

London Borough of Hammersmith & Fulham

SCHOOLS FORUM

10 November 2020

2021/22 Provisional Schools Block Budget Share Options

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Purpose of the report

The report provides a briefing on the decisions required for the 2021/22 budget setting process for the provisional Schools Block allocation of the Dedicated Schools Grant, following the receipt of provisional funding allocations in Summer 2020 and the Authority Proforma Tool in September 2020.

These decisions are requested from Schools Forum representatives in advance of formal consultation with schools which will take place following this meeting for a period of 4 weeks ending on 8th December 2020. The consultation is limited to the principles of the Schools Block Budget Share model.

Schools Forum are asked to record any preferences with respect to the options available for the distribution of Schools Block funding in Hammersmith and Fulham and prior to consultation with the wider schools community.

Introduction

- 1.1. The provisional allocation of the Schools Block of the Dedicated Schools Grant has been received from the ESFA at £110,694,386 based on October 2019 census numbers.
- 1.2. This allocation excludes growth which will be announced in December in the final allocation. Therefore, the Schools Block final allocation for 2021/22 may increase further. The ESFA have released a growth calculator tool which can

be used with the provisional October 2019 census data to estimate the growth for 2021/22.

- 1.3. The Teachers Pay Grant and The Teachers Pensions Employers Contributions Grant which were paid separately to schools has now been incorporated into the Schools Block Allocation. The ESFA has made a baseline adjustment to the 2020/21 allocation to ensure schools are not disadvantaged. The value of the adjustment is £4.449m and this will be allocated to schools via the basic per pupil funding entitlement.
- 1.4. Table 1 below details the change in the provisional allocation for 2021/22 (before growth) notified in August 2020 compared with the final 2020/21 Schools Block allocation adjusted for Teachers Pay and Pensions Grant as described in paragraph 1.3. The allocation before growth has increased by £1.127m or 1.03%.

Table 1 Schools Block Funding Allocation Year on Year

	2020/21 Final plus Teachers Pay & Pensions Grant £m	2021/22 Provisional including Teachers Pay & Pensions Grant in baseline £m	Change £m	Change %
Funding	109.567	110.694	1.127	1.03%

- 1.5. Individual schools can anticipate the final budget shares modelled in Appendix 2 & 3 to take account of expected changes in rolls as at October 2020 using the funding value per pupil.

2. 2021/22 Initial Modelling

- 2.1. The initial modelling uses the ESFA's Authority Proforma Tool (APT) and operational guidance to model three affordable models for 2021/22 based on the initial allocation which excludes growth and is based on the October 2019 census. These three models are:

- Model 1 – National Funding Formula rates with Inner London area cost adjustment and allowance for:
 - £0.200m Falling Rolls Provision
 - £0.55m Transfer of 0.5% from Schools Block to support the High Needs Block
 - Minimum Funding Guarantee (MFG) on pupil led funding of 0.5% year on year - the minimum increase within the NFF.

- 7.41% premium on NFF ACA rates, which is slightly lower than the final factor rates for 2020/21. – see Appendix 1 for details.
 - Continuation of the local LAC factor allowance at a cost of £29,000 per annum.
 - Model 2 – National Funding Formula rates with Inner London area cost adjustment and allowance for:
 - £0.0m No allowance for Falling Rolls Provision
 - £0.55m Transfer of 0.5% from Schools Block to support the High Needs Block
 - Minimum Funding Guarantee (MFG) on pupil led funding of 0.5% year on year - the minimum increase within the NFF.
 - 7.72% premium on NFF ACA rates
 - Continuation of the local LAC factor allowance at a cost of £29,000 per annum
 - Model 3 - National Funding Formula rates with Inner London area cost adjustment and allowance for:
 - £0.200m Falling Rolls Provision
 - £0.55m Transfer of 0.5% from Schools Block to support the High Needs Block
 - Minimum Funding Guarantee (MFG) on pupil led funding of 1.14% year on year - the maximum affordable within the LBHF NFF funding envelope. (The NFF allows up to 2.5% MFG as a maximum)
 - NFF ACA rates
 - Continuation of the local LAC factor allowance at a cost of £29,000 per annum
- 2.2. The updated APT will be issued in December populated with the October 2020 census and including growth. The growth funding and final census may enable greater flexibility in the model to increase the factor rates further above the NFF ACA level or to confirm a falling rolls fund at an appropriate level.
- 2.3. Key elements of both models for maintained primary schools only:
- De-delegated budget provision of £0.721m of maintained schools budgets – see section 6 for details
 - Education functions fund of £0.278m of maintained schools budgets – see section 7 for details
- 2.4. The full list of factor rates can be found in Appendix 1 – Factor rates current and NFF values with area cost adjustment.

