

Name of meeting: Cabinet
Date: 26 January 2021
Title of report: Report seeking approval for Kirklees' School Funding arrangements for financial year 2021-22

Purpose of the Report

- To set out the Kirklees schools funding arrangements for 2021-22 in terms of:
 - a. Specific funding factors to be used and the relative weightings and values of the funding factors.
 - b. Exceptions applications to the Education & Skills Funding Agency (ESFA) and approvals given.
 - c. Central budget provision within the Dedicated Schools Grant Schools Block of funding, the Central School Services Block and the Early Years Block.
 - d. De-delegation arrangements for mainstream maintained schools
- To request that the Cabinet approve the outline details of the Kirklees school funding formula for 2021-22 submitted to the Education & Skills Funding Agency (ESFA) by their deadline of 21st January 2021.

Key decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes, the schools funding distribution affects all schools in every ward in Kirklees
Key decision - is it in the Council's Forward Plan (key decisions and private reports)?	Yes Private report/appendix: No
The decision - is it eligible for "call in" by Scrutiny?	Yes
Date signed off by Strategic Director & name	Mel Meggs 14 th January 2021
Is it also signed off by the Service Director for Finance?	Eamonn Croston 13 th January 2021
Is it also signed off by the Service Director – Legal, Governance & Commissioning Support?	Julie Muscroft 13 th January 2021
Cabinet member portfolio • Children's Services	Cllr Carole Pattison Cllr Viv Kendrick

Electoral [wards](#) affected: All Wards

Ward councillors consulted: None

Public or private: Public

GDPR: There is no personal data contained within this report.

1. Summary

This report sets out the arrangements that have been consulted upon for the funding of local schools and academies for the funding year 2021-22. The main elements which require Cabinet approval are: -

- The specific funding factors to be used and the relative weightings and values of the funding factors.
- To note any exceptions applications to the Education & Skills Funding Agency (ESFA) and approvals given.
- Central budget provision within the Dedicated Schools Grant Schools Block of funding, the Central School Services Block and the Early Years Block.
- De-delegation arrangements for mainstream maintained schools

2. Information required to take a decision

2.1 BACKGROUND

Dedicated Schools Grant

2.1.1 Dedicated Schools Grant (DSG) is the funding that is provided to Councils to fund statutory school age education (4-16 year olds). DSG funding is also provided in respect of children and young adults from birth to age 25 having Special Education Needs & Disability (SEND). The DSG also provides funding for free early education and childcare provision for 3 and 4 year-olds and for disadvantaged 2 year olds. Councils are also allocated some DSG funding to pay for some of the statutory and regulatory duties they have for all pupils educated within the borough.

2.1.2 All four funding blocks within the Dedicated Schools Grant – Schools, High Needs, Early Years and Central School Services – are now largely determined by National Funding Formula (NFF) calculations. With the exception of Early Years funding, the NFF outcomes are each being phased in over different timescales.

Schools Forum and Council responsibilities for DSG

2.1.3 Every local authority is required to have a Schools Forum to act as the main consultative group on revenue funding issues affecting local schools and related providers. The Schools Forums (England) Regulations determine the role, powers and responsibilities of the Forum. The local authority proposes and decides upon the shape and effect of school funding arrangements on an annual basis but must consult with the Schools Forum about changes to be made. There is also a requirement to consult annually with the Forum on both High Needs and Early Years funding arrangements.

2.1.4 The Schools Forum also has some decision-making powers enshrined by regulation. The local authority makes an annual proposal, ahead of the new financial year, setting out the central expenditures it plans to make from the Schools Block, the Early Years Block and the Central Schools Services Block. (Central expenditure from the High Needs Block is formally a Council decision – the Forum is not required to be consulted but it is good practice to keep them regularly informed of developments). The Forum then decides, through consultation with constituent groups, whether to accept, amend or reject proposals. Similarly, the local authority makes an annual proposal to the Forum, for the schools it maintains, to de-delegate funding from maintained mainstream primary and secondary schools to operate a number of central budget arrangements.

2.1.5 The maintained primary and secondary school representatives to the Forum decide on the arrangements that will apply for their phase (having consulted their constituencies). In cases where the LA and the Forum cannot reach an agreement on central retention and de-delegation issues the Secretary of State for Education would adjudicate.

Formal submissions to the Education & Skills Funding Agency

2.1.6 Any exceptions requests seeking permission to make minor variations to the operation of the schools funding formula were made before the ESFA deadline of 20th November 2021 (see Section 2.4 below for more details).

2.1.7 The structure of the local 2021-22 schools funding arrangements and factor values used are required to be submitted to the ESFA by 21st January 2021, based upon a pupil dataset provided by the ESFA which is derived largely from October 2020 pupil census information. The return to the ESFA is required to show that political approval has been or will be secured for the funding allocations reported. The submission of the funding figures to the ESFA by 21st January must be regarded as an indicative return until political sign-off is achieved. If amendments are required a second submission would have to be made.

