



Report to Schools Forum

Date: 19th January 2021

Title: School Budget Proposals 2021-22

Author: Liz Williams, Head of Finance – Children’s Services

1. Purpose of Report

1.1. The report sets out latest information on the 4 blocks of the Dedicated Schools Grant (DSG) based on the October 2020 census and other up to date information as published by the Department of Education (DfE) on the 17th December 2020. The report sets out the implications of the allocations and budget proposals for each block and recommendations for each block are included in the relevant section of the report.

2. DSG Allocation 2021-22

Recommendation

a) To set the overall Dedicated Schools Budget at £513.019m in line with the funding allocation announced on 17th December 2020.

2.1. Table 1 gives the latest allocations with a total of £513m before recoupment for DSG in 2021-22, and updates previous information reported to Schools Forum. Buckinghamshire will receive an increase of £7.352m compared with the indicative 2021-22 settlement which is an increase of £30.54m on the comparative 2020-21 total DSG (adjusted for Teachers pay and pension grants):

	Schools Block £m	Central Schools Services Block £m	High Needs Block £m	Early Years Block £m	Total DSG £m
DSG Allocation 2021-22 (December 2020)	374.863	5.908	99.241	33.007	513.019
Indicative Allocation (October 2020)	368.613	5.641	98.811	32.601	505.667
Change	6.250	0.267	0.431	0.405	7.352
<i>For info:</i>					
2020-21 Comparative Settlement	353.466	6.454	89.957	32.601	482.478
Change from 2020-21	21.397	(0.546)	9.284	0.405	30.540

Section A

Recommendations

- a) To agree the allocation of funding to mainstream schools based on the local funding formula for schools agreed in December 2020, updated for the October 2020 census data.
- b) To confirm the criteria for the Growth Fund in 2021-22.

3. Schools Block

- 3.1. School Block's allocations for Buckinghamshire are now based on the October 2020 census and reflect the national increase of 4% to the formula's core factors, as well as the minimum per pupil funding.
- 3.2. Table 2 compares the December 2020 allocation and the indicative allocation that was based on the previous year's census data:

	Pupil Numbers	Pupil Led Factors £m	Premises Led Factors £m	Growth Funding £m	Total 2021-22 £m
DSG Allocation 2021-22 (December 2020)	75,424.00	368.074	4.331	2.458	374.863
Indicative Allocation	74,701.50	364.282	4.331	0.000	368.613
Change from indicative settlement	722.50	3.791	0.000	2.458	6.250

- 3.3. The increase of £6.250m is due to:

- Growth Fund: £2.458m, the indicative settlement did not include an estimate of the growth fund
- Change in pupil numbers: £3.791m

- 3.4. In 2021 to 2022, as in previous years, each local authority will continue to set a local schools funding formula, in consultation with local schools. The government will put forward plans to move to a 'hard' National Funding Formula (NFF) in the future, which will determine school funding allocations directly, rather than local funding formulae. It is expected that further information on that process will follow in due course during the next financial year.
- 3.5. The local funding formula model as agreed by Schools Forum in December 2020 has been recalculated using the updated allocations. The model uses the NFF rates with a +0.5% Minimum Funding Guarantee (MFG) and a provision for Business Rates (Model 1 in the December Schools Forum papers). Table 3 summarises the funding levels for 2021-22 compared with the indicative settlement and with the current year:

	2020/21 Final Rates	2021/22 Indicative Model	2021/22 Final Model
Scaling factor (% of NFF)	100%	100%	100%
	£m	£m	£m
Total through funding formula	341.982	370.659	373.874
Growth Fund	1.653	1.612	2.116
Total cost to schools block	343.635	372.270	375.990
Met from:			
Pupil Led Funding	336.666	364.282	368.074
Premises Funding	3.831	4.331	4.331
Growth Funding	3.138	2.464	2.458
Transfer from Reserves	0.000	1.193	1.127
Total Funding Available	343.635	372.270	375.990
No. of Schools Protected	5	14	20
No. of Schools Capped	0	0	0
Cost of MFG Protection (£)	186,421	172,558	224,565

3.6. In 2021/22 20 schools will attract the minimum funding guarantee, 3 of which were previously protected in 2020/21.

3.7. The 3 Schools previously protected in 2020/21 have been protected for a number of years due to organisational changes (Amalgamations/Federations). Of the other 17 schools the majority have been protected due to the subsuming of the teachers pay/pension grants in to the school budget share from 2021/22, these school are deemed to be small and where previously funded through the grants at a default 100 pupils this is not replicated through the formula. The remaining schools are protected due to changes in the profile of pupils in part due to the changes in the IDACI data.