- 2.5. Appendix 2 shows how total funding is allocated across the factors in each model.
- 2.6. Appendix 3 shows the impact of Model 1, Model 2 and Model 3 at school level, with a comparison to 2020/21 final budget shares. The pupil numbers used for this modelling is from October 2019 and final school budget shares will be based on October 2020 pupil numbers adjusted for growing and expanding schools.

3. Change to IDACI for Deprivation Factors with effect from 2021/22

- 3.1. The data used to inform IDACI allocations from 2021/22 has been updated and is now based on Office of National Statistics (ONS) data 2019. For the last 4 years, ONS data 2015 has been used. In addition to this change, the pupils' data assigned to each band is now based on ranks rather than score which has decreased the level of pupils captured in the most deprived bandings A and B.
- 3.2. The implications for our authority is that we have significant decreases in pupils eligible for those Bands that attract the higher funding levels: Band A (-85% on average), B (-56%), and C (-14% in primaries), whilst the number of pupils in Band D remains relatively stable. The biggest increases are in Band E (63% in primaries and secondaries) and Band F (20% in primaries and 30% in secondaries).
- 3.3. The National Funding Formula rates for IDACI deprivation have been revised up for 2021/22 but at varying rates per band. See table 3.
- 3.4. The impact of these changes from 2020/21 to 2021/22 in the NFF means that circa £1.7m less funding is allocated through IDACI deprivation factors in 2021/22 versus 2020/21.

Table 2 – Change in pupils eligible for IDACI bands to 2021/22 based on October 2019 census data.

	20-21 APT numbers		21-22 APT numbers	
	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Eligible proportion of primary NOR	Eligible proportion of secondary NOR
IDACI Band F	878.22	561.97	1,057.87	761.73
IDACI Band E	1,098.98	701.87	2,009.94	1,187.09
IDACI Band D	979.78	681.13	957.67	632.59
IDACI Band C	1,304.36	816.05	1,126.47	904.85
IDACI Band B	1,652.62	1,291.29	725.91	558.91
IDACI Band A	879.58	623.39	88.72	118.52
	6,793.54	4,675.69	5,966.58	4,163.68

Table 3 – Year on Year Increase in NFF Rates

	Band Increase	
	Primary	Secondary
IDACI Band F	2.38%	3.33%
IDACI Band E	4.00%	2.47%
IDACI Band D	9.33%	8.41%
IDACI Band C	9.88%	8.62%
IDACI Band B	9.20%	8.80%
IDACI Band A	3.33%	2.38%

4. Growing and Expanding Schools

- 4.1. The pupil numbers within the APT are adjusted for growing and expanding schools to ensure that these schools are funded for the additional in-take of pupils in September 2021.
- 4.2. The requirement to adjust the pupil numbers (for eligible growing and expanding schools) is within the School Funding regulations.
- 4.3. The adjustments made in the APT are shown in Table 4. These adjustments are based on prior year's decisions where school expansion was required at that time.

Table 4 – increase in number on roll for growing and expanding schools

School Name	Expected pupil number increase at	Number applied in 2021/22 funding formula	Adjustment required 2021/22 budget	Date of final intake
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	September 2021	(7/12)		
Ark Burlington Danes Academy	30	17.5	Yes	September 2021
St John XXIII Primary School	30	17.5	Yes	September 2021

5. Falling rolls fund

- 5.1. There is a remaining Falling Rolls fund of £0.223m from the 2020/21 budget and with respect to roll falls between October 2018 and 2019 census dates.
- 5.2. There is a provisional proposed fund of £0.200m from the 2021/22 budget (Model 1 and Model 3) with respect to roll falls between October 2019 and 2020 census dates.
- 5.3. ESFA guidance states that the local authority may set aside schools block funding to create a small fund to support good schools with falling rolls where local planning data shows that surplus places will be needed within the next three years.
- 5.4. The ESFA advise that the allocation of falling rolls funding should contain clear objective trigger points for qualification and a clear formula for calculating allocations.
- 5.5. It is proposed to invite expressions of interest from schools with respect to available funding where:
 - Key trigger point is reached for falling rolls support. The fall in roll is more than 3% year on year.
 - An Ofsted category of Good or Outstanding (Mandatory per the regulations)

