

# **School and Education Funding**

## **Autumn 2020 Briefing**

### **General**

1. This note concentrates on core funding for schools delivered through the BF Funding Formula and Department for Education (DfE) school specific grants.

### **2021-22 Budgets (5-16 year olds only)**

#### **Overview:**

2. There will be no significant changes to the way school and education related funding is allocated next year with:
  - a. The DfE using the same separate formulae to allocate funding to LAs for Schools, Central School Support Services, High Needs pupils and Early Years provisions. This note concentrates on the first category; Schools.
  - b. The DfE will continue to use the National Funding Formula (NFF) to calculate each school's individual budget with no changes in the factors used. The NFF distributes funding based on schools' and pupils' needs and characteristics and uses the same factor values for all schools across the country. The exception to this being an area cost adjustment uplift which is paid to areas with high costs, such as those paying London Weighting to staff salaries. BF receives a 5.7% uplift.
  - c. LAs will continue to receive funding based on the DfE running each school's data (mainly October 2019 census, so lagged) through the NFF at 2021-22 factor values and aggregating together every school's allocation to determine the amount to be paid to that area. This is then converted to an average primary and secondary per pupil funding value which with final October 2020 pupil numbers will be used to calculate each LAs 2021-22 funding for their schools.
  - d. The DfE place a ring-fence on funding provided to LAs for schools and education. This means it can only be used for the purposes defined by the DfE and cannot be diverted to fund other costs.
  - e. LAs will continue to be responsible for allocating funding to schools in their areas although the government are working towards directly managing the whole process in the very near future with limited LA involvement. Proposals on this are expected later this year.
  - f. Whilst LAs have responsibilities to set funding allocations for their schools, they must work within parameters set by the DfE which very closely follow the NFF and other national priorities.
  - g. In allocating funds to schools, LAs must use pupil and other relevant data provided by the DfE which is generally made available at the end of the autumn term.
3. There are only a small number of changes to the national process to allocate funds:
  - a. Funding from the teachers' pay grant and the teachers' pension employer contribution grant, including the supplementary fund, has been added to schools' NFF allocations from 2021-22. This replaces the specific grant funding approach which will discontinue at 31 March 2021.

- b. The 2019 update to the Income Deprivation Affecting Children Index (IDACI) <sup>1</sup> has been incorporated so that deprivation funding allocated through the formulae is based on the latest data.
- c. Following the cancellation of assessments in summer 2020 due to COVID-19, funding allocations to schools for low prior attainment will use 2019 assessment data as a proxy for the 2020 reception (primary schools) and year 6 cohort (secondary schools).

Funding for 2021-22: National decisions

**Note: all amounts quoted for BFC are provisional and subject to update once final data is released by the DfE.**

- 4. 2021-22 is the second year of a three-year funding settlement that will see core school funding increase by £2.6bn in 2020-21 compared to 2019-20, and by a further £2.2bn and £2.37bn in 2021-22 and 2022-23 respectively. In addition to this, there is around a further £2bn to fund additional teachers' pay and pension costs previously separately funded by grant.
- 5. School funding through the NFF is increasing by 3.8% in cash terms which is equivalent to 3.1% per pupil. The main features are:
  - a. The key factors in the NFF will increase by 3%. The exceptions being funding for pupil eligibility to a FSM which will increase by 2.2% to reflect the expect cost increase in providing a free meal, and the factor values of some of the IDACI bands by more than 3.0% to ensure that the average funding per eligible pupil allocated through IDACI increases by 3.0%.
  - b. The minimum per pupil funding levels (MPPFL)<sup>2</sup> will ensure that every primary school receives at least £4,000 per pupil (£3,750 in 2020-21), and every secondary school at least £5,150 per pupil (£5,000 in 2020-21).
  - c. Provisional data indicates that 15 primary and 2 secondary schools will be funded at these MPPFLs.
  - d. Where the normal operation of the NFF does not allocated at least 2% more pupil-led funding per pupil compared to its 2020-21 NFF baseline, top-up funding is added to meet this rate of increase. Provisional data indicates that 5 primary and 1 secondary school receive this funding top-up.
  - e. Additionally, on average, primary schools will receive a further £180 and secondary £265 per pupil respectively to cover additional teachers' pay and pension costs previously funded through the separate grants. These amounts increase the MPPFL to £4,180 and £5,415 respectively.
  - f. Subject to consultation with the Schools Forum<sup>3</sup>, we expect that the former Teachers' Pay and Pension grant funding amounts will be added to school budgets through the core per pupil funding amounts (AWPU). This is consistent with how the funding has been added by the DfE to the NFF.

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<sup>1</sup> IDACI uses post code data to calculate the probability of a family with children living in that area being eligible to income support benefits. The higher the probability, the higher the funding top-up, within bandings determined by the DfE.

<sup>2</sup> The NFF includes MPPFLs that are applied equally to all primary and secondary schools (£4,180 and £5,415 respectively in 2021-22). LAs must also apply these minimum rates in their local funding formula. The only factors not included in per-pupil funding for the purpose of the MPPL calculation are premises e.g. business rates and growth funding.

