

Title of meeting: Schools Forum

Date of meeting: 2 December 2020

Subject: Schools Funding Arrangements 2021-22

Report by: Alison Jeffery, Director Children Families and Education

Wards affected: All

Key decision: Yes/No

Full Council decision: Yes/No

1 Purpose of report

1.1 The purpose of this report is to provide Schools Forum with an update on the latest developments in respect of the school revenue funding arrangements for the financial year 2021-22 onwards

2 Recommendations

2.1 It is recommended that Schools Forum:

2.1.1 Note the Department for Education's proposed changes to High Needs Block revenue funding arrangements for 2021-22 as set out in this report.

2.1.2 Endorse the funding arrangements for Maintained and Academy Special Schools and Independent Special Schools in relation to the Teachers Pay Grant, Teachers Pension Employer Contribution Grant and the Supplementary Grants from April 2021, as set out in Table 1.

2.1.3 Note the responses from schools with regards to the:

- briefing regarding the proposed changes to the school funding arrangements and the mainstream Education Health and Care Plan banding
- consultation regarding the proposed carry forward of the Growth Fund balances for the same use in future years.

As set out in section 6 and Appendix 2.

2.1.4 Endorse the proposed carry forward of Growth Fund balances for the same use in future years as set out in Section 6.



2.1.5 Endorse the proposed hourly rates to Early Years providers for 2021-22 as set out in section 7 and Table 4.

3 Background

3.1 In July 2020 the Government published the Policy Document "The national funding formula for Schools and High Needs 2021-2022", and the "Schools Revenue funding 2021-2022 operational guide" along with local authority indicative funding allocations. This was followed in September with the High needs funding: 2021 to 2022 operational guide.

3.2 In September 2020 we provided both the Cabinet Member and Schools Forum an update on the main changes to schools funding highlighted in Policy Document and the Operational Guide focusing on the funding for mainstream schools and School and Central Schools Services Dedicated Schools Grant funding Blocks. Schools Forum endorsed and Cabinet Member approved the following decisions in relation to 2021-22:

- Implementation of the National Funding Formula rates for both primary and secondary schools in 2021-22.
- Implementation of a minimum funding guarantee (MFG) of at least +0.5% and up to +2.0% subject to affordability, for 2021-22.
- The method of managing affordability through the use of the area cost adjustment and the MFG.
- Implementation of the disapplication request in relation to Ark Charter.

3.3 This report provides an overview of the main changes to school funding highlighted in the High Needs Block Operational Guide and the progress being made towards agreeing the Schools Funding arrangements locally for the financial year 2021-22.

4 High Needs Block Funding

4.1 As reported previously nationally the Government have increased High Needs funding by a further £730m on top of the additional £780m provided in 2020-21. The DfE has advised that each local authority will receive an underlying increase of 8% per head of 2 to 18 population based on what they in high needs funding in 2020/21. The DfE has also set a gains cap of 12%.

4.2 Indicative funding published by the DfE on 20 July provides Portsmouth with an increase in funding of 12.7%¹ when compared to 2020-21.

4.3 The allocation incorporates funding for the Teachers' Pay Grant (TPG) and Teachers Pension Employers Contribution Grant (TPECG) by increasing the

¹ The funding floor and cap on gains calculation excludes funding for basic entitlement, import/export adjustment, hospital education and the AP settings TPG and TPECG funding. Portsmouth City Council receives the full 12% on the other formula factors.



basic entitlement factor from £4,087 to £4,660² per pupil attending special schools and academies. The allocation also includes the changes to the IDACI data set as with mainstream schools.

