

DEDICATED SCHOOLS GRANT AND OTHER SCHOOL FUNDING CHANGES FOR FUNDING YEAR 2021-22

SCHOOLS FUNDING BLOCK

- The core National Funding Formula factor values will increase by an average 3% in 2021-22 in comparison to 2020-21 factor values (which showed a 4% increase upon 2019-20)
- There are some notable exceptions to that general increase in terms of basic entitlement funding, IDACI funding and the minimum per pupil funding levels that have to be satisfied – see the accompanying table which compares the 2021-22 factor values with the 2020-21 values.
- From 2021-22 both the Teachers' Pay Grant (TPG) and the Teacher's Pension Employer Contributions Grant (TPECG) will cease and the grant funding will be moved into the DSG. [Teachers Pay Grant has been supporting the difference in the last two teachers' pay awards between the actual pay uplift and the 2% uplift schools budgeted for. The Pension Employer Contributions Grant addressed the last hike in the employer contribution rate for teachers from 16.4% to 23.6%] **It is not clear yet whether the funding figures will be amended to include the impact of the September 2020 teachers' pay offer being greater than 2%.**
- For the basic entitlement funding – the **Age-Weighted Pupil Units** – the 2021-22 Primary value will include £180 on top of the 3% rise to reflect the transfer in of TPG and TPECG monies. Similarly, the KS3 and KS4 AWPU values will both include £265 on top of the 3% rise.
- The **Minimum per Pupil funding** values for 2021-22 also reflect the transfer in of TPG and TPECG funds to ensure that the intended underlying improvements to funding for some schools are unaffected. For Primary schools the expected increase in the minimum level from £3,750 to £4,000 per pupil has been enhanced to £4,180 in 2021-22. For Secondary schools the 20-21 minimum value of £5,000 will increase to £5,150 in 2021-22 and £265 is added on top from the transfer of TPG and TPECG funds.
- There are significant changes to the structure of the **IDACI (Income Deprivation Affecting Children Index)** factors for 2021-22. This is due to a move to adopt the September 2019 IDACI data set from FY 2021-22 onwards. In order to avoid a potential repeat of the turbulence that happened the last time the IDACI statistics were updated, the 2021-22 IDACI banding factor values show some marked differences when compared to 2020-21. The numbers of children assigned to each band will be handled via a ranking process rather than by use of pure IDACI scores. These changes will ensure that the allocation total remains within the national IDACI budget provision. [Further testing of the impact on Kirklees schools will be undertaken once the draft 21-22 modelling tool is received].
- The **Minimum Funding Guarantee** for 2021-22 can be set within the range +0.5% to +2.0%. The National Funding Formula assumes that every school will see at least a 2% increase in funding per pupil for funding year 2021-22. With the 3% average increase in formula factor values, it stands to reason that the amount of cash protection allocated on top of the NFF for many schools will once again show a reduction next year as a consequence. The TPG and

TPECG amounts will be added to each School's 2020-21 funding baseline so that they don't distort the 2% minimum increase calculation.

- Application of the 2021-22 funding factor values to the current year's data set results in a Schools Block allocation to Kirklees of £325m which compares to the 2020-21 allocation of £302.2m – an increase of £22.8m (a 7.54% increase). The transfer in of former TPG and TPECG monies accounts for £13.6m (4.50%) of this increase. The actual School Block allocation for 2021-22 will largely be based upon October 2020 pupil census data.
- The £325m illustrated Schools Block figure for 2021-22 excludes pupil growth funding [£1.59m in 2020-21]. This will be calculated by comparing the October 2020 census with the October 2019 census at school level and mapping only the increases in numbers on roll. £1,455 will be allocated per pupil for Primary increases and £2,175 for Secondary increases.
- Local authorities can once again in 2021-22 propose to move up to 0.5% of their Schools Block allocation with the permission of the Schools Forum. The transferring TPG and TPECG funds would fall outside the calculation. Local authorities would have to appeal to the Secretary of State in cases where a transfer of more than 0.5% is proposed or the Forum rejected the proposal.
- It is confirmed that academies will continue to receive both TPG and TPECG funding through to 31st August 2021 as they won't benefit from the increases to the NFF factor values until September 2021.
- The ESFA is considering making further changes to the NFF to support small and remote schools from 2022-23. The proposals will form part of a public consultation round.
- Plans are to be announced to move to a 'hard' National Funding Formula probably with effect from FY 2022-23, meaning all schools in all local authorities will be directly funded by the NFF factors. Whether there will still be local discretion over the premises allocations remains to be seen. There will be a further consultation launched about this change.

CENTRAL SCHOOLS SERVICES BLOCK

- The illustrated 2021-22 CSSB pupil-led figure is £2.074m which is slightly lower than the £2.082m received in 2020-21.
- In addition there is a historic commitment element which, for Kirklees, relates to ongoing DSG pension commitments. This has again been cut by 20% for 2021-22 but because Kirklees' commitments relate to pension costs which won't reduce in the near future the ESFA should again restore the initial £34k cut that has been applied.
- The actual 2021-22 CSSB allocation will also include a transferred amount of TPECG in respect of the local authority's centrally-employed teachers.

