

Schools Forum – 25 March 2021

Schools Budget 2021-22

Executive Summary

Schools

- The growth fund budget has been set at £2m. Any underspend will be transferred into the DSG reserve as per the deficit recovery plan.
- The final education functions levy has been set at £55.71 per pupil
- School budgets have been set using the National Funding Formula (NFF)
- The NFF has been funded in full with the maximum permissible MFG of 2% and no capping of gains.

Early Years

- Early Years funding rates have been set at £4.10 per hour for 3 & 4 year olds and £5.26 per hour for 2 year olds
- An Early Years contingency has been set at 0.7% of the Early Years Block funding
- Any underspend on Early Years contingency will be returned to providers as a one-off payment in the following financial year.

High needs

- Additional Government funding of £11.6m in 2021/22
- Special School budget have been set to provide for a Minimum Funding Guarantee of 1% and no capping of gains
- No request has been made for a funding switch of up to 0.5% from the Schools Block into the High Needs Block in 2021/22

Recommendation

1. That the Schools Forum notes the content of this report.

Report of the County Treasurer

Central Provisions

2. The Schools Forum considered the indicative level of planned central expenditure for 202-22 at its October meeting, giving approval to the budget provision for a range of areas, to enable the local authority to meet the DfE timescale of submitting individual school budgets to ESFA in mid-January. This section of this report updates the Schools Forum with the final figures used within that approval.
3. There are four categories of centrally retained budgets within the Schools Budget:

- De-delegated items
- Central School Services Block (CSSB)
- Central Schools Expenditure
- Education Functions (previously funded by the Education Services Grant)

4. De-delegated items are those which have been retained centrally to be managed by the local authority on behalf of its maintained schools following the vote of the Schools Forum. These amounts are transferred from the local authority to academies through the ESFA and academies meet the related costs directly. In its annual vote on 15 October the Schools Forum voted to de-delegate for the same services in 2021-22 as in 2020-21. Therefore, this funding will continue to be held centrally to meet these costs on behalf of maintained schools. Insurance provision will now be provided through the DfE's Risk Protection Agreement. Funding for this service will be transferred from SCC to the DfE.
5. Expenditure within the Central School Service Block (CSSB) was also considered at the October 2020 Schools Forum meeting. Members agreed that funding allocated within this block should be retained centrally for the purposes outlined in the report. This block includes funding for Historic Commitments. With further reductions in this funding anticipated, in order to protect against a reduction in total DSG funding for Staffordshire, the remaining Early Help budget has been delegated to schools. The funding retained for Historic Commitments for 2021-22 is shown below:

	2020-21 (£)	2021-22 (£)
Prudential Borrowing	924,130	924,130
Combined Services - Early Help	1,000,000	0
	1,924,130	924,130

6. Central Schools Expenditure areas include funding for infant class size and growth funding. Growth funding is allocated to the local authority on a formula basis. The allocation for 2021-22 is £3.1m. This funding has been used to ensure the NFF is funded in full. The remaining funding is held centrally to meet commitments under the infant class size and exceptional growth fund policies. The amount retained centrally is £2m. Any underspend will be transferred to the DSG reserve as per the deficit recovery plan reported to Forum in October 2020.
7. At the October meeting, maintained schools approved a levy per pupil for Education Functions of £55.68. Due to a slight change in the number on roll at maintained schools, the final levy for 2021-22 has been set at £55.71 per pupil.

Individual School Budgets

8. This element of the schools' budget represents by far the largest part of the funding for the majority of schools. Formula Budgets are now based on the National Funding

Formula (NFF) as approved by Schools Forum in December 2017 and Cabinet in January 2018.

9. The NFF includes a minimum per pupil funding level. For 2021-22 the minimum funding levels per pupil are £4,180 for primary, £5,215 for Key Stage 3 and £5,715 for Key Stage 4.
10. The budget also includes a Minimum Funding Guarantee (MFG) of +2% per pupil from the 2020-21 baseline. This ensures schools are protected from excessive year on year changes due to changes in their pupil characteristics.
11. Teachers pay and pension grants have been rolled into the NFF. Basic per pupil funding rates have been increased by 9% to reflect this. The maximum amount of funding for primary sparsity has also been increased from £26,000 to £45,000.
12. All schools have been funded in full on the NFF. Gains have not been capped. A summary of School Budgets for 2021-22 with a comparison to 2020-21 budgets has been included in Appendix 1. Sixth form funding has been excluded.