Incorporation of the Teachers Pay/Pension Grants into the High Needs Block

- 4.4 The High Needs 2021 to 2022 Operational Guidance states that the Teacher's Pension Grant, the Teacher's Pension Employers Contribution Grant and the Teacher's Pension supplementary Grants have been incorporated into the High Needs Block funding provided to the local authority in two ways:
- increasing the basic entitlement factor from £4,087 to £4,762³ per pupil attending special schools and academies.
 - allocating the funding that the TPG and TPECG currently provide to alternative provision (AP) through an additional factor in the high needs national funding formula, because the basic entitlement factor does not include funding for AP settings
- 4.5 It should be noted that of the authority's two alternative provision settings Flying Bull is part of a mainstream school and funding is provided through the mainstream funding formula. The authority has an open query with the ESFA with regard to the indicative allocation for the Harbour School's alternative provision allocation.
- 4.6 The indicative funding indicates that this equates to approximately £402,500 for 2021-22 (based on the October 2019 School Census and the January 2019 Alternative Provision census). The funding currently being received by Special Schools in the City for all three grants for 2020-21 is estimated to be £528,200⁴, and a query is currently with the ESFA regarding the treatment for the Harbour Schools alternative provision places. This does provide a potential shortfall in funding, but the actual value will not be known until the funding allocation is received in December which will have been updated for the October 2020 and January 2020 census data.

Funding to schools

- 4.7 The operational guide issued in September clarifies that the Dedicated Schools Grant conditions will be updated to incorporate the Teachers Pay, Teachers Pension Employers Contribution and Supplementary Grants; and require:
- local authorities to pass on to special schools, special academies, alternative provision settings the same amount of funding per place the

² Before the area cost adjustment.

³ National basic entitlement factor of £4,660 multiplied by Area Cost Adjustment (ACA) of 1.022.

⁴ Based on actual grant payments for the period April 2020 to March 2021 for the TPG and TPECG and September 2019 to March 2020 for the TPECG Supplementary Grant.

settings received for the Teachers Pay, Teachers' Pension Employers Contribution and Supplementary grants paid in 2020-21.

- That the additional funding will not lead to a reduction to the number of places for which £10,000 is allocated to a school,
- There should be no reduction in the amount of top-up funding in respect of individual pupils,
- The funding for Teacher Pay and Pension Grants should be disregarded in applying the protection for special schools.

4.8 The distribution of the three grants is detailed in Table 1.

Table 1 - Teachers Pay and Pension Grant Funding 2021-22 for High Needs settings				
School	Funding 2021-22			Total
	Teachers' Pay Grant	Teachers' Pension employers contribution grant	Teachers' Pension Supplementary Grant	
	£	£	£	£
Solent Academies Trust	87,900	243,700	27,100	358,700
The Harbour School	35,000	97,000	25,200	157,200
Independent Special Schools	0	12,300	0	12,300
Total	122,900	353,000	52,300	528,200

4.9 Unlike mainstream academy schools academy special schools receive the Teachers Pay and Pensions grants via the local authority rather than direct from the DfE, therefore the grant will payable from 1 April 2021. This will be incorporated in to the regular monthly payments to Academy Trusts from this date.

4.10 Independent special schools, will be paid in accordance to the pupils on roll as at the October 2020 census, in line with the funding received by the local authority.

High Needs Places - 2021-22 Academic Year

4.11 Each year the authority submits a high needs place change request to the ESFA for changes to place numbers in Academy Special Schools, Academy Inclusion Centres, Academy Alternative Provision Settings and Post-16 Colleges in the City for the coming academic year.

4.12 Discussions are underway with Schools and Colleges regarding the 2021-22 academic year high needs places for both maintained and academy schools. The authority will submit a request relating to any proposed changes to non-maintained settings and expects to receive approval of the confirmed number of places in January 2021. The proposed changes will be brought to the January Schools Forum and Cabinet Member meetings for approval.



Special school element 3 top-up rates 2021-22

4.13 There are currently no proposals to change the 2020-21 Element 3 Top-up rates for 2021-22 for special schools. Following receipt of the 2021-22 High Needs Block funding allocation the rates will be reviewed in conjunction with the other high needs budget requirements, if there is an opportunity to increase the rates in line with the mainstream funding this will be brought back to Cabinet Member and Schools Forum.

4.14 Following the request from Solent Academies Trust in February 2020 to review the High Needs Element 3 Top-up values paid to the schools in the Trust, the authority is continuing to work with the Trust to review their funding and banding values. Any proposed changes to future funding arrangements will be brought to Schools Forum and Cabinet Member for endorsement and approval.

5 Schools Block - Disapplication requests

5.1 Following endorsement by Schools Forum and approval by the Cabinet Member the authority submitted a disapplication request by the deadline of 11 October 2020 in respect of the operation of the minimum funding guarantee (MFG), for Ark Charter, and are currently awaiting a response from the DfE.

