

From: Richard Long, Cabinet Member for Education and Skills

Matt Dunkley, Corporate Director for Children, Young People and Education

To: Children and Young People's Education Cabinet Committee – 18 November 2020

Subject: School Funding Arrangements for 2021-22

Classification: Unrestricted

Past Pathway of Paper: n/a

Future Pathway of Paper: Executive Decision

Electoral Division: All

Summary:

On the 20 July 2020, the Chancellor confirmed the intention to increase school budgets by £2.2 billion nationally from 1 April 2021. This is the second year of a three-year Spending Round for schools. We estimate that Kent County Council will receive an additional £36m of Schools Block Dedicated Schools Grant in 2021-22 to distribute to Kent schools (and academies via the Education and Skills Funding Agency). Details of future year increases at Local Authority level has not yet been provided.

The distribution to schools is calculated through the operation of a Local Funding Formula (LFF) and this paper advises Members about the proposals to change to the LFF which are contained within the School Funding Formula Consultation 2021-22. The consultation was launched on 2 November and closes on 23 November 2020. This paper is an opportunity for Members of this Committee to comment on these proposals ahead of a key decision being taken by the Cabinet Member in December.

Recommendation(s):

The **Children, Young People's and Education Cabinet Committee** is asked to:

- a) Consider and comment, in order to inform the decision of the Cabinet Member for Education and Skills, on the proposals set out within the Kent Schools' Local Funding Formula 2021-22 consultation.
- b) Note that the Cabinet Member will take the relevant Key Decision in December 2020, following engagement with the Schools' Funding Forum.

1. Introduction

- 1.1 Since 2010, the Government has been reforming the school funding system so that it is fairer, simpler and more transparent. Their aim has been to create a system where schools and local authorities will be funded on up-to-date assessment of need that reflects the characteristics of their pupils.
- 1.2 In 2013-14 the school funding system was simplified and made easier to understand. In 2018-19 the *soft* National Funding Formula (NFF) was introduced, where the DFE allocate funding to local authorities based on a nationally prescribed formula and Local Authorities are responsible for setting a Local Funding Formula (LFF) to distribute this funding to schools in their area.
- 1.3 In September 2019 the Chancellor set out details of a three-year Spending Round for schools' commencing on 1 April 2020, which confirmed national school funding would increase by £7.1 billion (compared to 2019-20) by 2022-23. On the 20 July 2020 the Chancellor reconfirmed the intention to increase school budget by an additional £2.2 billion for 2021-22, and there is now a requirement to consult all schools on how our LFF should change from 1 April 2021.

2. Background

- 2.1 The Dedicated Schools Grant (DSG) funding is allocated through 4 separate blocks, with each block calculated using their own nationally set formula (known as a National Funding Formula). The block allocations for Kent for 2020-21 are set out in table 1 below:

Schools Block (SB)	High Needs Block (HNB)	Early Years Block (EYB)	Central Schools Services Block (CSSB)
£985.816m	£222.853m	£87.201m	£12.371m

- 2.2 The allocations for 2021-22 will not be confirmed until December and will reflect the latest pupil numbers as recorded on the October 2020 school census.
- 2.3 We anticipate receiving an increase of £36m in the Schools Block (in addition to the transfer of the Teacher's Pension Employer Contribution funding and Teachers Pay funding previously paid as separate grants) and this paper and the associated consultation proposals focus on the distribution of this money through the Local Funding Formula in 2021-22.

3. Consultation proposals for 2021-22

- 3.1 The Kent Schools' Local Funding Formula 2021-22 consultation was launched on 2 November 2020. The consultation document, an illustration tool showing the impact of the proposals on individual school budget, an on-line response form and an equality impact assessment can be accessed via the following link: www.kent.gov.uk/schoolfundingconsultation.