Plus any of the following where the school can evidence the impact on the School and the actions taken to adjust to a lower role or clear plan to recover the role based on clear planning data agreed by the LA:

- surplus capacity exceeds a minimum number of pupils, or a percentage of the published admission number
- local planning data shows a requirement for a minimum percentage of the surplus places within the next three years
- formula funding available to the school will not support provision of an appropriate curriculum for the existing cohort

- the school will need to make redundancies in order to contain spending within its formula budget
- 5.6. It is proposed that the subgroup consider applications from schools with a year on year fall in roll to be allocated of more than 3% in line with the eligible applications in paragraph 5.5. This assumes that schools with modest falls in roll are able to mitigate the impact within existing budgets. More than 3% would represent a fall in roll of more than 1 pupil per form of entry of 30 pupils across the school.
- 5.7. Funding would be awarded for roll falls over 3% year on year on the basis of the AWPU rate for the relevant phase, or a proportion thereof if the available budget would otherwise be exceeded by demand.
- 5.8. Schools will be asked for applications for falling rolls funding as part of the November schools budget consultation. Falling rolls funding allocations can be made:
- Up to the budget available of £0.233m in 2020/21
 - In 2021/22 up to the available resource agreed by Schools Forum in January 2021.

6. De-delegated Services (Maintained Schools Only)

- 6.1. De-delegated services are for maintained schools only. The funding is allocated through the schools funding formula but can be passed back for maintained schools with schools forum approval. Table 5 sets out the proposed allocations for 2021/22. De-delegation is made from individual school budgets on the basis of pupil headcount.

Table 5 – Maintained Mainstream Schools De-delegated Budgets Proposed 2021/22

Area of Expenditure	2020/21 Final Maintained Mainstream Primary De- delegation £	2021/22 Proposed Maintained Mainstream Primary De- delegation £	Change from 2020/21	Note
Schools in Financial Difficulty/Contingency	200,000	200,000	0	Propose to maintain de-delegation at 2020/21 level

Maintained Schools Trade Union Facilities Cover	30,000	30,000	0	Maintained Mainstream Contribution to Trade union Facilities
Maintained Schools Maternity Cover Fund	140,000	140,000	0	Propose to maintain de-delegation at 2020/21 level
Maintained Schools Licence Fees	40,000	32,000	(8,000)	Covers Capital licence costs based on pupil numbers
Behavioural Support to mainstream (SEND)	32,000	52,000	20,000	Proposed increase to actual cost
Free School Meals Eligibility	32,000	32,000	0	Contribution to benefits team for assessing FSM eligibility
Underperforming Ethnic Groups	125,000	125,000	0	
School Improvement	110,000	110,000	0	Contribution to School Improvement and supplements School Improvement Grant
Total	709,000	721,000	12,000	

- 6.2. De-delegated budgets proposed for 2021/22 reflect the allocations in 2020/21 and prior years and total £721,000. The consultation process will allow maintained schools to feedback on the proposed de-delegations.
- 6.3. Maintained Special Schools, maintained Nursery schools and maintained 6th Forms will be consulted with respect to proposals relating to de-delegated services from April 2021. The aim being to regularise and ensure parity and fairness across all maintained schools for the following areas:
- Trade Union Facilities cover

- Maintained Schools Licence Fees
 - Free School Meal eligibility
 - Underperforming ethnic groups
 - School Improvement
- 6.4. Maintained Special Schools, maintained Nursery schools and maintained 6th Forms will be consulted with respect to proposals relating to de-delegated services from April 2021 to provide an opportunity to participate in the following schemes
- Schools in financial difficulty
 - Maternity Cover
- 6.5. De-delegation does not apply to maintained special and nursery schools or to 6th forms. However, the local authority can offer these services on a buy-back basis for these establishments. This will inform the consultation referred to in paragraph 6.2.