3.8. Appendix 3 gives funding allocation information at school level. For maintained schools the allocations are prior to the deduction for de-delegated services. Final allocations to individual's schools, via the Schools Budget Share template will include this adjustment.

3.9. The recalculated model reflects the agreed growth fund methodology. This means schools in receipt of growth fund for agreed pupil numbers will now see this funding in their school level details.

3.10. The details, including schools level allocations, are given in the Appendices:

- Appendix 1 - Recalculated Funding Rates
- Appendix 2 - Recalculated Funding Levels
- Appendix 3 - Comparison by School
- Appendix 4 - Growth Fund overview

3.11. Schools Forum is asked to continue with the model agreed in December 2020, updated for the latest data and allocations.

4. Growth Fund

4.1. Appendix 4 shows the estimated use of growth funding in 2021-22 based on the criteria agreed in [January 2020](#). These can be summarised as follows:

- 1) Growth to meet increases in pupils numbers in existing schools – where it has been agreed with a school to increase a school’s PAN on a permanent basis, this is reflected in an adjustment to the pupil numbers via the Local Authority Planning Tool (APT), with funding through all of the per pupil formula factors.
- 2) Where it is a temporary increase in pupil numbers or it is unclear as to exactly where growth is needed, this is dealt with outside of the schools funding formula as a growth fund project.
- 3) Start-up funding for new schools will be at DfE’s Growth Factor Lump Sum rate for Primary schools and twice the DfE’s Growth Factor Lump Sum rate for Secondary schools.
- 4) Pupil numbers for new schools are included in the APT at 30 pupils per open class for each ‘new’ year group.
- 5) Diseconomies Funding for new schools is based on a per pupil arrangement, with guaranteed funding of all open year groups at 27 pupils per class.

4.2. 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.

4.3. Schools Forum is asked to agree the criteria for the growth fund.



Section B

Recommendation

- a) To agree the Central Schools Service Block budgets for 2021-22 as detailed in Appendix 5.

5. Central Schools Services Block (CSSB)

5.1. 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

5.2. The final allocation for ongoing responsibilities in 2021-22 has been amended to include an allocation for teachers' pension employer contributions funding for centrally employed teachers, this increases the unit rate by £3.19 per pupil. In 2021 this was funded through a separate grant based on claims made by each local authority.

5.3. In 2021 to 2022 historic commitments funding will be reduced by 20% compared with 2020-21. 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.

5.4. The 2021-22 allocation is summarised as follows:

Central Schools Services Block	Pupil Numbers	Unit Rate £	Funding for Ongoing Commitments £m	Funding for Historic Commitments £m	Total 2021-22 £m
2021-22 Allocation (December 2020)	75,424.00	38.84	2.929	2.979	5.908
Indicative Allocation (October 2020)	74,701.50	35.65	2.663	2.979	5.642
Change from Indicative Allocation	722.50	3.19	0.266	0.000	0.266
Memorandum - comparison with 2020-21					
2020-21 Allocation	74,701.50	36.56	2.731	3.723	6.454
Change from 2020-21 Allocation			0.198	(0.745)	(0.546)

5.5. Table 5 shows the projected impact of these changes on CSSB allocations over the next 4 years.

Table 5: Central Schools Services Block (CSSB) : projected DSG Allocations			
	2022-23	2023-24	2024-25
On-going commitments (2.5% reduction in unit rate each year from 2020-21)			
Per pupil Rate assume 2.5% reduction each year	£34.76	£33.89	£33.04
*Pupil numbers -census data	75,424.00	75,424.00	75,424.00
Teachers Pension Employer contributions	3.19	3.19	3.19
Total On-going commitments	£2,621,644	£2,556,103	£2,492,200
Total Pension Contributions	£240,603	£240,603	£240,603
Total Ongoing Commitments	£2,862,247	£2,796,705	£2,732,803
Reduction in Ongoing Commitment DSG each year	(£67,222)	(£65,541)	(£63,903)
Historic Commitments 20% reduction on 2021-22 figures each year			
	£2,382,848	£1,787,136	£1,191,424
Total CSSB Allocation	£4,457,839	£3,462,133	£2,468,050

5.6. Appendix 5 shows the proposed budget for 2021-22 for the CSSB and the estimated shortfall in future years. It is estimated that the reduction can be managed in 2021-22 without impacting on service delivery however savings will be required in future years.