Early Years Funding

13. The funding for Early Years continues to follow the national Early Years Funding Formula.
14. The Early Years budget consists of the following areas of expenditure:
 - Pupils in Private, Voluntary and Independent (PVI) providers
 - Pupils in Nursery schools
 - 2 year olds
 - Central expenditure
15. The early years national funding formula allocates funding to local authorities for the existing 15-hour entitlement for all 3 & 4 year olds and the additional 15 hours for 3 & 4 year old children of eligible working parents. The rate consists of a base rate and an uplift for additional needs, based on measures of free school meals; Disability Living Allowance and English as an additional language.
16. For 2021-22 Staffordshire County Council has been awarded the minimum national funding rate of £4.44 per hour for 3 & 4 year olds and £5.36 per hour for 2 year olds, this is a 6p and 8p rise respectively from 2020-21.
17. The Disability Access Fund (DAF) continues at a rate equivalent to £615 per child per year to support access to the free entitlements. This Fund will be for 3 & 4 year olds who are taking up their free entitlement and are in receipt of Disability Living Allowance. The Early Years Pupil Premium (EYPP) continues.
18. Local authorities are required to pass at least 95% of early years funding to providers. The early years funding central expenditure was approved by School Forum on 15 October 2020, leaving 95.7% of 3 and 4 year old funding being provided directly to providers.

19. Two Early Year workshops took place with the sector on the 30th January 2020. The groups discussed how the Early Year funding had worked since the introduction of the National Funding Formula and the 30 hours funding in 2017-18; with a focus on rate setting for the financial year 2020-21 and determining a level of funding that would be sufficient for deprivation and contingency budgets.
20. The groups felt that a budget for contingency was necessary to mitigate against demand led pressures. However, as the contingency is effectively created from a top slice of the rate we pay to the sector, the groups considered that if the Early Years block underspent that any unspent contingency allocation should be passed on to the sector as a one off payment in the following year. This has now been agreed as a SCC policy going forward.
21. Following the group discussions, it was determined that 1% of the overall Early Years Block would be sufficient as a contingency budget and 2% of the 3 & 4 year old funding should be used for deprivation.
22. The 2021-22 funding increase has been passed straight into the base rate. The rate for 3 & 4 year olds has been set at £4.10 per hour per child and this rate will also apply for 30 hour entitlements. This represents an increase of 6p (1.5%) per hour per child. The rate for 2 year olds has been set at £5.26 per hour per child. This represents an increase of 8p (1.5%) per hour per child.
23. The deprivation supplement allocates approximately 2% for deprivation. The rates for deprivation have been set at:
 - a. An additional £0.22 (per hour/per child for every funded 3 and 4 year old in attendance) if between 10-32% of funded children reside in areas of deprivation measured by the IDACI (Income Deprivation Affecting Children Index) Government metric.
 - b. An additional £0.33 (per hour/per child for every funded 3 and 4 year old in attendance) if between 33-100% of funded children reside in areas of deprivation measured by the IDACI (Income Deprivation Affecting Children Index) Government metric.
24. A contingency fund has also been set up to manage fluctuations in demand figures from year to year of 0.7% for 3 and 4 year olds and 1.9% for 2 year olds. This is equivalent of 0.75% of the whole Early Years DSG Block, which is lower than the 1% threshold advised by the workshops.