Schools revenue funding issues for 2021-22 discussed with Schools Forum and constituent groups

2.1.8 These included the following: -

- The changes made to the National Funding Formula for schools for 2021-22
- An adjustment to the local schools funding allocation that has become necessary in 2021-22 as a result of a double-counted funding issue that has been identified.
- An exception application to the Education & Skills Funding Agency to make variations to how the formula operates at one Kirklees school
- Central budget provision within the Dedicated Schools Grant funding blocks
- De-delegation arrangements for mainstream maintained schools
- High Needs Block funding
- Early Years Block funding

These topics are covered in more detail in sections 2.2 to 2.9 below, with the Forum's recommendations to Cabinet shown at section 2.10 below.

2.2 MOVEMENT TOWARDS A NATIONAL FUNDING FORMULA IN THE 'SOFT' NFF YEARS OF 2018-19 TO 2021-22

2.2.1 The National Funding Formula for Schools began to influence Dedicated Schools Grant Schools Block funding allocations with effect from financial year 2018-19. The NFF formula factors and common values have been used to determine DSG Schools Block allocations to local authorities in England since 2018-19. Financial years 2018-19 and 2019-20 were described by the Education & Skills Funding Agency (ESFA) as 'soft' NFF years – the NFF would calculate the overall allocation to Councils but how that funding was to then be distributed amongst local schools and academies remained a matter for local consultation and decision.

- 2.2.2 This 'soft' NFF period has been subsequently extended by another two years. [The 'hard' National Funding Formula, where local decision-making over the funding distribution largely ceases, is now indicated to start in April 2022].
- 2.2.3 The government also decided upon a gentle implementation of the redistributive effects of the National Funding Formula calculation. Whilst those local authorities and their schools gaining from the change to the NFF are being allowed to benefit from significant increases to their funding levels, this has not so far been at the expense of those areas of the country where the NFF would deliver a lower level of funding than before.
- 2.2.4 Instead, minimum cash floor increases have applied in the last three funding years to ensure that all schools receive at least some level of increase in funding per pupil over that period. By 2020-21 this protection led to Kirklees Council receiving a Schools Block funding settlement which was significantly higher (£10.62m) than the figure determined by the pure application of the NFF calculation. For 2021-22 NFF factor values increase by an average of 3% in comparison to 2020-21 and this should see the overall amount of cash protection for local schools reduce again.
- 2.2.5 Following a period of detailed consultation with schools on how, whether and to what extent to move to the National Funding Formula factors and values, it was decided to adopt the NFF in Kirklees with effect from 2018-19. Making this move, it was felt, would make transparent the level of any temporary cash protection included within the Budget Share allocation to each school and would help schools to consider what the potential implications of a hard NFF allocation could eventually mean for them.
- 2.2.6 It should be acknowledged that a growing number of Kirklees schools, expected to be around 20% in 2021-22, are receiving an increase in their funding level from the move to the NFF in comparison to previous allocations and are therefore not in receipt of temporary cash protection.
- 2.2.7 Having taken the decision to adopt the National Funding Formula factors and values from 2018-19, the Council will once again largely use the declared NFF factor values in distributing budget shares to school for funding year 2021-22. There are some changes to note though -
- i) The basic entitlement (Age-Weighted Pupil Unit) funding amounts per pupil to apply in 2021-22 show significant increases in comparison to 2020-21. The Primary AWPU rises from £2,857 to £3,123, the KS3 AWPU from £4,018 to £4,404 and the KS4 AWPU from £4,561 to £4,963. The Primary AWPU rise includes £180 and the Secondary AWPU values £265 to build the former Teachers Pay and Pension Grants into the national funding formula. The underlying increase in the AWPU values for 2021-22 is 3%.
 - ii) The 2020-21 allocations to schools from the Teachers Pay & Pension Grants have been built into each school's 2020-21 funding baseline in order that the transferred former grant money in 2021-22 does not dilute the support provided to many schools under the minimum funding guarantee calculation.

- iii) The minimum per pupil funding checks within the formula will increase in 2021-22 to £4,180 (from £3,750 in 2020-21) for primary schools and to £5,415 (from £5,000) for secondary schools. £180 of the increase for primary schools and £265 of the increase for secondary schools again relates to the transfer into the Schools Block of former Teachers Pay and Pension Grant monies. It is a statutory requirement that these minimum per pupil amounts are met within the local schools funding formula distribution.
- iv) From 2021-22 the Education & Skills Funding Agency has moved to adopt a new updated set of national socio-economic deprivation statistics. As a result there have been some significant changes to the operation of the IDACI (Income Deprivation Affecting Children Index) funding factor within the national funding formula. To avoid the turbulence experienced the last time the national deprivation statistics were updated, the deprivation funding bands have been reworked by the ESFA for 2021-22 and that has added around £2m more to Kirklees' IDACI allocation within the NFF.