6 Engagement with schools

6.1 As detailed in the September Cabinet Member report, there is no longer a requirement to consult with schools on the formula factors due Portsmouth schools being funded using the NFF. Instead in October 2020 schools received a briefing (Appendix 1) which updated them on the:

- Funding arrangements for 2021-22.
- Progress on the introduction of the Mainstream Education Health and Care Plan (EHCP) banding.
- A consultation on the use of the underspend on the Growth Fund to carry forward to future years.
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6.2 The document invited schools views and comments on the subjects, the responses to which are set out in this report.

6.3 The consultation covered the period from 20 October 2020 to 13 November 2020. Of the 61 schools in the City four responses (7%) were received, all responses were from maintained schools. The table below summarises the responses, Appendix 2 sets out the comments made by schools regarding the School Funding Arrangements 2021-22, the mainstream EHCP banding and the Growth Fund.



Table 2 - Summary of Consultation responses			
	Total number of schools	Number of responses received	Percentage of schools
Maintained			
Primary	19	3	14%
Secondary ⁵	2	1	4%
Special	1	0	0%
Total Maintained	22	4	18%
Academy Schools			
Primary	27	0	0%
Secondary	9	0	0%
Special	3	0	0%
Total Academy Schools	39	0	0%
All Schools			
Primary	46	3	5%
Secondary	11	1	2%
Special	4	0	0%
Total All Schools	61	4	7%

School Funding Arrangements 2021-22

- 6.4 Only one school commented on the proposed 2021-22 funding arrangements, requesting further information regarding the impact on the individual schools and clarification of the Income Deprivation Affecting Children Indices (IDACI) banding of the school.
- 6.5 To clarify; the national funding formula and the methodology of applying a minimum funding level per pupil and a minimum funding guarantee (MFG) of at least plus 0.5% negates any impact of the change in IDACI funding. Therefore if a school saw a reduction in funding due to the change in IDACI, the funding per pupil would be increased through the minimum funding level per pupil factor. If the resulting amount is then lower than the baseline per pupil funding for 2020-21 (including the teacher's pay and pension grants) plus 0.5% MFG then the funding per pupil would be increased again to ensure that every pupil received at least plus 0.5% increase compared to 2020-21.
- 6.6 The school who commented has been contacted and the impact explained.
- 6.7 In light of the responses received, it is not proposed to make any changes to the mainstream funding arrangements previously endorsed by Schools Forum and approved by Cabinet Member in September and October 2020.

⁵ Includes All Through schools



Mainstream Education Health and Care plans

- 6.8 Two comments were received in reaction to the banding of mainstream Education Health and care plans (EHCP), these are set out in Appendix 2. Schools were provided with a table that set out the financial impact of the move to a banded funding for mainstream EHCPs. This was calculated based on the pupils in receipt of funding as at July 2020. In response to the query from maintained primary 3 this information will be provided to schools by the Access and Entitlement Hub in February each year in preparation for the implementation from 1 April 2021. Moving forward, the Band will be determined and assigned at the outcome of the EHC needs assessment and the school will be notified of this through the consultation at the draft EHCP stage. The agreed banding will be confirmed when the final EHCP is issued
- 6.9 Maintained primary 1 raises a specific question in relation to the proposed funding provided for the Exceptional Band.
- 6.10 The proposed funding value of £4,300 Element 3 Top-up was calculated using the Element 3 Top-up values paid to schools as at July 2020. Of the 237 pupils that were identified as meeting the exceptional band criteria, 185 (78%) are currently in receipt of individual Element 3 Top-up values lower than the £4,300 proposed value.
- 6.11 When setting the proposed value of £4,300 the authority reviewed the average (£3,430), the median⁶ (£1,780), mode⁷ (£4,130) and maximum (£6,660) values paid to schools for pupils identified as exceptional. Overall the value of £4,300 would provide an additional £27,188 of funding for pupils who are placed on this band (as at July 2020). As stated in the consultation the banding values quoted are the minimum value that will be paid for each band in 2021-22, the final value will come to Schools Forum and Cabinet Member in January 2021 following receipt of the 2021-22 DSG High Needs Block allocation in December 2020.
- 6.12 Under the new EHCP banded funding proposals, schools will still have to make the provision, as specified in the EHCP. This is currently costed on the basis of standardised amounts to ensure equity across schools, rather than actual costs e.g. teaching assistant time is currently costed at the equivalent of £9 per hour.
- 6.13 The new banded funding rates will give schools the flexibility to make decisions as to how best to provide the specified support within the funding band allocated. This flexibility provides schools with greater predictability in terms of the budget available, whilst also allowing for changes that might be necessary across the school year e.g. a child might need a higher level of support initially and then this can be reduced as their develop greater independence skills etc.

