

Subject:	Schools Funding 2020/21		
Date of Meeting:	14th September 2020		
Report of:	Executive Director Families, Children and Learning		
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Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT:**

- 1.1 The purpose of the report is to brief the Children, Young People and Skills Committee on Schools Funding in 2020/21.

2. RECOMMENDATIONS:

- 2.1 To note the funding streams utilised to fund schools.
- 2.2 To note the latest position relating to school balances as at the end of the 2019/20 financial year and licensed deficits agreed for the 2020/21 financial year.
- 2.3 To note the additional government financial support to schools for Covid-19.
- 2.4 To note the anticipated future school funding arrangements for 2021/22 and 2022/23.

3. CONTEXT/ BACKGROUND INFORMATION:**3.1 Core School Funding**

The majority of schools funding comes from the Dedicated Schools Grant (DSG). This is a ring-fenced grant paid to local authorities (LAs) by the Department for Education (DfE) in support of the Schools Budget. Under the DfE funding arrangements, the DSG is split into four notional blocks:

- Schools Block;
- Central Services Schools Block (CSSB);
- High Needs Block (HNB);
- Early Years Block (EYB).

The 2020/21 Schools Block has been calculated using pupil numbers from the October 2019 school census. The Early Years block has continued to be funded

on January censuses. The High Needs block covers funding for education provision for high needs pupils and students from birth to 25.

3.2 There are notable increases to the Schools and High Needs funding blocks in 2020/21. The amount of funding being delegated directly to mainstream schools within the Schools Block has increased by £5.7m in comparison to 2019/20. This is due to two factors:

- National increase in Schools Block DSG allocation (c. £5.3m)
- Net increase in pupil numbers (c. £0.4m). The number of pupils in mainstream primary schools and academies reduced from 18,606 in October 2018 to 18,388 in October 2019. However, the number of pupils in mainstream secondary schools and academies increased from 11,473 in October 2018 to 11,718 in October 2019. Overall, this equates to a net increase in pupil numbers of 27 between the 2 years.

3.3 The Government has also uplifted funding levels for the high needs block. This equates to an increase of c. £2.65m in 2020/21 for Brighton and Hove. The breakdown of the four blocks, the exceptions and the funding delegated to schools is shown in the table below.

	Schools Block	Central Services Schools Block	High Needs Block	Early Years Block	Total 2020/21
	£k	£k	£k	£k	£k
*Exception One	1,265	0	0	0	1,265
Growth Fund	397	0	0	0	397
Central Services Schools Block	0	1,296	0	0	1,296
Funding available in HNB & EYB	0	0	27,976	15,686	43,662
*Post de-delegation funding to schools	139,488	0	0	0	139,488
Total Blocks	141,150	1,296	27,976	15,686	186,108
Adjustments:					
*Academy and Free Schools Recoupment	(15,477)	0	0	0	(15,477)
Total Split of DSG 2020/21	125,673	1,296	27,976	15,686	170,631

- Exception 1 relates to funding de-delegated from schools following approval of the Schools Forum. It includes services such as insurance and schools' contingency.
- Post de-delegation funding to schools is equivalent to the total sum of money allocated to mainstream schools and academies through the LA's funding formula
- Academy and free schools recoupment is the block of funding that is deducted from the LA's DSG allocation. This funding is allocated directly to academies and free schools by the DfE.

3.4 While it remains the Government's intention that a mainstream school's budget should be set on the basis of a single national formula, local authorities continue to determine final funding allocations for schools in 2020/21. In Brighton and Hove schools funding is distributed using the formula agreed by Schools Forum which contains ten factors. A breakdown of these are provided in appendix 1.