2.2.8 Other funding factor values for 2021-22 will rise by an average of 3% in comparison to 2020-21 values.

[Please see Annex A for a comparison of how the funding factors and values have changed over the four-year period starting from 2018-19]

2.3 OTHER FUNDING ADJUSTMENT

- 2.3.1 The Council has hitherto added its own funds to the DSG Schools Block funding distribution to pay for the affordability gap in the PPP1 facilities management contract which covers 16 mainstream schools and academies. An annual sum of around £2m has been added to fund the affected schools for the difference between their annual unitary contribution fees and the overall cost of operating the PPP1 contract.
- 2.3.2 The affordability gap factor was introduced from funding year 2013-14 in response to the Department for Education's instruction that PFI (Private Finance Initiative) schools and academies should pay, and be funded for, the true cost of their membership of a PFI scheme. In advance of effecting the change and adding Council funds to the DSG Schools Block amended schools agreements were negotiated with all the schools concerned to ensure that they became contractually obliged to pay back within their monthly contribution fee the specific amount of affordability gap funding they receive.
- 2.3.3 A change to the school funding regulations in February 2020 has meant that Councils can no longer choose to add their own funds into the Dedicated Schools Grant account without a specific directive from the Secretary of State. During officer discussions with the Education & Skills Funding Agency about the implications of the regulation change, the ESFA clarified retrospectively that there had been a high level ESFA funding amendment in respect of the 2019-20 DSG settlement calculation. This meant that from

2019-20 the Schools Block effectively factored in funding responsibility for the PFI affordability gap previously funded by the Council. ESFA guidance regarding the 2019-20 funding settlement at the time included no specific reference to an element of the overall funding calculation being adjusted to compensate for the PFI affordability gap.

- 2.3.4 As the above has only recently come to light, in effect it means there has been an inadvertent double-count of the affordability gap funding by the local authority and the Department for Education both in 2019-20 and in 2020-21, from which schools have benefitted. The double-count will be corrected from 2021-22 through a one-off adjustment to the overall level of funds to be distributed to the mainstream school sector.
- 2.3.5 Kirklees' DSG Schools Block funding increase, had it continued to include the Council affordability gap contribution, would have been £22.36m in 2021-22 (see section 2.9 below for more details) but the required adjustment to correct the double-count reduces the increase to £20.31m in comparison to 2020-21.
- 2.3.6 Options for how to achieve the £2m adjustment have been discussed at Schools Forum. The double-count of funds in the last two years has benefitted every mainstream school as Kirklees' declared lump sum amount has been set at a higher level than the nationally-determined value in both years. Those schools where the National Funding Formula (NFF) provides a lower level of funding in comparison to the local funding formula it replaced have received enhanced transitional protection in both years, particularly in funding year 2020-21.
- 2.3.7 All local mainstream schools were consulted last month about this issue and how it is proposed to adjust the 2021-22 funding allocation to correct the double-count. There are three elements to that correction – set a lump sum value of £117,800 per school to match the NFF value (this is a reduction of £3,014 per school, a total reduction of £512,380); the new IDACI statistics and adjusted deprivation bands supply just over £2m of new funds in the 2021-22 DSG settlement. Up to £1.2m of this new money will be assigned to the required correction adjustment – most schools will still experience an increase in IDACI support next year, the ones that see reduced IDACI funding should see an offsetting rise in transitional cash protection provided under the Minimum Funding Guarantee (MFG) mechanism; the final part of the adjustment is secured by setting a lower MFG percentage increase for 2021-22 to balance off to available funds.
- 2.3.8 The combination of these three elements was felt by the Schools Forum to be the fairest approach in the circumstances and this approach provided the largest degree of protection for the smallest and most vulnerable local schools.

2.4 EXCEPTIONS APPLICATIONS MADE TO THE EDUCATION & SKILLS FUNDING AGENCY:

Adjustment to one School's Minimum Funding Guarantee baseline to address an historic element of overfunding

- 2.4.1 A disapplication request has been submitted in connection with the ongoing process of removing an identified element of over-funding at a maintained primary school. Ashbrow School was formed from the technical closure of Ashbrow Junior School and the expansion of the age range of Ashbrow Infant & Nursery School to then admit the displaced pupils of the Junior School. The amalgamation took place at September 2012.
- 2.4.2 This was before the ESFA introduced a mechanism to transition to a single school lump sum payment in cases of a school amalgamation. The timing meant that the school's baseline funding effectively continued to include the effect of two lump sum payments ever since and this over-stated position has been made worse by growth in the School's roll number from 261 pupils in 2012 to 410 pupils in 2020.
- 2.4.3 The Schools Forum requested at the close of financial year 2018-19 that further investigation of Ashbrow School's funding level be undertaken, given the School's exceptional level of accumulated cash reserves. As a result of that investigation and subsequent discussions with the head teacher and chair of governors of the school, disapplication requests were submitted for both 2019-20 and 2020-21 seeking permission to amend the School's funding baseline.
- 2.4.4 To give the school time to adjust its expenditure plans it was proposed to adjust the baseline to produce a funding outcome which removes one quarter (approx. £64,000) of the identified element of overfunding over each year of a four-year phasing period. The disapplication request for 2021-22 seeks permission to make another reduction to the School's funding as the third step of four in the process of returning the School's funding to a more customary level.