⁶ Median - the mid-point of a frequency distribution of values, when placed in order from the lowest to the highest values.

⁷ Mode - the value that occurs most often in a set of numbers



6.14 This approach is more consistent with the move towards support for children being provided through time-limited interventions rather than having an identified 1-to-1.

6.15 In light of the responses, it is not proposed to make any changes to the banding criteria set out in the briefing document to schools in Appendix 1 and to bring the banding values back to Schools Forum in January 2021 for approval for implementation from 1 April 2021.

Growth Fund

6.16 All of the schools that responded to the consultation supported the carry forward of the Growth Fund balances for use in future years.

	Agreed to the proposal	Disagreed with the proposal	Total Responses
Primary	3	0	3
Secondary	1	0	1
Special	0	0	0
Total	4	0	4

6.17 It is therefore proposed to carry forward the unspent balance of the 2020-21 Growth fund to 2021-22 to support the continued payment of Growth Fund for basic to need to eligible schools.

7 Early Years Block Funding

7.1 To date the DfE has still not issued any guidance yet in relation to the Early Years Block for 2021-22, following publication later this year an update will be brought to Schools Forum and the Cabinet Member for Children Families and Education.

7.2 In the absence of any guidance the table below sets out the expected DSG hourly values regarding the funding received by the local authority for the early years block.

	2020-21	2021-22	Variance
	£	£	£
Two year olds	5.51	5.51	0.00
Three and four year olds	4.77	4.77	0.00

7.3 The table below sets out the proposed funding to providers for 2021-22 based on the expected hourly funded value to the local authority.

	2020-21				2021-22			
	3 and 4 year olds		2 year olds		3 and 4 year olds		2 year olds	
	£	%	£	%	£	%	£	%
Basic hourly rate per pupil	4.24	88.9	5.12	92.9	4.24	88.9	5.12	92.9
Deprivation average hourly rate	0.20	4.2	-		0.20	4.2	-	
SEN Inclusion fund	0.04	0.8	0.04	0.7	0.04	0.8	0.04	0.7
Growth fund	0.07	1.5	0.13	2.4	0.07	1.5	0.13	2.4
Total funding passed to settings	4.55	95.4	5.29	96.0	4.55	95.4	5.29	96.0
Central retained funding	0.22	4.6	0.22	4.0	0.22	4.6	0.22	4.0
Total	4.77	100	5.51	100	4.77	100	5.51	100

7.4 Following the receipt of the December DSG allocation, should either the local authority funding values or the proposed hourly rates to providers have changed, they will be brought to the January 2021 Schools Forum and Cabinet Member meetings for approval.

8 Reasons for recommendations

8.1 The purpose of this report is to provide an update on the latest developments in respect of the future school revenue funding arrangements for 2021-22 onwards. The report also seeks endorsement to the proposals for implementing these arrangements locally, in order to ensure that they comply with the requirements of both the DfE's operational guidance and the School and Early Years Finance (England) Regulations.

9 Integrated impact assessment

9.1 This report and the proposals within form part of, and are consistent with, the national implementation of the schools and high needs National Funding Formula as directed by the Department of Education and set out in the School and Early Years Finance (England) Regulations 2020.

9.2 The DfE has conducted a full Equality Impact Assessment which is attached to the Policy document and can be found on their website⁸. The funding system does not seek to target funding by reference to particular protected characteristics under the Equality Act 2010, but instead targets funding to those groups which the evidence demonstrates face barriers to their educational achievement.