- 3.5 This arrangement allows for local priorities to be reflected within the funding formula. In this context Brighton and Hove assigns a greater weighting to the deprivation and lump sum factors when compared with the proposed national funding formula and statistical neighbours. This approach provides a higher level of funding to schools with the most disadvantaged pupils and small schools.
- 3.6 For 2020/21, one key change in the funding formula is the introduction of a new mandatory factor to ensure that overall minimum funding per pupil (MFPP) levels (excluding premises factors) are set at £3,750 for primary schools and £5,000 for secondary schools. The introduction of this factor means that the schools who have historically received the lowest levels of funding on a per-pupil basis will receive an additional allocation within their budget share to boost their funding levels to the minimum thresholds. This will particularly apply to schools that receive relatively low amounts of funding through the deprivation and low attainment formula factors.
- 3.7 Pupil Premium

In addition to funding delegated through the funding formula schools receive funding for pupil premium. This totals £8.83m (exc. academies and free schools) and is made up of three components.

Pupil premium (social deprivation element) is allocated on the basis of ever-6 free school pupils. This means any pupil on roll at January 2020, who has been eligible for free school meals at any time in the preceding 6 years, will be included in the calculation for this funding. The unit value for a primary age pupil is £1,345 and £955 for a secondary age pupil. The ever-6 free school meals element of funding (estimated at £7.198m) is paid to the Local Authority by DfE and is then passed on to schools.

Pupil Premium Plus (estimated at £0.933m) is allocated directly to schools for adopted children and those with special guardianship orders.

The element for looked after children is allocated via the Virtual School and is estimated at £0.699m (£2,345 per pupil). Pupil premium for adopted children, those with special guardianship orders and those with residence orders is passed directly on to schools. This is estimated at £0.929m (£2,345 per pupil).

3.8 Other Grant Funding

Schools are able to draw down other forms of funding from various government grants. These include the following:

Specific Grants	Estimated Funding £k
Teachers' Pension Grant	7,385
School Sixth Form Funding	3,383
Universal Infant Free School Meals (administered by LA)	2,009
Teachers Pay Grant	1,780
Devolved Formula Capital	665
Primary Sports Grant	1,003
Total	16,225

3.9 High Needs Funding

Within mainstream school budgets the first £6k of additional support funding for high needs pupils is met by schools from their delegated formula budgets. Funding above this level will be determined by the commissioning LA and paid in the form of a top-up from the high needs block as an additional allocation. This has been an area that has seen significant growth in recent years. It is estimated that for 2020/21 the top-up funding payable to mainstream schools will be £2.9m.

3.10 School Balances and Licensed Deficits

The level of school balances as at 31/03/20 was £4.347m, an increase of £0.122m from £4.225m as at 31/03/19. The £4.347m balance is split across phases:

School Balances				
Phase	2019/20 £k	Percentage of budget 2019/20	2018/19 £k	Percentage of budget 2018/19
Nursery	40	5.06%	64	8.25%
Primary	3,395	4.49%	3,812	5.15%
Secondary	784	1.51%	(11)	(0.02%)
Special and Alternative Provision (AP)	128	1.19%	360	4.24%
Total	4,347	3.12%	4,225	3.14%

3.11 There are a total of 10 schools (out of 63) with deficit balances, a decrease from 11 as at the end of 2018/19. The split of deficit balances across phases is 8 Primary and 2 Secondary. School budget plans for 2020/21 have incorporated these deficits and the Finance Team has worked closely with schools to identify those who are likely to require licensed deficits in the current financial year under the terms in the Scheme for Financing Schools. For 2020/21 there are 8 schools that will require licensed deficits. Licensed deficits operate where schools are unable to balance their budgets in one financial year but can demonstrate a balanced budget over a longer period – typically between 3 and 5 years.

