

Report to: **SCHOOLS' FORUM**

Date: 24 November 2020

Reporting Officer: Tom Wilkinson – Assistant Director, Finance
Tim Bowman – Assistant Director, Education

Subject: **SCHOOLS BLOCK FUNDING FORMULA 2021-22 CONSULTATION**

Report Summary: A report on the consultation to all schools as to how the School Block funding should be allocated for 2021-22.

Recommendations: Members of Schools' Forum are requested to:

1. Support a transfer of 0.5% from the Schools Block to the High Needs Block.
2. Support a transfer of up to 1% from the Schools Block to the High Needs Block if the allocation allows the LA to continue to adopt NFF rates for 2021-22.

Corporate Plan: Education finances significantly support the Starting Well agenda to provide the very best start in life where children are ready to learn and encouraged to thrive and develop, and supports Aspiration and Hope through learning and moving with confidence from childhood to adulthood.

Policy Implications: In line with financial and policy framework.

Financial Implications: The Dedicated Schools Grant is a ring fenced grant solely for the purposes of schools and pupil related expenditure.
(Authorised by the statutory Section 151 Officer & Chief Finance Officer) The financial implications are the subject of the report.

Legal Implications: It is important that any decision is taken only after the outcome of the consultation has been carefully considered by the decision makers. Failure to do so could result in the decision being subject to challenge.
(Authorised by the Borough Solicitor)

Risk Management: The correct accounting treatment of the Dedicated Schools Grant is a condition of the grant and procedures exist in budget monitoring and the closure of accounts to ensure that this is achieved. These will be subject to regular review.

Access to Information: **NON-CONFIDENTIAL**
This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Information: The background papers relating to this report can be inspected by contacting Christine Mullins – Finance Business Partner:
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1. INTRODUCTION

- 1.1 The Department for Education (DfE) published the National Funding Formula (NFF) provisional allocations for schools, high needs and central school services for 2021-22 in July, along with the technical notes setting out how they have calculated the provisional allocations. Further information was required to allow the Local Authority (LA) to produce more detailed school level information for Schools Block Funding and this was received mid-September. The rates for 2021-22 and school level information are included at **Appendix A** and **Appendix B**.
- 1.2 A consultation on the proposals set out in this report has been circulated to all schools and Chairs of Governors, which will close on 11 November 2020. Due to the timing of the consultation, the results are not able to be published as part of this report but there will be a verbal update at the meeting.

2. PROVISIONAL ALLOCATION FOR 2021-22

- 2.1 Table 1 compares 2021-22 with the 2020-21 position. At this point, the allocation the LA will receive in terms of Early Years funding has not been published and, therefore, Early Years is excluded from the figures.

Table 1 – 2021-22 Allocations Compared with 2021-22 Provisional Allocations

Funding Block	2020-21 £000	2021-22 £000	Increase £000
Schools Block (excluding growth)	168,796	181,308	12,512
High Needs Block	24,425	27,815	3,390
Central School Services Block (CSSB)	953	1,015	61
Total	194,174	210,138	15,964

- 2.2 Of the £12.5m increase on the Schools Block, £7.5m relates to the Teachers' Pay and Pension grant being rolled into the DSG Funding. The £7.5m is protected and must be passed directly to schools. The remaining £5m increase represents a 3% increase on 2020-21 cash levels.
- 2.3 Of the £3.4m increase on the High Needs Block, £0.49m relates to the Teachers' Pay and Pension grant being rolled into the DSG Funding. Therefore, the cash increase is £2.9m. However, the pressures on High Needs still exceed the increase we are set to receive as a LA.
- 2.4 There are increases in funding across all blocks for Tameside MBC which is positive. However, the pressures on High Needs exceed the increase we are set to receive as a LA.