7. Education Functions (Maintained Schools Only)

- 7.1. The top-slice for Education Functions was added to the National Funding Formula In 2016/17 to reflect the withdrawal of the Education Services Grant paid to Local Authorities from 2017/18.
- 7.2. Statutory functions retained by Local Authorities were to be funded as follows:
- Responsibilities for all schools – to be funded from Central Services DSG
 - Responsibilities for mainstream maintained schools – to be funded from maintained schools budget shares
- 7.3. Education functions were not funded within the Schools Block in the period from 2017/18 to 2019/20. Maintained schools education functions were funded by central services DSG.
- 7.4. Following the announcement that the DfE/ESFA will start clawing back the CSSB from 2020/21, it was agreed for the 2020/21 schools block budget that the functions detailed in Table 6 are funded from mainstream maintained schools budgets in 2020/21.
- 7.5. Table 6 below details the proposed Education Functions top-slice for maintained mainstream primaries in 2021/22
- 7.6. Maintained Special Schools, maintained Nursery schools and maintained 6th Forms will be consulted with respect to proposed Education Functions top-

slice of their respective block funding from April 2021 to regularise and ensure parity and fairness across all maintained schools for the following areas:

- Finance Team
- Asset Management Support
- Asbestos and Risk Management
- SIMS Support/Licences

Table 6 – Education Functions for Maintained Mainstream Schools

Area of Expenditure	2020/21 Final Maintained Mainstream Primary Education Functions	2021/22 Proposed Maintained Mainstream Primary Education Functions	Change from 2020/21	Note
	£	£		
Finance	95,000	95,000	0	Local Authority statutory duties, advice and support for maintained schools
Asset Management	95,000	95,000	0	Local Authority statutory duties, advice and support for maintained schools
Asbestos Management and Risk	50,000	50,000	0	Local Authority statutory duties, surveys, advice and support for maintained schools
SIMS support	32,100	15,000	(17,100)	SIMS Support from 3BM TBC
Clothing Grants	50,900	0	(50,900)	Included in 2020/21 in error
Business Intelligence	0	23,000	23,000	Added – To support Termly Census and workforce census
Total	323,000	278,000	(45,000)	

8. Recommendations and Decisions Required

- 8.1. Recommendation 1: Model 1 is recommended because it ensures that funding is allocated to schools through the factor rates and according to the census and the characteristics and needs of pupils as defined by the national funding formula. Together with an MFG at 0.5% this ensures the most even distribution of the 1.03% funding increase between schools.

- 8.2. Recommendation 2: It is recommended that Schools Forum agree a proposal to continue to transfer 0.5% of the total Schools Block to the High Needs Block in 2021/22. This equates to £0.553m based on the provisional allocation.
- 8.3. Recommendation 3: It is recommended that Schools Forum agree a proposal to top-slice the 2021/22 Schools Block to the value of £0.200m or 0.18% of the total for the Falling Rolls protection fund in 2021/22.
- 8.4. Recommendation 4: It is recommended that Schools Forum approve the request to adjust the amount funded through the Minimum Funding Guarantee (MFG) for Ark Burlington Danes Academy (BDA). This adjustment is required as BDA has converted to an all-through school resulting in the MFG being weighted towards the higher per pupil value for secondary phase pupils. This £41,212 adjustment requires the local authority to submit a disapplication request to the ESFA.
- 8.5. Recommendation 5: It is recommended that Schools Forum consider the approach to maintained school de-delegation and education functions top-slice to extend to all maintained schools on a consistent basis in line with school funding regulations.
- 8.6. Recommendation 6: It is recommended that Schools Forum agree for the LA to consult schools on the basis of the above recommendations 1 to 5.

9. Key dates

9.1. Table 11 – key dates and next steps

Date	Activity
10 th November 2020	Schools Forum consider initial modelling and agree basis for schools block budget consultation
Wednesday 18 th November 2020 at 10am Monday 23 rd November 2020 at 2pm	Schools Block 2021/22 budget consultation and workshop via Teams
8 th December 2020	Consultation feedback deadlines
Late December 2020	DfE release final Authority Proforma Tool with October 2020 census data and final allocation released by ESFA

Week Commencing 4 th January 2021	TBA School Budget Briefings via Teams
12 th January 2021	Schools Forum receive consultation feedback and final recommendations
21 st January 2021	Deadline for submission of the final 2020 to 2021 APT to the ESFA
January/February 2021	Urgent Committee Decision for Council's approval of the 2021/22 Schools budget.
28 February 2021	Deadline for confirmation of school budget shares to maintained schools.

Report ends