**Report to Hartlepool Schools’ Forum 24 September 2020**

**From Amanda Whitehead – Assistant Director Education**

**Item 9: Indicative Schools Block Budgets 2021/22**

1. **Introduction**
	1. The purpose of the report is to provide information on the 2021/22 Schools Block indicative funding issued by the Education and Skills Funding Agency (ESFA) on 20 July 2020, along with options to be considered for setting Individual School Budgets (ISBs).
	2. Information on the key ESFA funding and policy changes for schools is also presented in this report.
2. **Background**
	1. ESFA have published indicative National Funding Formula (NFF) allocations for 2021/22. These allocations are based on pupil numbers and characteristics from the October 2019 census.
	2. In consultation with their Schools’ Forum, local authorities are required to consider how they set ISBs for 2021/22.
	3. Any transfers to and from the Schools Block should be considered. For 2021/22, there is a planned transfer-in of residual funding after meeting commitments against the Central School Services Block (CSSB).
	4. Finally, a local approach to setting both a Minimum Funding Guarantee (MFG) and Capping must be considered and implemented.
3. **Key National Funding Formula (NFF) Changes in 2021/22**
	1. Perhaps the most significant change for 2021/22 is migration of the currently separate Teachers Pay Grant (TPG) and Teachers Pension Employer Contribution Grant (TPECG) into the Schools Block NFF for mainstream schools.
	2. Unit values for basic per pupil funding (known as AWPU) have been increased by 3% from the current financial year. In addition, the per-pupil rate has been increased to reflect funding of the TPG and TPECG via the NFF instead of separate grants by £180 for primary pupils and £265 for secondary pupils. For 2021/22, the rate per pupil is set at £3,123 for primary; £4,404 for KS3 and £4,963 for KS4.
	3. Other pupil-led formula factors have also increased and are listed at appendix A to this report for reference. The lump sum has increased from £114,400 to £117,800.
	4. There has been a change to the allocation of pupils to IDACI ranges to represent deprivation and assign relevant funding. Instead of using an IDACI score, the allocation of pupils is based on rank. For example, IDACI Band A pupils represent the 2.5% most deprived as opposed to those pupils with an IDACI score of greater than 0.5.
	5. The guarantee of a minimum per-pupil funded amount per school remains within the NFF for 2021/22. The minimum per pupil funding levels in 2021/22 have increased to £4,180 (from £3,750) for all primary schools and £5,415 (from £5,000) for all secondary schools. However, as with the increases included in the basic per pupil funding rate, these increases in the minimum per-pupil funding guarantee include the £180 (primary) and £265 (secondary) for TPG and TPECG.
	6. As with the 2020/21 NFF, in addition to the guarantee of a minimum per-pupil funded amount, the funding floor calculation will ensure that all schools receive a minimum 2% increase compared to their 2020/21 baseline pupil-led funding per pupil in 2021/22.
	7. It is important to remember that both the minimum per-pupil funding guarantee and the funding floor calculation are based on NFF pupil-led factors and do not include school-led factors such as the lump sum. The calculations also exclude the TPG and TPECG amounts.
	8. Schools will be funded for a minimum of 100 pupils for the TPG and TPECG. The relevant rates per pupil are shown in the following table.

|  |  |  |
| --- | --- | --- |
| Grant | Primary per Pupil | Secondary per Pupil |
| TPG | £47.02 | £69.21 |
| TPECG | £132.86 | £195.57 |

1. **Indicative NFF 2021/22**
	1. Indicative 2021/22 figures issued by ESFA are currently based on pupil numbers and characteristics from the October 2019 census. Allocations will be updated for the October 2020 census and reissued during December 2020.
	2. The following table shows the authority-level NFF Schools Block indicative allocation for 2021/22. The growth allocation for 2021/22 has not yet been announced so is excluded from the table below (and excluded from the 2020/21 comparison). The 2021/22 NFF is shown net of TPG and TPECG in the final column to allow a meaningful comparison.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Schools Block | Pupil Numbers (Oct 2019) | 2021/22NFF£m | Grants £m | 2021/22Net£m |
| Primary | 7,952 | 37.565 | (1.431) | 36.134 |
| Secondary | 5,439 | 32.643 | (1.441) | 31.233 |
| Premises |  | 0.604 |  | 0.604 |
| TOTAL 2021/22 |  | 70.812 | (2.872) | 67.971 |

The **£67.971m** compares with the equivalent figure of **£65.536m** for 2020/21.