- 3.2 The consultation document contains full details of the proposals and we have decided not to replicate the content of the consultation document within this report. **We therefore strongly recommend that Members of this Committee read the consultation document alongside this paper.**
- 3.3 The consultation contains proposals which can be grouped into the following summary categories:
- a) Areas of local concern
 - b) Changes to funding factor factors and funding rates
 - c) Other issues (changes to the notional SEN budget calculation)
- 3.4 It is the Government's long-term intention for all schools' budgets (for primary and secondary schools) to be set on the basis of a single, national formula (known as the National Funding Formula or NFF). Over the last three years KCC (with support from both schools and the Schools Funding Forum) has been guided by the general principle that "our Local Funding Formula should move towards the National Funding Formula (used to distribute school block funding to local authorities), but at the same time continue to utilise local flexibility to address areas of local concern". This consultation seeks schools' views on whether to continue to support the following areas of local concern in 2021-22:
1. Provide an enhanced a lump sum rate for all primary schools, specifically to offer protection to our smaller primary schools.
 2. Transfer of 1% from the schools to the high needs block in 2021-22 to support inclusive practices in mainstream schools. This will be added to the funding transferred in 2020-21 to enable medium-term sustainability of projects. The request replicates the transfer that took place in 2020-21.
 3. The Falling Roll Fund: continue to provide additional funding to those schools which had experienced a significant reduction in pupil numbers which is expected to recover in the next 3 financial years.
- 3.5 If there is support to continue to address some or all of the areas of concern, we are seeking views as to whether we use the same formula to distribute funding to schools as in 2020-21 or update the formula to include the mobility factor. The mobility factor would distribute additional funding to those schools who have a higher proportion of children who start on a non-standard date. There is also a separate question on the level at which the minimum funding guarantee, which determines the minimum increase per pupil a school would expect to receive, should be set.
- 3.6 Proposals to change the calculation of the notional SEN budget for schools are intended to ensure schools of similar size and relative funding are treated more equally when access additional funding to support children with high needs.

4. Conclusions

- 4.1 The estimated increase of £36m for Kent schools in 2021-22 reflects an average increase of 3.6% per pupil and fulfils the Government's commitment

that all schools receive a minimum of £4,000 per primary aged child or £5,000 per secondary aged child. This is the second year of a three year spending commitment to increase schools budgets. It represents a significant increase (on top of the 2018-20 increases) and starts to improve the funding provided to Kent, which has traditionally been a lower funded Education Authority.

- 4.2 The Government requires schools to be consulted on an annual basis regarding any proposed changes to Local Funding Formula and the request to transfer funding from the schools block to high needs block. This consultation seeks views as to whether to replicate the methodology used in setting school budgets in 2020-21, and continue to recognise and address areas of local concern, or move further towards the National Funding Formula and therefore no longer reflect the local circumstances in Kent. It is recognised that the request to repeat the transfer of 1% from the school's to high needs block to support inclusive practices in schools is particularly sensitive, but if we did not it would mean we would be failing in our duty to do all that we can to help manage this significant high needs budget challenge.
- 4.3 Due to the timing of this meeting, we have not attached a Proposed Record of Decision to this report. This is because we have not finalised proposals yet and consequently cannot confirm exactly what combination of factor and rate changes will apply to the LFF from 1 April 2021. The detailed proposals will not be confirmed until due consideration can be given to the all-school consultation (closing on 23 November), feedback from this Cabinet Committee and the outcome of discussions with the Schools' Funding Forum. It is therefore necessary to seek the Cabinet Committee's views on the full range of options outlined in the consultation document.
- 4.4 The consultation responses, as well as any comments provided by this Cabinet Committee, will be collated and presented to the Schools' Funding Forum on 4 December. The Forum will consider all responses and be asked to make a series of recommendations back to the Cabinet Member for Education and Skills prior to a key decision being taken in December. A decision must be taken in December so that school budget calculations can commence in late December in readiness for formal publication at the end of February 2020.
- 4.5 As the consultation will still be live at the date of this Committee meeting, we intend to provide a verbal update at the meeting, outlining a summary of the responses received to date.
- 4.6 We can provide an update on the decision at the next or at a future Cabinet Committee meeting if this is something that Members would find useful.

5. Recommendation(s):

- 5.1 The **Children, Young People's and Education Cabinet Committee** is asked to:
- a) Consider and comment, in order to inform the decision of the Cabinet Member for Education and Skills, on the proposals set out within the Kent Schools' Local Funding Formula 2021-22 consultation.
 - b) Note that the Cabinet Member will take the relevant Key Decision in December 2020, following engagement with the Schools' Funding Forum.

6. Background Documents

- 6.1 The Kent Schools' Local Funding Formula 2021-22 Consultation documentation can be found in the link below:

www.kent.gov.uk/schoolfundingconsultation

7. Contact details

Report Authors:

Karen Stone, Interim Finance Business Partner for CYPE, Strategic and Corporate Services

03000 416733

karen.stone02@kent.gov.uk

Relevant Director:

Matt Dunkley, Corporate Director for Children, Young People and Education

03000 416991

matt.dunkley@kent.gov.uk