



ISLINGTON SCHOOLS FORUM

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SCHOOLS FORUM

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| MEETING DATE | 22 October 2020 |
| AGENDA ITEM 6 | School Funding Arrangements 2021-2022 |
| RECOMMENDATIONS | That Schools Forum: a. Note the funding details and provide comments on Islington's proposals on DSG allocations |

1 Background

- 1.1 In July, the DfE published provisional 2021-22 National Funding Formula (NFF) allocations for Schools and High Needs Block.
- 1.2 There are limited changes to funding arrangements. The NFF will remain 'soft' so allowing some flexibility at local level. Proposals about a move to a hard NFF in future years are expected to be published later this year.
- 1.3 Teachers' Pay Grant (TPG) and Teachers' Pension Grant (TPECG), previously paid separately to the DSG, have been incorporated into Schools Block funding from 2021-22. As a result of this minimum per pupil funding levels have increased to £4,180 primary and £5,715 secondary.

2 Schools Block

- 2.1 Islington Schools' Block funding is increased by £7.6m in 2021-22. £5.3m of this relates to the rolled in TPG and TPECG therefore the increase in real terms is £2.3m.
- 2.2 The Operational Guidance for the Schools' Block has been released and confirms the following:
 - NFF factors remain the same as 2020-21. Key Factors have been increased by 3%. On top of this uplift, the base rate has been increased by £180 for primary pupils and £265 for secondary pupils due to the rolling in of teachers pay and pension grants.
 - The minimum per pupil funding levels have increased to £4,180 for all primary schools and £5,215 for KS3 pupils and £5,715 for KS4 pupils. These levels are mandatory.
 - Free school meals factor will rise by 2%, based on an estimate of actual cost of providing school meals.
 - Premises funding is allocated to LAs based on actual Schools Block spend in 2020-21. The PFI element will be increased by 1.56% in line with the RPIX rate of inflation.
 - The Income Deprivation Affecting Children Index (IDACI) factor has been updated from 2015 data to 2019 data. To ensure the same amount of deprivation funding is allocated through the NFF, both for schools and High Needs, the IDACI banding structure has been revised. The proportion of pupils in each band remains broadly unchanged but the factor values of some bands have increased more than others to arrive at a 3% increase for this factor overall.

- Following the cancellation of EYFSP and KS2 assessments in summer 2020 due to COVID-19, local authorities will not be able to use this data as part of setting a low prior attainment factor in local funding formulae. 2019 data will be used as a proxy for 2020 data.
- Local authorities have the freedom to set the Minimum Funding Guarantee (MFG) in local formulae between +0.5% and +2% per pupil.
- There will be no NFF gains cap, so that all schools attract their full allocations under the formula. Local authorities will still be able to use a cap in their local formulae.
- The funding floor will be set at 2%, in line with the forecast GDP deflator, to protect pupil-led per-pupil funding in real terms. This minimum increase in 2021 to 2022 allocations will be based on the individual school's NFF allocation in 2020 to 2021.
- Growth funding will be based on the same methodology as last year and will have the same transitional protection, ensuring that no authority whose growth funding is unwinding will lose more than 0.5% of its 2020-21 schools block allocation. There will be no capping or scaling of gains of the growth factor.
- Local authorities will continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval.

2.3 It should be noted that it is a proposal as part of the consultation with schools that we continue to mirror the NFF, subject to funding affordability.

3 High Needs Block

3.1 High needs funding 2021-22 is increased by £730m nationally.

3.2 High Needs NFF factors used for calculating each LA's HNB allocation is unchanged.

3.3 The funding floor is set at 8% so each local authority will see an increase of at least 8% per head of their 2 to 18 population. The gains cap is set at 12%.

3.4 The per pupil funding element of the NFF has been increased from £4,000 to £4,660 to incorporate teacher pay and pay grant funding that was previously paid as grants (figures are pre ACA adjustment). The LA is expected to pass funding on to special schools and alternative provision settings, amounts to be as close to 2020-21 grant allocations as possible.

3.5 Initial allocations suggest Islington's HNB will increase by 8.5%, approx. £3m, with another £600k increase relating to TPG and TPECG inclusion. The provisional DSG allocation will be revised in December 2020 but not finalized until spring 2021.

3.6 Islington, like the majority of other LAs, is experiencing significant HNB cost pressures as the numbers of children and young people with EHCPs continue to increase. The increase in funding will help balance budgets in the medium term and the LA will work closely with key stakeholders and the Schools Forum HN sub-group to determine most effective options for using funds to strengthen SEND support and continue to improve outcomes for children and young people.

3.7 There is no commitment from Government to increase high needs funding in future years.

4 Recommendations

That Schools Forum:

4.1 Note the Spending Review details and provide comments on DSG Allocations and Islington's intention to continue to follow the NFF for Schools' funding.

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