[At the time of writing this report the Education & Skills Funding Agency has yet to indicate a decision on this particular disapplication request].

2.5 CENTRAL BUDGET PROVISION WITHIN THE DEDICATED SCHOOLS GRANT FUNDING BLOCKS (see Annex B)

- 2.5.1 The **Central School Services Block** within the DSG allocates funding to Councils for a range of statutory and regulatory duties relating to all pupils within the authority no matter what type of school they attend. Although this funding comes directly to the Council, Schools Forum has the responsibility for making an annual decision about the budget provision in response to local authority proposals.

- 2.5.2 The only retained central funding **within the DSG Schools Block** is related to (pre-16) pupil growth. Local authorities can propose to operate both a **Pupil Growth Fund** and a **Falling Rolls Fund** and can also propose to retain funding to deal with the consequences of pupil growth. The Schools Block settlement includes a formula-based assessment of growth funding for each local authority. The Forum again has an annual decision to make about the operation of these funding elements and the level of funding set aside for them.
- 2.5.3 The Pupil Growth Fund meets pre-opening costs for any new schools opened in response to a basic need for places; supports schools experiencing a mid-year growth in pupil numbers that is of sufficient scale to trigger a new class arrangement and the Fund can also support primary schools struggling to meet the requirements of the KS1 class size regulation. Growth Fund support is only ever given where a school cannot afford to meet the additional costs concerned from its own resources. [From 2019-20 the Forum agreed to discontinue the operation of a Falling Rolls Fund].
- 2.5.4 Central budget provision can also be retained within the **Early Years funding block** up to a maximum of 5% of the annual Early Years block total. Kirklees' level of retention is well below this at around 2.5%. The majority of the retained amount funds the Free Early Education & Childcare Sufficiency and the Early Years Outcomes teams who ensure that the right funding reaches schools and other providers, contribute to sufficiency place planning and to supporting the attainment of good standards among providers.
- 2.5.5 Decisions about central spend within the **High Needs funding block** rest with the local authority. The Schools Forum has no formal role in that process.
- 2.5.6 The detail of Central School Services Block budgets and growth provision within the Schools funding block were agreed with Schools Forum, at their meeting on 8th January 2021. Central retention within the Early Years Block budget for 2021-22 will be the subject of consultation with all providers over the next few weeks and is scheduled for consideration at the Forum meeting on 5th February 2021. [Please refer to Annex B below for details of the retained budgets].

2.6 DE-DELEGATION ARRANGEMENTS FOR MAINSTREAM MAINTAINED SCHOOLS (see Annex C)

- 2.6.1 Annual proposals on de-delegation are made by the local authority to maintained primary and secondary schools. The ESFA only permits de-delegation against a number of specified headings. The maintained primary and secondary schools representatives to the Forum formally decide on de-delegation issues on behalf of their phase.
- 2.6.2 The de-delegated budget arrangements proposed for 2021-22 are: -
- Schools contingency
 - Free school meals eligibility checks
 - Maternity, paternity and adoptive leave costs
 - Trade union facilities time *

- Public duties
- International new arrivals service *
- School Improvement Commissioning *

[* Schools Forum receives additional, regular monitoring reports in prioritised areas].

2.6.3 De-delegation arrangements for 2021-22 for the primary sector were agreed with the maintained primary and secondary school representatives to Schools Forum at their meeting on 8th January 2021. [Please refer to Annex C below for details of the 2021-22 de-delegation deductions].

2.7 HIGH NEEDS BLOCK FUNDING 2021-22

2.7.1 When the new national funding formula for High Needs was introduced, Kirklees' original outcome showed a projected funding increase by nearly 22%, equating to an eventual gain of £7m. The annual funding increase was capped to only feed through at a maximum gain of 3% (roughly £1m) per annum. Since that original outcome the government has acknowledged mounting High Needs costs pressures faced by Councils by providing more and more funding to the national High Needs Block but an annual gains cap mechanism is still in place.

2.7.2 The cap on funding gains has not been helpful to Kirklees' situation given the mounting pressures within its High Needs account. If the High Needs national funding formula provides an objective measure of the local need to spend then any hold-back against that identified outcome creates an affordability problem. It should also be noted that a significant portion of the High Needs NFF funding method still uses the pre-2018/19 level of high needs funding to each local authority. A pure High Needs NFF allocation would see Kirklees receive even larger funding increases.

2.7.3 Most local authorities continue to experience significant financial pressure within their High Needs account. The situation has again been acknowledged by the ESFA with a revised higher level of funding resources to be delivered to local authorities via the High Needs NFF in 2021-22. The settlement for 2020-21 delivered a £6.1m increase to Kirklees' High Needs funding block in comparison to the year before and 2021-22 provides another increase of £5.65m. The eventual NFF outcome for Kirklees under the High Needs funding formula is now indicated to be a further £6.42m rise beyond the level of funding provided in 2021-22. However, this amount has still to be formally confirmed and there is no indication as to how quickly the money would be released.

