



**Havering**  
LONDON BOROUGH

## **Schools Funding Forum 17<sup>th</sup> September 2020    ITEM 8**

**Subject Heading:**

**Schools Funding 2021-22**

**Report Author:**

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**Eligibility to vote:**

**All school and academy members**

### **SUMMARY**

This report summarises the announcements of indicative DSG Schools Block funding for financial year 2021-22 and considers the likely allocations to schools based on estimated data.

### **RECOMMENDATIONS**

That the Schools Funding Forum

- (i) notes the announcements on schools funding for 2021-21 and the likely impact of the funding arrangements on Havering schools; and
- (ii) agrees to apply the national funding formula rates to schools data in calculating schools funding

### **REPORT DETAIL**

## **1. Government Announcement on School Funding**

A written statement from the The Minister of State for School Standards to the House of Commons is attached at Appendix A providing an overview of the funding changes for 2021-22.

This item considers how these changes will impact on schools and other agenda items consider changes to Havering's High Needs and Central Schools Support DSG Blocks.

## **2. Operational Guidance**

Every year the ESFA publishes Operational Guidance to local authorities to use with their Schools Forums to determine the funding arrangements for the year. The full Operational Guidance for 2021-22 can be found on the DfE website at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/902183/Schools\\_operational\\_guide\\_2021\\_to\\_2022\\_1.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902183/Schools_operational_guide_2021_to_2022_1.pdf)

An extract of the document showing the key changes is attached at Appendix B.

## **3. Background**

Financial year 2018-19 was the first year of the implementation of a “soft” National Funding Formula and for that year and the two subsequent years Havering has used the NFF rates in calculating funding for its schools. For each of those years decisions have been made by the Schools Funding Forum on the minimum funding guarantee (mfg) and the gains caps to be applied. For 2020-21, the mfg was set at +0.5% and a cap of 4% per pupil was applied to limit the gains of schools that would otherwise have received more. This was after using £800,000 of the Schools Block to support the Pupil Growth/Falling Rolls Fund and a £500,000 transfer from the Schools Block to the High Needs Block. In the previous year (2019-20) the mfg was +0.5% and the gains cap 2%.

For 2021-22 it is again recommended that Havering adopts the NFF funding rates and the Forum will again be asked to consider proposals on the percentage to apply per pupil for the minimum funding guarantee and gains cap. Consideration will also need to be given to any top up that is required to Havering's allocation of funding for pupil growth and falling rolls and to any transfer of funding to support high needs expenditure.

## **4. DSG Schools Block 2021-22**

Indicative funding for 2021-22 through the DSG Schools Block has been announced by the DfE as shown in the table below against the baseline data from 2020-21.

	Pupil Numbers	Schools Block allocation excluding pupil growth and premises factors £	Allocation through premises factors £	Pay and pension grants £	Total allocation (excluding pupil growth) £	Allocation per pupil £
2021-22	36,867	190,470,336	2,241,145	0	192,711,481	5,227
2020-21	36,579	175,791,230	2,303,789	8,714,463	186,812,481	5,107
increase	288	14,679,106	-65,644	-8,717,463	5,899,000	120
					3.16%	2.35%

The Schools Block funding for 2021-22 shown above will be updated in December using pupil numbers from the October 2020 census and will also include Havering's allocation of funding for pupil growth/falling rolls. Until then the LA models various options based on estimated pupil numbers and data.

The table above shows the comparison of indicative 2021-21 funding against the baseline figure for 2020-21. This is not the final allocation that the LA received in 2020-21 which is shown in the table below together with an estimate of Schools Block funding for 2021-22.

	Actual primary unit of funding (PUF) £	Actual secondary unit of funding (SUF) £	Primary pupil numbers	Secondary pupil numbers	Pupil Funding £	Pay and pension grant £	Rates (NNDR) £	Total Funding £
2021-22	4,559	6,097	22,772	14,695	193,419,618	0	2,241,145	195,660,763
2020-21	4,252	5,654	22,309	14,558	177,171,580	8,717,443	2,306,789	188,195,812
Diff	307	443	463	137	16,248,038	-8,717,443	-65,644	7,464,951

As already stated, the final Schools Block allocation for 2021-22 will be provided by the DfE in December based on the October 2020 census.

## 5. Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG)

Rather than being paid as separate grants, from financial year 2021-22 these grants are rolled into the formula on a per pupil basis.

The amounts rolled in are the same as those used for the grants as below and applied to primary and secondary pupils, from reception to year 11, taken from the October 2019 school census (the same source as for the April - August 2020 grants).

Funding rates per pupil	Primary TPG	Primary TPECG	Total
Outer London	£51.75	£146.21	£197.96

	<b>Secondary TPG</b>	<b>Secondary TPECG</b>	<b>Total</b>
Outer London	£76.17	£215.23	£291.40

It should be noted that schools with nursery teachers will previously have received an allocation based on teacher numbers so are disadvantaged by the new methodology which relates only to pupil numbers from Yr R to Yr 11.