3. HIGH NEEDS PRESSURE

- 3.1 Tameside have received the maximum provisional funding increase possible, capped at 12% (before Import/Export adjustments and Recoupment). Without the cap at 12%, Tameside would have received an additional £3.1m in 2021-22 and, for context, the 2020-21 cap was £2.6m.
- 3.2 Table 2 shows the impact the capping of funding could have had on the in-year projected deficit for this year and next years' High Needs Block deficit and demonstrates:
- the High Needs deficit before any block transfers and,
 - assuming the 0.50% transfer from Schools Block continues in 2021-22

Table 2 – Capped High Needs Funding Allocation

	2020-21 Current £000	2021-22 Provisional £000	Cumulative £000
NFF Allocation before Cap	£27,652	£31,620	
Cap on Funding	-£2,573	-£3,151	
NFF Actual Allocation	£25,079	£28,469	

a) High Needs Deficit before any Block Transfer			
High Needs In Year Deficit (with Cap & before 0.50% transfer from Schools block)	-£4,393	-£2,644	-£7,037
High Needs In Year Deficit (without Cap & before 0.50% transfer from Schools block)	-£1,820	£507	-£1,314
b) High Needs Deficit assuming 0.50% Transfer from Schools Block			
High Needs In year Deficit (with Cap)	-£3,543	-£1,775	-£5,318
High Needs In year Deficit (without Cap)	-£970	£1,376	£405

- 3.3 As reported to Schools' Forum, the estimated position on High Needs for 2020-21 is an in-year overspend of £3.543m. This is after the £0.85m transfer from the Schools Block (the position would have been an in-year overspend of £4.393m without the transfer). In 2021-22, whilst the additional increased funding is very much welcomed, it would still leave a shortfall of £1.775m (based on current estimates) and does not take into account the 2020-21 expected DSG deficit estimated to be £3.638m, which Schools' Forum will need to support a plan to recover.
- 3.4 A DSG deficit recovery plan is currently being worked on and further information can be found as a separate agenda item.

4. FUNDING 2021-22

- 4.1 The increase in the Schools Block funding is positive and will allow all schools to see an increase in their pupil led funding. As reported at Schools' Forum in September, there is a minimum funding guarantee (MFG) of +0.5% to +2%. This means that all schools will see at least 0.5% increase on their pupil-led funding.
- 4.2 The NFF rates have increased by 3% in the majority of instances, except Free School Meals (FSM), which has increased by 2%. There is a summary table of rates included at **Appendix A**.
- 4.3 The school level funding information is included at **Appendix B**. Schools should note that any figures provided will not be the actual figures received for the 2021-22 financial year. These figures are all indicative and subject to change. Once the LA has received the updated census data for October 2020 in December, final calculations will be produced.
- 4.4 The provisional calculations are based on the October 2019 census data, updated to include the 2019 IDACI data. This will be updated with October 2020 census data when the final allocations are made in 2021-22.

- 4.5 The premises elements of funding have been updated to reflect an uplift in RPIX for PFI of 1.56%.
- 4.6 **Appendix B** includes information on the 2020-21 funding allocation and provides details of the proposed funding scenario for 2021-22. This scenario would allow a transfer of 0.5% (£0.869m) from the provisional Schools Block allocation to the High Needs Block, whilst continuing to adopt the NFF rates for 2021-22. Based on the provisional School Block allocation the MFG would be set at 0.5% and the gains cap at 3.21% to allow the transfer to take place. **Appendix B** also provides information on the impact of the changes introduced by DfE on the IDACI data and inclusion of the Teachers' Pay and Pension grants for further context.
- 4.7 The LA have spent the last few years moving to the NFF and this has been with the support of schools in line with DfE's instruction. With this in mind, we want to adhere to NFF as closely as possible. The movement of 0.5% will not fully support the High Needs pressure for 2021-22 and if there was sufficient funding to allow a 1% transfer (£1.738m) whilst maintaining the NFF rates, the LA would like support from Schools to do this. This requires approval from the Secretary of State through the disapplication process.

5. CONCLUSION

- 5.1 There is significant pressure on High Needs partly because of the current High Needs national funding formula (a significant element of the formula stills protects historic spend from 2017-18). This results in the LA receiving a 'capped' allocation and, therefore, contributes to the deficit position as shown in Table 2. The LA will continue to raise this issue with the DfE.
- 5.2 As schools would still benefit from an increase in pupil-led funding, the LA are asking schools to support a minimum 0.5% transfer from the Schools Block to the High Needs Block.
- 5.3 If affordable, whilst adhering to NFF as closely as possible, the LA are asking schools to support a 1% transfer from the Schools Block to the High Needs Block (subject to Secretary of State approval).
- 5.4 It should be noted that, if the final funding announcements result in sufficient funding in the High Needs Block then, the block transfer will be reduced or removed entirely.

6. RECOMMENDATIONS

- 6.1 As set out at the front of the report.