set out in Appendix 2. Funding relating to the CSSB has reduced from £1.445m in 2020/21 to £1.426m in 2021/22. Funding within the CSSB is apportioned between ongoing services and historical commitments. It is the expectation of the DfE that historical commitments should by this stage be minimal, and that no new financial commitments should be entered into.

- 6.3 Since before the inception of the DSG, specific categories of costs have been managed centrally on behalf of some schools – these relate to lower value repairs for maintained schools (non-voluntary aided), and servicing contracts e.g. legionella, heating, ventilation, air conditioning. This expenditure is referred to in Appendix 2 as capital expenditure from revenue (CERA) and relates to the aforementioned historical commitments. As previously advised by the DfE, they have continued to significantly reduce funding to deliver historical commitments. The level of resource available for 2021/22 is such that the Authority is now only permitted to fund the costs of servicing contracts through the previous arrangements. Non-voluntary aided maintained schools will therefore need to meet the cost of lower value repairs (i.e. those under

£10,000) from their delegated budgets. This has been the position for voluntary aided maintained schools for a significant number of years and academies since their inception. Schools should also be minded that it is anticipated that the DfE will continue with their programme of winding down historical commitments and in future years, the cost of servicing contracts will also need to be met from delegated budgets.

- 6.4 The Schools Forum is required, on an annual basis, to confirm which services should be de-delegated for the financial year i.e. the Council would top-slice the funding from school budgets and continue to provide services on behalf of schools. Where a school phase opts to retain the money within their delegated budgets, individual schools are able to purchase the service through a service level agreement if available. The de-delegation of funds in respect of academies, special schools, nursery schools and pupil referral units is not permitted under the regulations and, therefore, the relevant funding is automatically included in their budget shares.
- 6.5 A summary of the services that may be de-delegated in relation to maintained primary and secondary schools, including the equivalent 2021/22 funding amounts, is included at Appendix 3. In addition, the decision taken by the relevant phase of the Schools Forum in respect of 2020/21 has been included for information.

7. Early Years Funding Formula

- 7.1 The DfE provides local authorities with six funding streams that together form the early years block of the DSG:

	Initial Allocation 2021/22
The early years entitlement for disadvantaged two years olds	£1.825m
The early years universal entitlement for three- and four-year olds	£6.620m
The early years additional entitlement for three- and four- years old children of eligible working parents	£3.117m
Maintained nursery schools	£0.072m
Early years pupil premium	£0.108m
Disability Access Fund	£0.059m
TOTAL	£11.801m

- 7.2 In 2021/22, the early years entitlements referred to in the above table are:

- 15 hours for disadvantaged two-year-olds;
- a universal 15 hours entitlement for all three- and four- year-olds; and
- an additional 15 hours entitlement for eligible working parents of three and four-year-olds.

- 7.3 The requirement that local authorities must plan to spend at least 95% of the funding streams relating to three- and four-year-olds, on the delivery of the government entitlements for these groups is unchanged for 2021/22. The requirement to have a Special Educational Needs (SEN) Inclusion Fund in place to support children with additional needs also remains.
- 7.4 The early years block of the DSG for 2021/22 has increased by £0.238m from the previous year. Of this, approximately £0.146m relates to the Authority's share of additional monies for early years that have been made available nationally. There has been an eight pence increase to the hourly rate for the two year old educational entitlement and a six pence increase to the hourly rate for the three and four year old educational entitlement. It is proposed that the hourly rates paid through the local early years funding formula are increased in line with the uplifts provided by the DfE:
- £5.11 in respect of the two-year-old educational entitlement (which allows for 5% to be retained centrally);
 - £4.14 for all categories of provider in respect of the three- and four-year-old educational entitlement (which allows for 5% to be retained centrally). Deprivation top ups will remain unchanged from 2020/21.

The proposed allocation of the 2021/22 Early Years Block is set out below:

	£m	£m
Early Years Entitlement for 3/4 year olds:		
- Provider funding	8.851	
- Central expenditure (i.e. Free Early Years Education Entitlement team, Early Years Quality & Inclusion team, Early Years CWD Service)	0.486	
- SEN Inclusion Fund	0.250	
- Contingency	0.150	9.737
Early Years Entitlement for 2 year olds:		
- Provider funding		1.734
- Central expenditure (i.e. Free Early Years Education Entitlement team, Early Years Quality & Inclusion team, Early Years CWD Service)		0.091
Maintained Nursery School		0.072
Early Years Pupil Premium		0.108
Disability Access Fund		0.059
TOTAL		11.801

8. Recommendations

The Schools Forum is requested to:

- 8.1 Note the contents of the report.
- 8.2 Approve the Authority Pro-forma Tool (APT) at Appendix 1a for submission to the Department for Education.
- 8.3 Confirm the utilisation of the central school services block at Appendix 2.
- 8.4 Confirm de-delegation arrangements for 2021/22 for the primary and secondary maintained school phases.
- 8.5 Approve the proposed allocation of the 2021/22 DSG early years block and funding rates detailed at paragraph 7.4.