## 6. IDACI

At the June meeting of the Schools Funding Forum there was an item that showed the impact on schools funding of using revised 2019 data compared with 2015 data on the basis of no change to the bandings or to the IDACI funding rates. This matter was raised with the ESFA.

Given the significant impact on schools of using the 2019 data, the ESFA have made two changes to the calculation of funding through the funding formula.

- (i) The basis on which pupils are assigned to the seven IDACI bands is now on rank rather than score. For example, Band A now consists of pupils in the most deprived 2.5% of lower super output areas (LSOAs), instead of consisting of pupils in LSOAs with an IDACI score greater than 0.5.
- (ii) The NFF funding rates have been increased for each band

<b>NFF IDACI Factor</b>	<b>Ranks</b>	<b>Band</b>	<b>Funding rate</b>	
			<b>Primary</b>	<b>Secondary</b>
Pupils in the most deprived 2.5% of LSOAs	1 to 821	A	£620	£865
Pupils in the next 5% most deprived LSOAs	822 to 2,463	B	£475	£680
Pupils in the next 5% most deprived LSOAs	2,464 to 4,105	C	£445	£630
Pupils in the next 5% most deprived LSOAs	4,106 to 5,747	D	£410	£580
Pupils in the next 10% most deprived LSOAs	5,748 to 9,032	E	£260	£415
Pupils in the next 10% most deprived LSOAs	9,033 to 12,316	F	£215	£310

The formula used in the current financial year is shown below.

<b>NFF IDACI bands</b>	<b>Funding rate</b>		
<b>IDACI score</b>	<b>Band</b>	<b>Primary</b>	<b>Secondary</b>
Between 0.5 and 1	A	£600	£840
Between 0.4 and 0.5	B	£435	£625
Between 0.35 and 0.4	C	£405	£580
Between 0.3 and 0.35	D	£375	£535
Between 0.25 and 0.3	E	£250	£405
Between 0.2 and 0.25	F	£210	£300

The effect of this change on the funding of Havering schools is shown at Appendix C.

## **7. NFF Funding rates**

A comparison of the all of the NFF funding rates to be used in the 2021-22 formula to those used in 2020-21 is attached at Appendix D.

## **8. Minimum Funding Guarantee and Gains Cap**

The range for the minimum funding guarantee (mfg) percentage that local authorities can apply is between 0.5% and 2%. Local Authorities can also apply a cap on the % gains per pupil that schools will receive to ensure that the total amount allocated to schools does not exceed the Schools Block funding that has been allocated. In calculating funding to schools in 2020-21 an mfg of 1.5% was applied and a gains cap of 4%.

## **9. Estimated funding to schools in 2021-22**

The LA's finance officers have estimated the total cost of funding schools based on estimated pupil numbers with all other data adjusted in proportion to pupil number changes. To this data has been applied all of the NFF funding rates, the minimum funding levels, a 2% mfg (the maximum permitted) and no gains cap. The preliminary cost to the schools block is calculated as £194,402,494 to be funded from the estimated Schools Block of £195,660,763, a difference of £1,258,269. An updated calculation will be provided at the November meeting.

## **10. Pupil Growth and Falling Rolls Fund**

In 2019-20 the DfE introduced a formula through which to allocate growth funding to LAs. This is based on multiplying the difference between the October data in one year to the previous year and multiplying that difference by £1,370 per primary pupil and £2,050 per secondary pupil. These arrangements based on lagged data do not support LAs with a growing number of pupils. Havering's allocation has decreased year on year.

2018-19	£3.3m
2019-20	£2.5m
2020-21	£1.6m

For 2020-21 the LA had calculated that the cost of funding pupil growth and falling rolls would be £2.4m and the Schools Funding Forum agreed to allocate £800k of the Schools Block to meet the shortfall in funding.

Havering's arrangements are to fund new expansions, increases in PANs as they move through the year groups of schools and commitments to fund bulge classes in which pupil numbers are significantly below the number required to fund the additional teaching costs etc. For 2020-21 the AWPU from 2019-20 was used to allocate funding.

e.g. for a primary school expansion

28 pupils x AWPU £2,972.35 x 7/12 (Sept – March) = £48,548

This budget must also fund schools with falling rolls. To comply with the DfE requirements Havering's arrangements fund good and outstanding schools only and when the capacity is likely to be filled in 3 years. The formula funds schools with a NOR below 85% of its PAN in the first two year groups.

Havering also has local arrangements that support primary schools that have significantly and consistently low numbers in some year groups.

Preliminary estimates are that the cost of funding pupil growth and falling rolls in 2021-22 will be £1.8m. These costs have been calculated using the 2021-22 AWPV values without the rolled in TPG and TPEG.

The estimate of additional funding to be received from the DfE is £1.6m

Further work will be carried out on these estimates ready for recommendations to use some of the anticipated schools block funding to meet the shortfall in pupil growth funding.