



Report to Schools Forum

Date: 8th December 2020

Title: School Budget Proposals 2021-22

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Recommendations:

Schools Forum is asked to:

- a. Note the information set out in the report, including the accompanying appendices and to note the modelling is on indicative allocations. Final allocations are due in December 2020, which will be used to update the model.
- b. Confirm the MFG value at 0.5%.
- c. To note the updated modelling for the Central Schools Services Block and the increased allocation for the High Needs Block for 2021-22.

1. Purpose of Report

- 1.1. The purpose of this report is to update Schools Forum on the modelling of the local funding formula for 2021-22.
- 1.2. Updated modelling is also provides for the Central Schools Services Block.
- 1.3. Work continues on the development of the DSG Management Plan template and this will inform the future model for demand against high needs budget to be considered by Schools Forum in January 2021.

2. Background

- 2.1. In October Schools Forum considered the updated Schools Revenue Funding 2021 to 2022 Operational [Guide](#) issued by the DfE and agreed the principles for the local funding formula in 2021-22 as follows:
 - a) Adopt the National Funding Formula factors.

- b) Adopt the Minimum Per Pupil funding levels at the values defined in the NFF and prorate (scale) of all other factors in the formula to match the available allocation of funding from the DfE.
- c) Set a Minimum Funding Guarantee (MFG) at +0.5%.
- d) Use capping of gains per pupil to pay for the cost of protecting schools where the formula reduces their budget by more than the MFG of 0.5%.

2.2. It was further agreed not to consult with schools on any change to the MFG or on any proposals to move funding between DSG blocks.

3. Indicative DSG Allocation 2021-22

3.1. The provisional DSG allocation for the Schools Block, High Needs Block and Central Schools Services Block is as follows:

Provisional DSG Allocation 2021-22				
DSG Block	Provisional Allocation 2021-22	Comparative figure for 2020-21	Increase/(Decrease)	% Change
	£m	£m	£m	
Schools	368.613	353.466	15.147	4%
High Needs	98.811	89.957	8.853	9%
Central Schools Services	5.641	6.454	(0.813)	-14%
Total	473.066	449.878	23.188	5%

3.2. The provisional allocation is based on the October 2019 census and will be updated for the October 2020 census in December. It should be noted that the IDACI data within the schools block allocation has been updated in the provisional allocation, all other pupil characteristic data remains unchanged.

3.3. The allocation for the schools block excludes the allocation for growth funding, a calculator is provided to local authorities to enable the potential growth funding to be estimated.

4. Schools Block – Modelling of the 2021-22 Formula

4.1. Using the indicative allocations as noted above, the local funding formula has been modelled. As a result of the changes to IDACI data initial calculations indicated that the number of schools that may lose funding compared with the previous year has increased. As a result of this two options for the MFG have been modelled:

- Model 1: 0.5% MFG – as agreed by Schools Forum in October
- Model 2: 2.0% MFG

4.2. If the second option is favoured, further consultation with schools would be required in order to change the value of the MFG. Based on the October 2019 census data, both models are affordable within the Schools Block allocation without needing to cap any gains.

4.3. Appendices 1 to 3 show the impact of the two models on funding rates, funding levels and school by school allocations. The impact is summarised below:

Illustrative Funding Levels	2020-21 Final Rates	2021-22 Indicative Funding Model 1 (0.5% MFG)	2021-22 Indicative Funding Model 2 (2.0% MFG)
Scaling Factor (% of NFF)	100%	100%	100%
	£m	£m	£m
Total through funding formula	341.982	370.659	370.739
Growth Fund	1.653	1.612	1.532
Total Cost to Schools Block	343.635	372.271	372.271
Met from:			
Pupil Led Funding	336.666	364.282	364.282
Premises Funding	3.831	4.332	4.332
Growth Fund	3.138	2.464	2.464
Transfer from Reserves/Growth Fund underspend from Previous Year	0	1.193	1.193
Total Funding Available	343.635	372.271	372.271
Number of Schools Protected	5	14	22
Number of Schools Capped	0	0	0
	£	£	£
Cost of MFG Protection	186,421	172,558	251,900

4.4. Schools Forum Funding Group considered the two models at their meeting of 20th November and have recommended that the principle set by Schools Forum on 13th October of a 0.5% MFG should continue to be applied.

5. Growth Fund

5.1. Appendix 4 shows the estimated use of growth funding in 2021-22 based on the current agreed criteria. The summary for the current year indicates that there will be an underspend against the allocation in the current year however costs in 2021-22 are projected to be higher and therefore the underspend will need to be rolled forward as an earmarked reserve to support the growth fund requirements in 2021-22.

5.2. The schools revenue funding guidance from the Department for Education (DfE) states that *“local authorities should report any unspent growth funding remaining at the year-end to the schools forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth. Any overspent growth funding will form part of the overall DSG surplus or deficit balance.”*

6. Central Schools Services Block (CSSB)

6.1. The CSSB continues to provide funding for local authorities to carry out central functions on behalf of maintained schools and academies, comprising two distinct elements:

- ongoing responsibilities
- historic commitments

6.2. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 6.45%.

6.3. In 2021 to 2022 historic commitments funding will be reduced by 20%. The guidance confirms that local authorities will be protected against a reduction that takes the allocation below the level of spend on Premature Retirement Costs. Whilst this is not an issue for Buckinghamshire in year 1, it will become important in future years that this protection is retained.

6.4. The indicative reduction in the CSSB for 2021-22 is £813k. Appendix 5 summarises the projected allocation for the CSSB over the next 4 years. It is projected that the reduction can be met in 2021-22 without reduction to front line service delivery however in future years proposals will need to be brought to Schools Forum to reduce costs in line with the reduction in funding.

7. High Needs Block

7.1. The provisional allocation for the High Needs Block in 2021-22 is £98.811m, an increase of £8.853m compared to the current year. This increase includes provision of £1.298m for the former teachers' pay grant (TPG) and teachers' pension and employer contribution grant (TPECG) which will need to be passed on to schools and alternative providers. This leaves an increase of £7.555m to be allocated to pressures within the High Needs Block.

7.2. As part of the work on the DSG Management Plan template modelling work is taking place to project the numbers of children and types of need requiring support over the next few years. This modelling will enable the commitments against the high needs budget to be better understood for budget setting purposes. Potential calls on this funding will include the demand for placements in other local authority

schools and supporting the transition to the new top up funding model, initially for special schools.

7.3. Detailed modelling on the HNB, to include updated forecasts for this year and projected demand in future years, will be brought to the January meeting.

8. Early Years Block

8.1. The Early Years Block for 2021-22 will be announced in December 2020. The initial allocation will be based on the January 2020 census.

9. DSG Balances

9.1. In the budget monitoring report the current level of DSG reserve is confirmed as £86k. The projected overspend in 2020-21 will therefore result in a deficit against the DSG reserve. Paragraph 5.1 in this report also identifies the requirement for a projected underspend against the growth fund in 2020-21 to be earmarked against expenditure in 2021-22. This will impact on the level of DSG deficit in 2021-22.

