



**Education & Skills
Funding Agency**

Schools revenue funding 2021 to 2022

**Operational guide
July 2020**

Introduction

1. This guide helps local authorities, and their schools forums, to plan the local implementation of the funding system for the 2021 to 2022 financial year.
2. As the country moves through the coronavirus (COVID-19) pandemic, the Department for Education (DfE) acknowledges the essential role that local authorities are playing to support education. To ensure that funding can be delivered as smoothly as possible to schools, the department has made limited changes to funding arrangements in 2021 to 2022.
3. On 20 July, the department published provisional NFF allocations at local authority level for the schools, high needs and central school services funding blocks for 2021 to 2022, as well as notional school-level allocations. The schools block allocations show each local authority's final primary and secondary units of funding (PUFs and SUFs).
4. The department will use the NFF to calculate the blocks within the dedicated schools grant (DSG), which will be allocated to local authorities later in the year.
5. The early years block forms part of the DSG but is determined by the separate national formula. Allocations for the early years block will be published as part of the DSG allocations for 2021 to 2022.

Expiry or review date

This guidance is current for the 2021 to 2022 funding year. An updated guide for the 2021 to 2022 funding year will be published in Autumn 2020.

Who is this publication for?

This guidance is for:

- local authorities
- schools forums

Changes in 2021 to 2022

The department has updated the NFF in 2021 to 2022 with new factor values, and made some technical changes. These are detailed in the NFF technical notes and policy document published in July 2020. Where these affect local formula arrangements, they are also covered in this guidance.

6. Key changes to the schools NFF in 2021 to 2022 are:

- 6.1. The incorporation of the 2019 update to the Income Deprivation Affecting Children Index (IDACI), ensuring that the deprivation funding through the NFF continues to target schools most likely to need additional funding.
- 6.2. Funding previously received through the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grants (TPECG), including the supplementary fund, to mainstream schools for pupils from reception to year 11 will be allocated through the schools NFF by adding to schools' baselines; by increasing the basic per pupil funding; and by increasing the minimum per pupil funding (MPPLs). This will streamline the way in which the funding through the grants is delivered, as well as recognise the fact that these grants are part of schools' core funding.

6.3. Improving support under the NFF for small and remote schools, by increasing the maximum sparsity value from £26,000 to £45,000 for primary schools, and from £67,600 to £70,000 for secondary schools.

7. The DfE will publish the high needs funding arrangements for 2021 to 2022 in September 2020. The department has confirmed the following aspects of the high needs NFF:

7.1. The funding floor is set at 8% so each local authority will see an increase of at least 8% per head of their 2 to 18 population (as estimated by the ONS).

7.2. The gains cap is set at 12%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on the basis of per head of population.

8. The following requirements have been removed from appendix 3 as they no longer need schools forum approval, following the consultation on changing the dedicated schools grant:

8.1. Any deficit from the previous funding period that is being brought forward and is to be funded from the new financial year's schools budget (this should be specifically agreed at the time the budget is set, using the latest estimated outturn position).

8.2. Any brought forward deficit on de-delegated services which is to be met by the overall schools budget.

9. 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, later this year, put forward plans to move to a 'hard' NFF in the future, which will determine school funding allocations directly, rather than local funding formulae. The department will work closely with local authorities and other stakeholders in making this transition, and further information on that process will follow in due course.

10. Key features of local authority formulae arrangements in 2021 to 2022 are:

10.1. The technical changes to the NFF to roll in the TPG and TPECG will be reflected in local funding formulae, as far as possible. This is reflected in sections below on the basic per pupil entitlement, MPPLs, and the minimum funding guarantee (MFG).

10.2. The incorporation of the 2019 IDACI data will also be used in local funding formulae, which is reflected in the deprivation section below.

10.3. The MPPLs will remain mandatory, at the new NFF values, including additional funding the department has rolled in from the TPG and TPECG.

10.4. Local authorities have the freedom to set the MFG in local formulae between +0.5% and +2% per pupil, and should add total funding from the TPG and TPECG to schools' baselines, as has been done in the NFF.

11. Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval. In 2021 to 2022, the total schools block available for such transfers must exclude the additional funding local authorities have been allocated for the TPG and TPECG, thereby guaranteeing that all of this funding remains with schools. A disapplication is required for transfers above 0.5%, or any amount without schools forum approval; this applies to any transfers even if the minister agreed the same amount in previous years.

12. The department recognises that there may well be some local authorities which, despite their best efforts and the increased funding for the high needs block, will still not be able to pay off their historic deficit from the DSG over the next few years. In these cases, the department expects to work together with the local authority to agree a plan of action to enable the local authority to pay off its deficit over time. The department will need convincing evidence from the local authority that it would

be impracticable to pay off a historic deficit from the DSG it would expect to receive in future years. The department will discuss the evidence requirement with selected local authorities and provide a template to assist all local authorities report their DSG balance.

13. The department expects to approach selected local authorities to begin discussions with them during 2020. These discussions are likely to be detailed, and in order to make this process manageable it will be necessary to limit discussions during 2020-21 to a fairly small number of authorities. The department expects to expand the discussions to other authorities during 2021-22 and subsequent years.

14. Following the cancellation of assessments in summer 2020 due to COVID-19, local authorities will use 2019 assessment data as a proxy in funding formulae for the 2020 reception and year 6 cohort, which will be reflected in the data they receive from the department in the APT.

Reviewing and consulting on the pre-16 formula

15. The department appreciates that there will be limitations in the way local authorities are currently able to work due to the COVID-19 situation.

16. However, local authorities must do their best, within the circumstances, to engage in open and transparent consultation with all maintained schools and academies in their area, as well as with their schools forums, about any proposed changes to the local funding formula, including the principles adopted and any movement of funds between blocks.

17. The DfE does not intend that changes to incorporate 2019 IDACI data or to roll in TPG and TPECG funding, which mirror technical changes in the NFF, should require consultation with schools on their own, and the department plans to reflect this in the school funding regulations.

18. Any consultation should include a demonstration of the effect of modelling such changes on individual maintained schools and academies.

19. We will issue an early modelling version of the authority proforma tool (APT) to help decision making in the autumn.

20. Local authorities should communicate proposed formula changes to all bodies affected by the changes.

21. The local authority is responsible for making the final decisions on the formula; however, each local authority's process should have ensured that there was sufficient time to gain political approval before the APT deadline in January 2021.

22. Political approval means approval in line with the local authority's local scheme of delegation, so this may be decisions made by the council cabinet, cabinet member or full council; the schools forum does not decide on the formula.

23. Local authorities should, as much as is possible, ensure that they allow sufficient time for wider consultation with schools, agreement by their schools forum, and political approval if they wish to transfer funding out of the schools block, or submit a disapplication request.

24. Further information is included in the movement between blocks section of this guidance.

25. Schools forums can meet remotely, until 31 March 2021, while they are unable to meet physically in a room during the outbreak of COVID-19. This includes, but is not limited to, telephone conferencing, video conferencing, live webcast and live interactive streaming.