5.7. As a result of the estimated reduction in both elements of the CSSB, Table 6 shows the savings that will need to be made across the CSSB over the next 5 years:

Table 6 :CSSB Savings	2021-22	2022-23	2023-24	2024-25
Total savings to be found:	0	(£354,153)	(£1,044,291)	(£1,733,426)

5.8. Schools Forum is asked to agree the Central Schools Services Block budgets for 2021-22 as outlined in Appendix 5.

Section C

Recommendation

- a) To agree the budget for the High Needs Block in 2021-22 as detailed in Appendix 6.

6. High Needs Block

- 6.1. The allocation for the High Needs Block in 2021-22 is £99.241m, an increase of £9.284m compared to the current year. This increase includes provision of £1.351m 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 £7.933m to be allocated to pressures within the High Needs Block.
- 6.2. The forecast for high needs expenditure in 2020-21 indicates that the high needs budget could be exceeded by up to £5m in the current year. Further work is taking place to review the forecast and pupil data for post-16 students being supported in college placements before the forecast can be finalised.
- 6.3. Appendix 6 to this report outlines the current forecast (to be updated for the outcome of the work on post-16 costs) and the draft budget for 2021-22. The assumptions in relation to growth in demand are summarised in Table 7 below.

Budget Assumption	Proposed Growth £'000	For info	
		Current Budget £'000	% Change £'000
Special Schools - increase budget to include transitional costs of new top up allocation methodology and changes to place numbers agreed with schools	1,011	35,135	3%
Additional Places and Exceptional Support - increase budget in line with demand. Spend has exceeded budget in 2020-21 and	387	513	75%
Independent Special Schools - budget to increase to reflect additional demand	400	14,600	3%
Post-16 colleges - increase in demand for post-16 provision	2,798	8,068	35%
Support for pupils with EHCPs in mainstream schools	981	9,659	10%
ARP provision in mainstream schools - projections of demand currently indicate demand to be relatively stable therefore budget to increase to current levels of spend.	300	3,950	8%
Placements for pupils with EHCPs in other LA schools - current spend is exceeding budget, projections of demand for EHCPs indicate numbers of children to be placed in OLA schools is expected to increase	1,965	2,497	79%
Educational equipment - demand increase	50	250	20%
Virtual School Team - salary inflation applied at 2%	14	706	2%
Support for pupils without EHCPs in mainstream schools	-150	1,076	-14%
Changes in demand	7,756		
Teachers Pay and Pension Grant - new responsibility	1,351		
Total increase in budget compared with current 2020-21 budget	9,107		

- 6.4. These assumptions have been developed in line with projected demand for 2021-22 in order that key pressures are provided for.
- 6.5. The development of the SEND Sufficiency Strategy, due to be issued for consultation this term, will inform both demand and costs into future years. The development of a DSG deficit management plan will need to take this strategy into account to support mitigating actions over the short to medium term to reduce high needs block spend. To support and oversee the development of the DSG deficit management plan the Service Director for Education is to set up a DSG Recovery Board. A separate report on this agenda details the initial scope and terms of reference for this Board and Schools Forum is asked to consider representation from Schools Forum on this Board in order that plans can be co-produced.



Section D

Recommendation

- a) To agree the Early Years Single Funding Formula (EYSFF) for 2021-22.