3.12 The breakdown of school balances for the primary phase show a significant variation when analysed the size of schools and appears to show that 1 Form Entry primary schools appear to be in a far more challenging position than larger schools. In total, primary schools have net surplus balances of £3.395m and the breakdown across the various forms of entry is in the table below:

School Size	Number of schools	Size of School Balances £k	Average School Balance £k	Level of Balances as a Percentage of Budget
1 Form Entry	17	251	15	1.7%
2 Form Entry	16	1,274	80	5.3%
3 Form Entry	11	1,042	95	4.9%
4 Form Entry	4	410	103	4.3%
7 Form Entry	2	418	209	7.3%
Total	50	3,395	68	4.5%

The average balance for a 1 FE primary school is £15k whereas the average for all other forms of entry are significantly higher. Furthermore, this can also be summarised through an analysis of the number of schools that fall into different categories:

School Size	Number of schools	Number of schools overspent 2019/20	Number of schools underspent 2019/20	Number of schools requiring licensed deficit 2020/21
1 Form Entry	17	4	13	4
2 Form Entry	16	4	12	3
3 Form Entry	11	0	11	0
4 Form Entry	4	0	4	0
7 Form Entry	2	0	2	0
Total	50	8	42	7

3.13 The chart below provides a summary of the overall position relating to all school balances and licensed deficits between 2014/15 and 2019/20. It shows school balances recovering from a very low level in 2016/17 and the number of schools requiring licensed deficits reducing in the most recent years.



3.14 Additional government support to schools for Covid-19

The government has announced a £1bn support package to support pupils who may have fallen behind due to lost teaching time as a result of coronavirus (COVID-19). This package includes:

- £650 million for schools over the 2020 to 2021 academic year to help head teachers to provide extra support to children who have fallen behind while out of school. Details of how this funding will be distributed are still to be announced however it is anticipated that this will equate to c. 3m for schools in Brighton and Hove
- £350 million for catch-up tutoring aimed specifically at the most disadvantaged children

The £1 billion package is on top of the £14.4 billion three-year funding settlement announced last year, recognising the additional work schools will need to do to help students to catch up.

The government also published guidance for schools to be able to directly submit claims where additional costs have been incurred in the following areas:

- Increased premises related costs
- Support for free school meals
- Additional cleaning costs

Schools are only able to claim within prescribed conditions and there are financial limits to the amount of claims linked to the size of school.

3.15 Future Schools Funding 2021/22 and 2022/23

On 3 September 2019, the Spending Review announced the government's commitment to increase the schools budget over each of the 3 financial years from 2020/21. To fulfil this commitment, the Spending Round exceptionally set budgets for schools until 2022/23. Within this was a commitment for the national schools budget to rise by £2.6 billion in 2020/21, £4.8 billion in 2021/22 and £7.1 billion in 2022/23, compared to 2019/20 funding levels. These increases equate to approximately a 4% increase in funding per annum.

In addition, the government has announced further increases to the high needs block for 2021/22. For Brighton and Hove this is estimated to be £2.8m which represents an increase of approximately 10% from 2020/21.

These funding announcements offer significantly improved settlements for schools and the LA in terms of DSG funding. Prior to the 2020/21 financial year the increases in 2018/19 and 2019/20 had been approximately 1% per annum.

4 COMMUNITY ENGAGEMENT AND CONSULTATION

- 4.1 No specific consultation has been undertaken in relation to this report but the Schools Forum (comprised of school and academy head teacher and governor representatives) is consulted and engaged in determining local funding arrangements for schools.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 The financial implications are included within the body of this report.

Finance Officer Consulted: Louise Hoten

Date: 21/07/20

Legal Implications:

There are no legal implications arising from this report

Lawyer Consulted Serena Kynaston

Date: 20/07/2020

Equalities Implications:

Sustainability Implications:

5.4 There are no direct sustainability issues arising from this report.

Crime & Disorder Implications:

5.5 There are no direct crime and disorder issues arising from this report.

6. REASONS FOR REPORT RECOMMENDATIONS

6.1 To note the arrangements for funding schools in 2020/21 and the additional resources being allocated to schools over the 3-year funding period to 2022/23.

SUPPORTING DOCUMENTATION

Appendices:

1. School Funding Formula Factors 2020/21

Documents in Members' Rooms

None

Background Documents