2.7.4 Kirklees maintained schools and academies have recently been consulted about options for changing the way top-up funding allocations are made to support children in school having an Education Health & Care Plan (EHCP). The current top-up funding bands have not been updated since 2013-14. Details of the consultation proposals and recommendations will be provided in a subsequent report to Cabinet in February.

2.8 EARLY YEARS BLOCK FUNDING 2021-22

Early Years Funding: 3-4 year olds:

- 2.8.1 All 3 and 4 year olds are eligible for 15 hours per week of free early education up to a maximum of five school terms (until they are eligible to start Reception). This is a universal entitlement for all children. A new entitlement to '30 hours of childcare' was introduced from September 2017. This is an additional 15 hours of free childcare for children that are eligible. The additional 15 hours is available subject to application (to HM Revenue and Customs) to families where both parents are working (or the sole parent is working in a lone parent family), and each parent earns, on average, a weekly minimum equivalent to 16 hours at national minimum wage or national living wage and less than £100,000 per year.
- 2.8.2 The hourly rate used in the Early Years National Funding Formula calculation for 2021-22 is £4.44, an increase of £0.06 from the 2020-21 funding rate. It is proposed that this increase is passed through to early years providers in the new funding year.

Supplements and additional factors

- 2.8.3 There have been no changes to the permitted supplements, therefore it is proposed to continue with just the mandatory deprivation supplement. The amount allocated to Kirklees from the Early Years Pupil Premium has reduced from £338k to £322.5k and this will be allocated in support of disadvantaged early years children.

Early Years funding for disadvantaged 2 year olds

- 2.8.4 The hourly rate for disadvantaged two year olds within the Early Years National Funding Formula has increased by £0.08 to £5.36 for 2021-22. It is also proposed that this increase be passed through to relevant providers.
- 2.8.5 The formal Early Years Block settlement figure is finalised from the January pupil census data. It remains to be seen whether this funding block will also include a transfer in of former Teachers Pay and Pension Contribution Grant funding to match what has happened with the other DSG blocks. Schools with formal nursery provision will have received an allocation from these grants prior to 2021-22 in support of their teacher costs. The Schools Block grant funding transfer does not acknowledge pre-school age children.

2.9 DEDICATED SCHOOLS GRANT FUNDING SETTLEMENT 2021-22

DSG Schools Block

- 2.9.1 The 2021-22 per pupil units of funding (PUF) for the DSG Schools Block settlement are £4,573.93 per primary pupil and £5,856.52 per secondary pupil. These rates represent a 7.75% increase on 2020-21 but the majority of this (4.5%) is due to the transfer into the Schools Block of former Teachers Pay and Pension Grant funding which schools will need to meet the full cost of employing their teaching staff. The ESFA requires that at least 80% of this funding block is allocated via pupil-led factors. In Kirklees

90.43% of the available total was pupil-led in the 2020-21 funding allocation to schools.

- 2.9.2** The confirmed Schools Block allocation for Kirklees for 2021-22 has increased by £22.36m (£303.78m in 2020-21 to £326.14m for 2021-22). The increase is a combination of the transfer in of former Teachers Pay and Pension Grant monies (£13.58m) and an average 3% increase in the national funding formula factor values.
- 2.9.3** The base Schools Block cash increase, ignoring the grant funding transfer, in comparison to 2020-21 amounts to 2.89%. However, the double-funding adjustments described at C above mean that the funding outcome for many schools will be a lower increase per pupil than the headline uplift in the DSG Schools Block. Around 20% of Kirklees mainstream schools will benefit next year from the increased protection provided by the minimum funding per pupil factor and see funding increases higher than the rest of the system.
- 2.9.4** For the remaining 80%, the Minimum Funding Guarantee mechanism is expected to provide at least an increase in per pupil funding of around 1.2% next year, with average increases of around 1.6% per pupil in the primary sector and 1.8% in the secondary sector.
- 2.9.5** The Schools Block funding factors to be used in the 2021-22 funding allocation to schools will largely be those prescribed by the National Funding Formula (see Annex A below for a list of these funding factors and values).

Central School Services Block

- 2.9.6** Kirklees has been allocated £33.02 for every 4 to 16 year old pupil attending schools and academies in the borough (a reduction from the £33.14 rate received in 2020-21). A sum of £170,400 has then been added to reflect historic annual pension commitments charged to the DSG. A sum of £36,320 has also been added in respect of former Teachers Pay & Pension Grant funding for centrally-employed teachers.
- 2.9.7** A breakdown of budget provision supported by the CSSB can be found at Annex B below. A significant portion of the CSSB relates to funding for the range of statutory and regulatory duties (which used to be supported by Education Services Grant) the Council has for all local pupils whether educated in maintained schools or academies.