7. Early Years Block

7.1. The Department of education (DfE) provides local authorities with six relevant funding streams which together form the Early Years block of the Dedicated Schools Grant (DSG). They are:

- the early years universal entitlement for three and four year olds (15 hours)
- the early years additional entitlement for three and four year old children of eligible working parents (additional 15 hours)
- the early years entitlement for disadvantaged two year olds (15 hours)
- supplementary funding for Maintained Nursery Schools (MNS)
- the Early Years Pupil Premium (EYPP)
- the Disability Access Fund (DAF), £615 per pupil per year

7.2. The Early Years Block for 2021-22 was announced on 17th December 2020 and includes an increase of 6p in the hourly rate for 3 and 4 year olds and an increase of 8p per hour for vulnerable 2 year olds. The allocation is based on the pupil census for January 2020 and is summarised in table 8 below:

Early Years Initial Allocations 2021-22	Universal Entitlement for 3 & 4 year olds £m	Additional 15 hours entitlement - 3 & 4 year olds £m	Funding for 2 year old entitlement £m	Early Years Pupil Premium £m	Disability Access Fund £m	Supplementary funding allocation for maintained nursery schools* £m	Total Early Years Block £m
December 2020 Allocation	22.045	7.610	2.913	0.135	0.098	0.205	33.007
2020-21 Allocation	21.768	7.514	2.874	0.135	0.105	0.205	32.601
Change	0.277	0.096	0.040	0.000	(0.007)	0.000	0.405
*The allocation for September 2021 to March 2022 is conditional and may change							

7.3. Local authorities are required to pass at least 95% of their three and four year old funding from Government to early years providers. This pass-through requirement ensures that the vast majority of Government funding reaches providers so that they can deliver the free entitlements. Excluded from this calculation (and from Buckinghamshire's local funding formula) is the funding for: the entitlement for disadvantaged two year olds; payments to Maintained Nursery Schools (MNS) from the MNS supplementary funding allocation; the Disability Access Fund (DAF) and the Early Years Pupil Premium (EYPP).

7.4. There is no pass-through requirement for 2 year olds, but Buckinghamshire Council will continue to allocate 5% of the 2 year old funding to central spend to support this service provision, as agreed in the last 3 years.

7.5. Local authority compliance with the 95% pass-through requirement is measured with reference to local authorities' planned budgets. The DfE will monitor compliance via the annual s251 budget returns and may consider the future use of s251 outturn data to monitor compliance with the pass-through.

7.6. The Early Years Forum will meet on 11th January 2021 to consider the impact of the allocation and proposals for the 2021-22 formula for Early Years providers. Initial proposals are that the increase in the hourly rate should be added to the basic hourly rate paid to all providers, therefore ensuring that the increase in funding reaches all settings. The impact on rates within the Early Years Single Funding Formula (EYSFF) would be as follows:

Early Years 2021-22	DfE Budget	Hourly Formula	Notes	Memorandum: 2020-21 Rates
Funding Formula	Allocation (£)	£		
Universal 3 & 4 year olds	£22,045,039			
Additional 15 Hours 3 & 4 year olds	£7,609,863		Working parents	
Total	£29,654,902	£4.78	Amount allocated to LA	
2021-22 Summary of Buckinghamshire's Early Years Funding Formula for 3 and 4 year olds:				
	Budget (£)	Hourly formula £	Notes	Hourly rate
Base hourly rate	£27,211,497	£4.39		£4.33
Deprivation (Average)	£488,660	£0.08	Allocated on family economic criteria	£0.08
Optional supplements	£22,000	£0.00	Local agreement, Service Children Pupil Premium	£0.00
Contingency	£75,000	£0.01	Allocated on setting sustainability criteria	£0.01
Inclusion Fund	£375,000	£0.06	Low level and emerging SEND, allocated on assessment	£0.06
Total 95% High pass-through rate	£28,172,157	£4.54	95% of £4.78	£4.48
Total Central spend 5%	£1,482,745	£0.24	5% of £4.78	£0.24
Total Budget	£29,654,902	£4.78	100%	£4.72
2021-22	DfE Budget	Hourly Formula	Notes	
	Allocation (£)	£		
2 year old funding:	£2,913,476	£5.87	Amount to LA	
2021-22 Summary of Buckinghamshire's Early Years Funding Formula for 2yr. olds:				
	Budget (£)	Hourly rate	Notes	
Provider rate	£2,767,802	£5.58	95% of £5.87	£5.50
5% central spend	£145,674	£0.29	5% of £5.87	£0.29
Total Budget	£2,913,476	£5.87	100%	£5.79

7.7. A second option will also be considered by the EY Forum which includes an increase in the contingency fund to £100,000 with a corresponding reduction in the Inclusion Fund. The outcome of the meeting will be reported to Schools Forum to enable the final formula to be agreed.