<sup>3</sup> Each LA is required to establish and maintain a Schools Forum to represent Education providers and partners on key financial matters. The membership of the BF Forum has been drawn from head teachers, including academies, governors and representatives of the teacher associations, diocesan boards, Early Years private sector providers and Bracknell and Wokingham College.

- g. Additional funding is to be provided for small and remote schools in 2021-22, with primary schools now attracting up to £45,000, compared to £26,000 previously. This is a first step towards expanding the support the NFF provides for such schools from 2022-23. No BF schools qualify on the eligibility criteria which requires primary schools to have less than an average of 21.4 pupils per year group and be at least 2 miles away as the crow flies from the second nearest compatible school. For secondary schools the thresholds are an average of 120 pupils per year group and be at least 3 miles away as the crow flies from the second nearest compatible school.
6. Using this initial data indicates that average per pupil funding for BF primary schools will increase by 4.2% to £4,057 and secondary schools by 3.0% to £5,394. To enable a proper like-for-like comparison, these rates are quoted before adding the £180 and £265 for the teachers' pay and pensions' grant additions (£190 and £280 respectively for BFC after reflecting the 5.7% area cost uplift). These increases are intended to ensure that BFC can closely replicate the allocations in the NFF and pay their schools at the same values as calculated by the DfE although this may not be the case where there are local factors to consider that are not reflected adequately in the NFF.

## **BFC Approach to school funding**

### Overview

7. Arrangements regarding education funding in BF have been well established on the basis of a partnership with schools and the Schools Forum. Whilst most funding decisions on school budgets remain the responsibility of the council, they have always been taken on the basis of recommendations from the Schools Forum.
8. To gather views on some key areas that the Schools Forum will consider on next years' budget, we will undertake a relatively straightforward consultation with schools from mid-September through to half term on 23<sup>rd</sup> October.
9. With strong support from school to last years' financial consultation to mirror the factors and factor values of the NFF in the local BF Funding Formula – 68% of respondents agreed to this approach - no further change to how funds are allocated to schools is proposed for the 2021-21 budget. All factor values will therefore be set at the same amount as those in the NFF, or the same proportional amount if full funding rates are not affordable after taking account of local circumstances. BF funded schools at 99.8% of NFF factor values in 2020-21 meaning on average schools were very close to the level expected of the DfE.
10. The areas where we will be seeking views from schools are:
  - a. De-delegation. To seek agreement from schools to fund central management of a small range of services where there is a benefit of risk sharing, achieving economies of scale or benefit from an area wide service from doing this e.g. classroom staff maternity leave scheme.
  - b. Contribution by maintained schools to LA statutory duties. To contribute £20 per pupil to LA education related statutory duties where the DfE has withdrawn £1.6m of grant funding but still requires LAs to meet all the duties.
  - c. Rate of the Minimum Funding Guarantee (MFG) <sup>4</sup>. To provide a degree of funding stability between financial years, each LA needs to set a minimum change in per pupil funding that a school can experience compared to 2020-21. For 2021-22, DfE will permit the rate to be set between +0.5% and +2.0%. The NFF has applied a minimum 2% increase.

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<sup>4</sup> The MFG compares per pupil funding allocations between years and where the change is below the minimum threshold, a funding top-up is added to meet the minimum per pupil change requirement. The MFG calculation required by the DfE excludes funding for business rates and fixed lump sum allocations. The cost of top-up funding is financed by scaling back increases to schools experiencing funding gains.

11. At this stage, this is the only financial consultation that we expect to need to make, but that may change if any unexpected outcomes emerge as the detail of the budget setting process develops, in particular the likely costs and funding allocations that will arise from the October 2020 census data.
12. The 2021-22 budget will need to continue to reflect the financial impact arising from new schools that is not being fully financed by the DfE. The Schools Forum has agreed a medium-term funding strategy which includes the council providing £1m of funding, drawing down £1m held in the earmarked New School Start-up / Diseconomy Reserve that was created in the Schools Budget for this purpose and if necessary, using a part of the annual increase in NFF funding. The detailed implications of this can only be determined once the October 2020 census data is available.
13. Publication of 2021-22 individual school budgets will follow last year's timeline, with provisional budgets issued in early January 2021 and final budgets in March 2021. The expectation is that the January provisional budgets will reflect the October 2020 verified census data (subject to this being provided by the DfE no later than mid-December) and the final budget decisions of the Schools Forum and will therefore be very close to final allocations.

## **Financial requirements of schools**

### **Overview**

14. Local authorities are required to publish schemes for financing schools setting out the statutory financial relationship between them and the schools they maintain. The Secretary of State may by a direction revise LA schemes and we have been informed of 2 significant changes that will come into effect from April 2021 as follows:
  - a. schools must submit a 3-year budget forecast each year, by 30 June
  - b. schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish.
15. These changes are therefore mandatory for all schools. The council will be considering the practical implications arising from these changes and will provide more comment in due course.