HIGH NEEDS BLOCK

- The final High Needs Block allocation to Kirklees for 2020-21 was £43.09m. The illustrated allocation for FY 2021-22 is £48.68m, an increase of £5.59m. This figure will only change

slightly when the actual allocation is declared due to updates to pupil numbers at the next census point.

- As with the Schools Block, the illustrated figure for the 2021-22 High Needs Block includes an element of funding transferred from the Teachers Pay Grant and the Teachers Pension Employer Contribution Grant. Previously the funding received for the basic needs of children attending Special Schools was set at £4,000 per pupil. From 2021-22 this will increase to £4,660 with the additional £660 representing the transferred in TPG and TPECG funding.
- The transferred TPG and TCEPG funds total £566.1k for Special schools and £81.8k for Alternative Provisions. The final settlement will also include Supplementary Pension Grant for a number of these providers (where the actual cost of the pension increase outweighed the funding provided by the basic TPECG). There is an expectation that the Council will acknowledge these former grant amounts in the budget share allocations made to specialist providers in 2021-22.
- Setting aside the TPG and TPECG transfers, the remaining £4.94m increase in funds for 2021-22 represents the maximum 12% increase per head of population that a Council can gain for next year.
- Looking further ahead, the updated uncapped National Funding Formula outcome for Kirklees has been revised to now stand at £55.24m, so there is the prospect of a further gain in High Needs funding of £6.56m beyond 2021-22. There is no detail yet as to when/how quickly these funds will flow to the Council. The £55.24m is broken down in the table below.

Funding element	Children counted	Allocation
Pupils in Special schools (basic entitlement) includes TPG/TPECG of £0.57m)	857.5	£4.00m
Historic High Needs spending element		£15.42m
0 to 18yrs Population factor	96,197	£17.49m
Free School Meals		£4.26m
IDACI (now September 2019 statistics)	45,856	£3.76m
Children in bad health	604	£2.94m
Disability factor	2,811	£2.01m
Low Prior Attainment at Key Stage 2	903	£2.93m
Low Prior Attainment at Key Stage 4	1,160	£2.76m
Alternative Provision TPG & TPECG transfer		£0.08m
Pupil Import/Export adjustment	-(68)	-(£0.41)m
Total High Needs NFF outcome		£55.24m

[NEW] COVID-19 CATCH-UP PREMIUM

- £650m has been allocated nationally to support the task for schools of helping their pupils catch up on missed education due to the Covid-19 lockdown. The new Covid-19 catch-up premium will allocate funds to schools for the academic year 2020/21 only.

- The allocation will be made for pupils from Reception to Year 11. Mainstream schools will get £80 per pupil whereas Special schools will receive £240 for each Planned Place.
- Schools will receive the catch-up premium in three instalments during the coming academic year but schools should plan to use the full allocation in the certain knowledge that the funding allocations will be made. For mainstream schools £46.67 per pupil will be allocated in the current financial year with the remaining £33.33 per pupil allocated during the Summer term of 2021.
- Ofsted will have the power to check how schools are using the Catch-up Premium funding. Further guidance for schools about its use will be produced by the Education Endowment Foundation.

[NEW] NATIONAL TUTORING PROGRAMME

- £350m has also been allocated nationally to set up a tutoring programme to support the catch-up. The programme will cover 5 to 16 year olds and 16 to 19 year olds in sixth forms and colleges.
- The programme is due to start in the second half of the Autumn term 2020. A portal will be provided for schools to register their interest in participating. Schools can use their catch-up premium to pay for the subsidised charges
- There will be an approved list of tuition partners for schools to access from November 2020.
- Schools serving the most disadvantaged areas will be supported to employ in-house academic mentors to provide small group tuition to pupils needing it.

OTHER ISSUES

- If any maintained schools join the **Risk Protection (insurance) Arrangement** a recoupment deduction for the RPA charge will be made by the ESFA from the DSG Schools Block. There is therefore a need to agree a new de-delegation factor to cover the RPA to be able to deduct the recouped RPA amount from the school(s) concerned.
- **Deficits carried forward in the DSG account.** Now that the High Needs Block deficit shows on the DSG balance sheet we can expect some engagement with the DfE about plans to deal with the debt. The new guidance elaborates a bit more about the approach to be taken...

“... the DfE recognises that there may well be some authorities which, despite their best efforts, will still not be able to pay off their historic deficit from the DSG over the next few years. In these cases, the DfE 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 (sic) their DSG balance.”

- Deficit discussions will begin during 2020 and will initially be limited to a fairly small number of local authorities. Other local authorities will be contacted during 2021-22 and subsequent years. The scale of the deficit would presumably dictate when engagement with the local authority would commence.
- As part of an appropriate agreed package of measures in a deficit recovery plan the department will, if necessary, make funds available from within the overall total of DSG so that the local authority can pay off its deficit over time.
- The Department is also concerned about the effect that a large deficit could have upon a local authority's cash flow. If an authority is able to prove that it is facing cash-flow problems specifically because of the DSG deficit the department will consider providing an advance of funding which would then be subtracted from the authority's future years' DSG allocations.

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