9.3 An Integrated Impact Assessment (IIA) has been completed and is attached at Appendix 3. It confirms that the proposals will not have a negative impact on

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901889/FINAL_2021-22_NFF_Policy_Document_MB.pdf

areas of equality and diversity, communities & safety, regeneration & culture, environment and public space.

10 Legal implications

- 10.1 The Government is reforming the current school funding system from 2018-2019 and an update on the progress of that reform is provided in the body of this report.
- 10.2 The recommendations in this report are consistent with the requirements of the Schools Revenue Funding Operational Guide published by the Education & Skills Funding Agency and the national funding formula for schools and high needs 2021 to 2022 published by the Department for Education.
- 10.3 It is anticipated that the School and Early Years Finance (England) Regulations 2020 will be updated in due course by central government to confirm the specific provisions in relation to schools funding in the 2021/22 financial year.

11 Director of Finance's comments

- 11.1 Financial comments and implications are included in the body of this report.

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Signed by: Alison Jeffery, Director Children Families and Education

Appendices:

- Appendix 1: Briefing to Portsmouth Schools School Funding Arrangements 2021-22 Mainstream Education Health & Care Plan Banding 2021-22 and Consultation on the Growth Fund balance carry forward
- Appendix 2: Consultation responses.
- Appendix 3: Integrated Impact Assessment

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
The national funding formula for schools and high needs 2021 to 2022 (published 20/07/2020)	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/901889/FINAL_2021-22_NFF_Policy_Document_MB.pdf
Schools revenue funding 2021 to 2022: Operational guide (published 20/07/20)	https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2021-to-2022



High Needs Funding 2021 to 2022: Operational Guide (published September 2020)	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/920020/High_needs_operational_guide_2021_to_2022.pdf
School and Early Years Finance (England) Regulations 2020	The School and Early Years Finance (England) Regulations 2020

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by on

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Signed by:

Appendix 1

See Separate Document

Appendix 2

Responses to briefing note and Consultation.

Comments	
Schools funding arrangement 2021-22	
1	Do you have any comments regarding the briefing on the funding arrangements for 2021-22?
<p>Please add any further comments</p> <p>Maintained Primary 3</p> <ul style="list-style-type: none"> For Governors and SLT to be able to comment in an informed manner we need some key information about our own context we can use census but also need to know our IDACI band etc. 	
Mainstream EHCP banding	
2	Do you have any comments regarding the update on the mainstream EHCP banding arrangements from April 2021?
<p>Please add any further comments</p> <p>Maintained Primary 1</p> <ul style="list-style-type: none"> The purpose of the bands make perfect sense and should simplify the process. My only concern is not seeing the salary/hours/on costs implications alongside the provision as this would aid transparency and clarity. For example 3. Exceptional describes full time 1:1 support in class not including break and lunch at a proposed value of £4300. On top of this would be the school's contribution of £6000 totalling £10,300. To me this suggests that it is possible to employ a full time teaching assistant for the year for this amount of money when in fact the cost to a school is around £14500 depending on the exact band/hours. Therefore, unless my costs are incorrect (in which case the transparent costings would be useful), this leaves a significant shortfall. In turn this leaves schools contributing significantly more to give the expected provision. In some of the other bands eg band 1 it would mean a 1:1 equivalent of about 12 hours. Whilst this is not the suggestion of the banding it will be important in annual reviews to give clear reasoning about how the £6000, plus additional funding, will pan out so parents do not have unrealistic expectations <p>Maintained Primary 3</p> <ul style="list-style-type: none"> The consultation would be easier to comprehend if schools were given the children with their intended bands. It has been difficult to work out funding from the criteria. 	



Consultation			
Growth Fund - carry forward of balances			
3	Do you agree with the proposed carry forward of Growth funding balances (surplus or deficit) to future years to support the funding of future Growth Fund payments?	Y	N
		4	0
Please add any further comments			
Maintained Primary 3			
<ul style="list-style-type: none">I agree with the surplus being carried forward. It begs the question what could this funding be used for otherwise.			
Maintained Secondary 1			
<ul style="list-style-type: none">The use of an in-year surplus to aid affordability for future years is sensible.			

Appendix 3

Integrated Impact Assessment

See separate document