DSG High Needs Block

- 2.9.8** Ongoing revisions to the national budget for the High Needs National Funding Formula have resulted in Kirklees being allocated £48.82m for High Needs in 2021-22 – a £5.65m increase on 2020-21. Kirklees' gain is the maximum permissible (12%) and is much needed given the substantial demand pressures on the High Needs account. Although expenditure levels are still expected to run ahead of even this enhanced funding level for the foreseeable future.
- 2.9.9** The 2021-22 High Needs allocation also includes a transfer in of former Teachers Pay & Pension Grant funding to pass on to special schools and other specialist providers. £565k is the basic grant funding addition with £163k included as a supplementary addition to be able to boost some

individual provider allocations where the original grant amount did not cover their actual teacher pay bill.

2.9.10 The uncapped level of Kirklees' revised high needs NFF outcome is indicated to be £55.24m so, potentially, more funding is waiting in the wings to help. However, it should be recognised that the Treasury has made no firm commitments yet to departmental budgets beyond 2021-22. There is also no detail available as to how long the path to the eventual outcome will take should the funding be confirmed.

DSG Early Years Block

2.9.11 The Early Years' National Funding Formula values have increased in comparison to 2020-21 – the hourly funding rate for 3 & 4 year olds has risen from £4.38 to £4.44 and the hourly funding rate for disadvantaged 2 year olds has also increased from £5.28 to £5.36. Within the draft 2021-22 Early Years Block allocation there are some variations associated with changes to overall numbers of children.

2.9.12 Funding for the universal (base) 15 hours free nursery offer, looks at this stage to be stable with total numbers of children very similar to this time last year but the number of disadvantaged 2 year olds has reduced by just over 100 part-time equivalent pupils in comparison to year. However, the funding for the extended 15 hours entitlement for children of eligible working families has again increased, this time by around 231 pte children. The total draft allocation of the Early Years block for 2021-22 is £29.31m (in 2020-21 the allocation was £28.64m).

2.10 RECOMMENDATIONS FOR THE 2021-22 DSG SCHOOLS FUNDING FORMULA FROM KIRKLEES SCHOOLS FORUM

- i) To note the ESFA-approved exceptions application.
- ii) To note the consultative process undertaken in collaboration with head teachers through the Kirklees Schools Forum to agree the details of the Kirklees funding formula.
- iii) To support the decisions, in principle, relating to central budgets and de-delegated budgets for 2021-22 and acknowledge the systematic monitoring of the expenditure and impact by Schools Forum.
- iv) To approve, in principle, the final details of the Kirklees' school funding formula for 2021-22 submitted to the Education & Skills Funding Agency by the 21st January 2021 deadline.

3. Implications for the Council

- **Working with people**

The Schools Forum continues to support schools working collaboratively to effectively manage resources, particularly focussing on early intervention and prevention, reducing inequalities and overcoming barriers to learning for children in their communities.

- **Working with Partners**

Through Schools Forum the Council works in partnership with local maintained schools, academies and other providers to try to ensure the optimum distribution of dedicated schools grant within Kirklees. The Schools Forum includes representation from the Private, Voluntary and Independent nursery and childcare sector and post-16 provider representation.

- **Place-based working**

The schools funding allocation recognises that the needs of different communities within Kirklees vary widely. The allocation contains additional need funding factors to target support towards children from particularly disadvantaged backgrounds and also directs additional funds to support children in their first three years in the school system who have English as a second language.

- **Climate Change and Air Quality**

There are no direct implications for climate change and air quality.

- **Improving outcomes for children**

Schools Forum seeks to ensure that the fairest approach to funding across the schools system is in place, particularly at a time when financial pressures for schools are increasing. Maximising resources for teaching and learning, alongside the role that schools play in supporting children and their families and the wider community is crucial in ensuring that children have the best start in life.

- **Other (eg Legal/Financial or Human Resources) Consultees and their opinions**

The schools system is funded by the Council's annual Dedicated Schools Grant funding allocation and is managed in accordance with the Schools Finance (England) regulations and the terms and conditions of the grant.

4. Consultees and their opinions

The Education and Learning Partnership Board sits alongside Schools Forum as a 'sister' consultative group. The two operate together in a complementary approach to work in partnership with our schools and settings. The Forum Chair is a member of the Education and Learning Partnership Board. The work of each body is supportive of a single strategic oversight of the system.

Schools Forum consults with school groups through Kirklees High School Head teachers, Primary Head teacher groups and School briefings. Non-school members from the early years' private, voluntary and independent sectors, trade unions, and the Post 16 sector ensure consultation and feedback from their representative groups. Current discussions are focussed on the decisions required by the ESFA for the funding year 2021-22.

The Early Years Reference group consists of representatives from all sectors of the childcare market. This group consider proposals for the Early Years Funding Formula and monitors spending of the Early Years Block. The views of this group are reported to Schools Forum.

Updates for the Portfolio Holders for Children's Services are provided regularly.

5. Next steps and timelines

Schools Forum will continue to help shape schools funding arrangements at their meeting on 8th January 2021, prior to the deadline for submission of the school funding allocations for 2021-22 to the ESFA on 21st January 2021.