High Needs Funding

25. The Schools Forum has a consultative role in the financial arrangements for pupils with Special Education Needs (SEN). The amount of funding that Staffordshire receives is determined by the high needs national funding formula (NFF).
26. For 2021/22 the Government has confirmed an increase in the overall High Needs Block nationally of £730m. This is following many years of government underfunding that has led to a severe crisis in this area nationally, where funding levels have failed to keep pace with costs and demand. For Staffordshire the High Needs budget for 2021/22 has

now been finalised at a total of £101.0m; an increase of £11.6m compared with 2020/21 (13%).¹

27. Staffordshire, along with other councils across the sector, have been lobbying for additional resource and it is a positive sign that the Government has – in the last two years – provided for significant additional investment in this area. Whilst this is appreciated, it will not close the gap completely and Staffordshire will continue to canvas for additional resource.
28. Growing demand within the Special Educational Needs and Disabilities (SEND) system represents one of the Council's key service and financial risks. A further overspend on the High Needs Block is projected in 2020-21 of around £6.5m and will mean DSG balances will go into deficit at the end of the current financial year.
29. It is anticipated that through the transformation and implementation of the revised SEND Operating Model, supported by the new SEND strategy, will provide a more sustainable model, further improve relationships with district and school partners, and deliver improved educational and life outcomes for children and young people. To support that programme, c £2m has been set aside within the HNB to ensure District Hubs have sufficient funds and are able to provide the necessary early intervention required.
30. As in previous years, the schools block will be ring-fenced in 2021-22, with the option to transfer 0.5% of the Schools Block funding into the central school services, high needs or early years budgets, subject to the approval of Schools Forum. Given the increase in government funding next year, and that Schools Forum agreed in October 2020 a deficit recovery plan utilising surplus growth fund money, for 2021/22 no request has been made to transfer 0.5% from the Schools Block to the High Needs Block.
31. The Council recognises the financial pressures schools across Staffordshire are facing and, given the increase in Government funding, will increase funding to providers by as much as is affordable and fair, acknowledging the current pressures on the HNB and the depleted DSG balances. For 2021-22 Special School budgets will be set based on:
 - a. a Minimum Funding Guarantee of 1.0% (higher than the MFG set by Government of 0%); ensuring that funding for all Special Schools, on a like for like basis, will increase next year by a minimum of 1.0%.
 - b. there will be no capping of school gains
32. Special Schools continue to be funded on a place plus top-up basis, the value of which is £10,000 in line with Government guidelines. Staffordshire County Council has commissioned 2,571 places at Staffordshire Special Schools, of which 2,029 places are at academies (at the time of writing the report).
33. Pupil Referral Units (PRUs) continue to be funded as school-like entities on a place plus top-up basis. For 2021/22 Staffordshire County Council has commissioned 359 places at Staffordshire PRUs at a value of £10,000 per place in line with Government guidance.

Funding next year will also include adjustments for:

¹ Part of this increase includes the 'roll in' of Teachers Pay Grant and Teachers Pension Grant equivalent to £2.2m which up to now has been paid as a separate grant but going forward will be received as part of the High Needs Block. On a like for like basis, the actual increase is £9.4m (11%).

- a. To ensure PRUs see a comparable 1% rise next year, local authority funded top up payments (TRIG-8) for single rolled pupil will be increased from £7,300 to £7,450; however charges for school commissioned preventative places will remain unchanged.
- b. A further 'lump sum' contribution will be made of £0.118m for fixed overheads in line with other school funding arrangements (up from £0.114m in 2020/21).
- c. One pupil referral unit provides hospital-based tuition (the Darwin Centre) and receives a set payment to reflect these costs. The total budget allocation for hospital-based tuition at this PRU setting is £0.190m, an uplift of 1% compared to 2020/21 in line with other school funding rises.

34. Provision will continue to be made for Post-16 high needs colleges and independent providers in line with latest forecasts (c £4.4m). In addition to this, the Council has commissioned 410 places FE colleges for the academic year 2021/22.

35. Staffordshire currently has one primary school (Victoria Community School) which has a speech and language centre attached and it receives a devolved budget to manage the costs. The funding is based on an agreed number of places at £10,000 per place. The number of places for 2021/22 at this school is 20.

Report author:

Author's Name: Will Wilkes
Ext. No.: 01785 278157
Room No.: Staffordshire Place 1, Floor 2

List of background papers:

Schools Forum 15 October 2020: Item 14 - Schools Budget 2021-22: De-delegation
Central Expenditure and Education Functions