**5. Proposed Block Transfers**

5.1 Schools’ Forum will recall that a transfer-in to the Schools Block from the Central School Services Block (CSSB) has become usual practice in recent years. The CSSB is made up of two elements – funding for ongoing commitments and funding for historic commitments. Since 2020/21, funding of historic commitments is being cut at 20% per year on the assumption that historic costs should reduce over time.

5.2 Although not the case for 2021/22, overall CSSB funding will become insufficient over the next 3 year period as the historic costs relating to pensions linked to the closure of Brierton School will not reduce over the short-term.

5.3 The indicative NFF allocation for Central Services Block in 2020/21 is £0.769m (£0.828m in 2020/21). Schools’ Forum are considering a separate report on this meeting agenda for the CSSB budget requirement in 2021/22. If approved, the budget requirement of £0.554m would leave £0.199m of residual funding to transfer in to the Schools Block to support ISBs in 2021/22.

5.4 Schools’ Forum are considering a separate report on this same agenda relating to the High Needs Block budget requirement for 2021/22. At this stage, nil transfer from the Schools Block to the High Needs Block has been assumed for 2021/22.

5.5 The Schools Revenue Funding 2021 to 2022 Operational Guide allows for block transfers of up to 0.5% from schools block to another block, with approval from Schools’ Forum. The 0.5% would equate to a transfer of £0.354m.

**6. Setting a Local Policy for MFG and Capping**

6.1 The regulations continue to allow a local policy for a minimum funding guarantee (MFG) and cap so that any excessive year-on year changes can be protected against.

6.2 For 2021/22, a local MFG can be applied in the range of +0.5% to +2.00%.

6.3 For 2020/21, a local policy was applied on the basis of the maximum allowable MFG of 1.84% (for 2021/22, this has increased to a 2% maximum). No cap was applied locally in 2020/21 as the MFG was affordable within the formula without needing to recoup funding via a cap.

**7.** **Recommendations**

* 1. Forum is recommended to note the formula changes for 2021/22 outlined in this report

APPENDIX A: Funding Factor Increases

|  |  |  |  |
| --- | --- | --- | --- |
| Factor | 2020/21 | 2021/22 | Notes |
| Basic Entitlement (AWPU) - Primary | £2,857 | £3,123 | 2021/22 includes £180 TPG and TPECG |
| Basic Entitlement (AWPU) – KS3 | £4,018 | £4,404 | 2021/22 includes £265 TPG and TPECG |
| Basic Entitlement (AWPU) – KS4 | £4,561 | £4,963 |
| IDACI Band A - Primary | £600 | £620 |  |
| IDACI Band B – Primary | £435 | £475 |  |
| IDACI Band C – Primary | £405 | £445 |  |
| IDACI Band D – Primary | £375 | £410 |  |
| IDACI Band E – Primary | £250 | £260 |  |
| IDACI Band F – Primary | £210 | £215 |  |
| IDACI Band A - Secondary | £840 | £865 |  |
| IDACI Band B – Secondary | £625 | £680 |  |
| IDACI Band C – Secondary | £580 | £630 |  |
| IDACI Band D – Secondary | £535 | £580 |  |
| IDACI Band E – Secondary | £405 | £415 |  |
| IDACI Band F – Secondary | £300 | £310 |  |
| FSM – Primary | £450 | £460 |  |
| FSM – Secondary | £450 | £575 |  |
| FSM Ever 6 – Primary | £560 | £460 |  |
| FSM Ever 6 – Secondary | £815 | £840 |  |
| Low Prior Attainment – Primary | £1,065 | £1,095 |  |
| Low Prior Attainment – Secondary | £1,610 | £1,660 |  |
| EAL – Primary | £535 | £550 |  |
| EAL – Secondary | £1,440 | £1,485 |  |
| Mobility – Primary | £875 | £900 |  |
| Mobility – Secondary | £1,250 | £1,290 |  |
| Lump Sum | £114,400 | £117,800 |  |