Based on the ESFA funding timeline, it is expected that the local authority will inform maintained schools of their 2021-22 budget shares by 28th February 2021. The ESFA will inform academies of their budget allocations for the academic year 2021/22 by the 31st March 2021.

6. Officer recommendations and reasons

Members are asked to...

- Note the consultative process undertaken in collaboration with head teachers, through Schools Forum, to determine the ongoing local approach to the distribution of DSG Schools Block funding for 2021-22, the fourth year of a 'soft' National Funding Formula approach and the adjustment that needs to be made to correct the identified double-funding issue.
- Note the exceptions application made to the ESFA and subsequently approved.
- Approve the submission of the schools funding formula to the ESFA for 2021-22.

7. Cabinet portfolio holder's recommendations

- To note the changes to schools funding arrangements for 2021-22, the fourth year of 'soft' application of the National Funding Formula, leading up to the full introduction of the National Funding Formula for Schools from April 2022.
- To note the ongoing local consultation with schools and other providers to ensure an appropriate local response to national funding formula developments.
- To note also the corrective adjustment made to the funding distribution in respect of the identified double-funding issue
- To support the officer recommendations above, and to thank Schools Forum members for their work.

8. Contact officer:

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9. Background papers and history of decisions See Annex E below

10. Service Directors responsible

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ANNEX A: How the National Funding Formula factor values have changed since their adoption in 2018-19

Funding factor	NFF values per pupil 18-19	NFF values per pupil 19-20	NFF values per pupil 20-21	NFF values per pupil 21-22	Notes re 21-22
Primary basic per pupil	£2,747	£2,747	£2,857	£3,123	Incl £180 former Pay & Pension grant funds
Key Stage 3 per pupil	£3,863	£3,863	£4,018	£4,404	Incl £265 former Pay & Pension grant funds
Key Stage 4 per pupil	£4,386	£4,386	£4,561	£4,963	
Primary Free School Meals Ever 6	£540	£540	£560	£575	
Sec'y Free School Meals Ever 6	£785	£785	£815	£840	
Primary current FSM	£440	£440	£450	£460	
Secondary current FSM	£440	£440	£450	£460	
Prim IDACI Band F	£200	£200	£210	£215	IDACI banding rate values have changed for 2021-22 as a result of the latest set of national deprivation statistics being adopted by the ESFA.
Prim IDACI Band E	£240	£240	£250	£260	
Prim IDACI Band D	£360	£360	£375	£410	
Prim IDACI Band C	£390	£390	£405	£445	
Prim IDACI Band B	£420	£420	£435	£475	
Prim IDACI Band A	£575	£575	£600	£620	
Sec'y IDACI Band F	£290	£290	£300	£310	
Sec'y IDACI Band E	£390	£390	£405	£415	
Sec'y IDACI Band D	£515	£515	£535	£580	
Sec'y IDACI Band C	£560	£560	£580	£630	
Sec'y IDACI Band B	£600	£600	£625	£680	
Sec'y IDACI Band A	£810	£810	£840	£865	
Primary Pupil Mobility			£875	£900	
Sec'y Pupil Mobility			£1,250	£1,290	
Primary English as an Additional Language	£515	£515	£535	£550	
Sec'y English as an Additional Language	£1,385	£1,385	£1,440	£1,485	
Primary low prior attainment	£1,050	£1,022	£1,065	£1,095	
Secondary low prior attainment	£1,550	£1,550	£1,610	£1,660	
Minimum per pupil check Primary	£3,300	£3,500	£3,750	£4,180	Incl £180 former Pay & Pension grant funds
Minimum per pupil check Secondary	£4,600	£4,800	£5,000	£5,415	Incl £265 former Pay & Pension grant funds
School Lump Sum *	£110,000	£110,000	£114,400	£117,800	

*In the last three funding years Kirklees' locally-set lump sum amount has been set slightly higher than the NFF value (£123,282 in 2018-19 and £120,814 in both 2019-20 and 2020-21). This was the only way available to allocate the cash protection funds remaining after the required funding floor increases had been satisfied.

ANNEX B: DEDICATED SCHOOLS GRANT: CENTRAL BUDGET RETENTION 2021-22 [for mainstream maintained schools and academies]

1) Growth funding within the Schools Block

Budget provision	£	Notes
Pupil Growth Fund	600,000	Supports mid-year basic need pupil growth of sufficient scale to trigger a new class arrangement. Also supports schools struggling to meet the KS1 class size regulation. PGF is only allocated where a school cannot address the issue from its own budget resources
Future pupil growth	600,000	The Schools Block allocation includes an element of funding towards the cost of future pupil growth within the system. For 2021-22 this has been calculated from a comparison of the October 2020 and October 2019 pupil census returns to provide a proxy measure of future growth for individual local authorities. This allocation pays for the Pupil Growth Fund provision above. The balance of the growth funding needs to be retained by the LA to support those schools in the system affected by planned changes to address demand for pupil places in the area, eg new schools growing by one year group per annum, schools asked to vary their admission number to take in additional pupils in a 'bulge' class arrangement. This amount is £137,500 lower than in 2020-21. Retention has been scaled back to make a contribution to the £2m adjustment to schools funding in 2021-22.
TOTAL	£1,200,000	