### **Update on 2020-21 grants:**

16. There are some new grants for the current financial year as summarised below:
  - a. Coronavirus (COVID-19) catch-up premium. This is aimed at helping pupils catch up from the disruption from coronavirus and is divided into 2 elements:
    - i. Universal catch-up premium funding. Which will be paid to all state-funded mainstream and special schools, and alternative provision. Schools' allocations will be calculated on a per pupil basis, providing each mainstream school with a total of £80 for each pupil in years reception through to 11. Special, AP and hospital schools will be provided with £240 for each place. These are academic year funding amounts and will be paid in 3 tranches with £46.67 and £140 respectively to be received in 2020-21 financial year. Schools have the flexibility to spend their funding in the best way for their cohort and circumstances.
    - ii. National Tutoring Programme. This is targeted support for those children and young people who need the most help. The programme will comprise of at least 2 parts in the 2020 to 2021 academic year, including:
      1. a 5 to 16 programme that will make high-quality tuition available to 5 to 16 year olds in state-funded primary and secondary schools from the second half of autumn term 2020

Schools will be able to use their catch-up premium to cover the subsidised cost of the programme.

Details of funding eligibility and allocations have yet to be released.

2. a 16 to 19 fund for school sixth forms, colleges and all other 16 to 19 providers to provide small group tutoring activity for disadvantaged 16 to 19 students whose studies have been disrupted as a result of coronavirus (COVID-19).

This funding is ring-fenced for 16 to 19 small group tuition only and will be allocated by the DfE proxy measure for disadvantage: learners with low prior attainment, meaning those who did not have a GCSE grade 4 or above in English and / or maths at age 16 in the value of £150 per student (pro rata for part time students).

Providers must accept or decline the extra funding and confirm that they will be able to spend this effectively and in line with the guidance.

More information on these grants can be found at:

[https://www.gov.uk/guidance/coronavirus-covid-19-catch-up-premium?es\\_c=3A89B1C538D02FC86AC6D2A3ECD87D31&es\\_cl=19BA6EA32D0000D3F75D4265AA0CEC59&es\\_id=9d%2c2%a3o3](https://www.gov.uk/guidance/coronavirus-covid-19-catch-up-premium?es_c=3A89B1C538D02FC86AC6D2A3ECD87D31&es_cl=19BA6EA32D0000D3F75D4265AA0CEC59&es_id=9d%2c2%a3o3)

[https://www.gov.uk/guidance/16-to-19-funding-16-to-19-tuition-fund?es\\_c=0F830EE9AE76153DD97106F90E8F8E8E&es\\_cl=94C1E93C1C0C1E7CA6AE357E3F091F2B&es\\_id=9d%2c2%a3o3](https://www.gov.uk/guidance/16-to-19-funding-16-to-19-tuition-fund?es_c=0F830EE9AE76153DD97106F90E8F8E8E&es_cl=94C1E93C1C0C1E7CA6AE357E3F091F2B&es_id=9d%2c2%a3o3)

- b. High value courses for school and college leavers: a one-year offer for 18 and 19-year-olds: This is a short-term funding for an additional programme of study of high value level 2 and 3 qualifications for up to a year from September 2020 if they cannot find employment or work-based training. A £400 uplift will be paid once per learner to cover the costs of putting on additional courses at short notice, recruiting extra students, and preparing staffing and facilities

More information can be found at:

[https://www.gov.uk/guidance/high-value-courses-for-school-and-college-leavers-a-one-year-offer-for-18-and-19-year-olds?es\\_c=3A89B1C538D02FC86AC6D2A3ECD87D31&es\\_cl=25CCA512423D50F4F2DF8411CC06BA1E&es\\_id=9d%2c2%a3o3](https://www.gov.uk/guidance/high-value-courses-for-school-and-college-leavers-a-one-year-offer-for-18-and-19-year-olds?es_c=3A89B1C538D02FC86AC6D2A3ECD87D31&es_cl=25CCA512423D50F4F2DF8411CC06BA1E&es_id=9d%2c2%a3o3)

- c. School and college responsibility for autumn exams: guidance. Schools should pay fees for all students who were due to sit exams in the summer, rather than passing the cost on to students or their families. The DfE has established an Exam Support Service to provide funding if needed to ensure that schools do not incur a net loss, taking their autumn fees and any rebates/credit notes they receive in respect of summer exams together.

More information can be found at:

<https://www.gov.uk/government/publications/responsibility-for-autumn-gcse-as-and-a-level-exam-series/centre-responsibility-for-autumn-gcse-as-and-a-level-exam-series-guidance>

- d. Exceptional costs associated with coronavirus (COVID-19): There will be a second period for schools to claim additional costs arising from the coronavirus pandemic. This follows on from the claims process that covered the period April-July 2020. The DfE has yet to publish eligibility criteria and period for which this funding round will operate.

DfE had paid this funding which will be recorded in school accounts on Agresso month 5 against account code 7000 Government Grant, Cat 3 (Resno) E0047.