2) The Central School Services Block

Budget provision	£	Notes
Servicing of Schools Forum	31,000	
Pupil Admissions Service	401,900	
School Organisation & Planning	139,600	
School Reorganisation Support	292,000	
Historic DSG pension commitments	170,400	Fixed historic commitment, the budget cannot be increased
Former Teachers Pay & Pension Grant funding in respect of centrally-employed teachers	36,300	New element
National Copyright Licence charge	330,900	Forum approval is not required
(Former Education Service Grant retained duties) Per pupil allocation to the Council in respect of statutory and regulatory duties for all children in Kirklees	872,400	
TOTAL	£2,274,500	

In comparison to 2019-20, the national copyright licence charge has changed from £331,100 to £330,900 due to the effect of price inflation offset by a reduction of 194 pupils in the 2021-22 pupil data set; the former-ESG retained duties element in 2020-21 was £886,200 – the decrease for 2021-22 reflects the next phased step towards a lower CSSB level provided by this particular national funding formula.

3) Funding retained within the Early Years Block

Budget provision	Proposed £	Notes
Early Learning and Childcare	585,000	Free Early Education, Childcare Sufficiency and Early Years Outcomes Teams – funding to providers, free entitlement place sufficiency, supporting standards of delivery
Back office / management costs	71,200	Finance, payroll, HR, Legal, IT etc
Inclusion Support	40,400	Contribution to the Inclusion Officer team
Miscellaneous	12,000	Contribution to admissions, maternity, union duties etc
TOTAL	£708,600	

The proposed Early Years Block retention is 2.5%, well within the 5% level permitted by the government.

Consultation about 2021-22 Early Years funding and the retention arrangements is due to be held with the Early Years Reference group on 20th January 2021. The proposals will be considered by Schools Forum on 5th February 2021.

ANNEX C: DE-DELEGATION 2021-22 [Maintained Mainstream Schools only]

Budget	Primary per pupil	Secondary per pupil	Notes
School Contingency	-£13.29	-£16.65	Used to correct funding errors, support schools facing emergencies, pick up costs it would be unfair to ask schools to meet, one-off financial interventions in schools in financial difficulty to help them secure necessary savings.
Free school meals eligibility checks	-£1.03	-£1.29	Customer & Exchequer service checks to identify children eligible to claim free school meals – helps schools maximise their deprivation-related funding
Maternity, paternity and adoptive leave	-£29.32	-£29.32	Central payment of salary costs during these leave periods so the school only pays the replacement costs
Trade union facilities time	-£5.72	£0.00	Pays for the release from schools of local TU officials to manage casework (competence, attendance, disciplinary etc) involving school staff
Public duties	-£0.16	-£0.20	School cover costs re staff on jury service, appearing as witnesses in court proceedings, serving as magistrates, serving as governors at another school etc
International new arrivals	-£1.58	-£1.98	Support to schools dealing with language-related issues of children admitted from different parts of the world
School Improvement Commissioning	-£4.50	-£12.01	Supports improvement interventions in schools – appropriate support to schools for the cost of implementing improvement action plans, brokering school-to-school support by meeting the cost of releasing staff from other schools to work with the school in need of support.
TOTALS	-£55.60	-£61.45	

The above picture of per pupil de-delegation is unchanged from financial year 2020-21. The pattern of de-delegation for the primary sector shown in the above table was agreed by the maintained school representatives to the Schools Forum on 8th January 2021.

ANNEX D: Meeting Schedule

Consultation meetings with Schools Forum, Headteacher groups and Early Years Providers

Schedule

Consultation focus	Meetings	Meeting date	ESFA response date
Schools block and Central schools services block Implications of National Funding Formula for the Council and schools from 2021-22	Consultation by email with schools	w/c 7 th December 2020	21 st January 2021
	Schools Forum	11 th December 2020 and 8 th January 2021	
	Schools Funding paper to Cabinet	26 th January 2021	
	Early Years Reference group	20 th January 2021	
	Schools Forum	22 nd January and 5 th February 2021	
Early years block			26 th February 2021

ANNEX E: KEY REFERENCE DOCUMENTATION

The following key reference documents are available on the GOV.UK website. Other, related documentation is also available on these web links.

1. Schools Funding 2021-22

[Pre-16 schools funding: local authority guidance for 2021 to 2022 - GOV.UK](#)

2. Early Years Funding 2021-22

[Early years funding: 2021-2022 - GOV.UK](#)

3. High Needs funding 2021-22

[High needs funding arrangements: 2021 to 2022 - GOV.UK](#)

4. A link to the Cabinet report on the Kirklees Schools funding formula for the previous year, 2020-21 is provided below.

[Agenda for Cabinet on Tuesday 14th January 2020, 4.00 pm | Kirklees Council](#)