

2.6 Government Updates and 2021/22 Budget Setting

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1 Purpose

- 1.1 To provide the Schools Forum with an update on Government announcements relating to the National Funding Formula (NFF) and the Dedicated Schools Grant (DSG).

2 Recommendations

- 2.1 To **note** the latest updates on the national funding formula and the DSG.
- 2.2 To **vote** on whether to consider any further changes to the growth fund criteria for 2021/22 (para 4.3).
- 2.3 To **vote** on whether to create a contingency budget for Schools in Financial Difficulty (para 4.4).
- 2.4 To **agree** the 2021/22 central school services block request based on provisional allocations (section 5).
- 2.5 To **agree** the 2021/22 early years central spend request based on provisional allocations (section 7).

3 Headlines and Changes for 2021/22

- 3.1 Since the last meeting of the school's forum the draft October 20 census numbers for maintained and academy schools has been received and the provisional allocations have been revised to reflect the changes.

Block	2020/21 £m	2021/22		Variance to 2020/21 £m	Variance to Draft £m
		Draft £m	Provisional £m		
Schools	£210.756	£215.853	£217.651	£6.895	£1.797
Central School Services	£1.496	£1.540	£1.549	£0.053	£0.009
High Needs	£45.231	£48.751	£48.773	£3.543	£0.023
Early Years	£21.652	£21.652	£21.652	£0.000	£0.000
	£279.134	£287.796	£289.625	£10.491	£1.829

Draft - based on October 19 census numbers

Provisional - based on October 20 census numbers

4 Schools Block

- 4.1 The 2020/21 school funding formula consultation was held between Friday 16 October and Friday 13 November. There were two consultation workshops held which overall were attended by 40 people. The results of the consultation are included in item 2.6.2 of this forum meeting.
- 4.2 The provisional growth funding allocation has been recalculated following the draft October 2020 census pupil numbers. It is expected that the funding allocation will be £2.167m compared to the provisional allocation of £2.299m, a reduction of £0.131m. This takes the 2021/22 pressure on the growth fund to £2.580m. Confirmation has been provided that the planned 90 contingency places are expected to be required and will therefore be included in the budget.
- 4.3 At the October school's forum meeting the 2021/22 growth fund criteria was agreed, however it was requested that some modelling was undertaken to consider reducing the number of pupils that a class would be funded for in its first year of growth. The current growth criteria states that classes are funded for 30 pupils in the first year, this reduces to 25 pupils in the second year. If the first year was also reduced to fund class sizes of 25 then this would have saved £0.585m on the 2021/22 growth funding.
- 4.4 There are an increasing number of schools which are facing financial difficulties for several reasons partly as a result of Covid but also other budget pressures. The school's forum could consider creating a contingency to support those schools in financial difficulty, however this would need to be a further top slide from the school's block.

5 Central School Services Block (CSSB)

- 5.1 The LA **may** include the following budgets in their central services with the agreement of the Schools Forum. The DfE will adjudicate where the Schools Forum does not agree with the LA's proposal.
- 5.2 A total budget of **£1.596m** is required and the funding allocation of £1.549m will leave a shortfall in funding of £0.047m. This shortfall will be funded from a re-charge to the high needs block to reflect their use of these services (as was the case in 2020/21).

- **Admissions** – £0.611m has been allocated to support the operation of the system of admissions of pupils to schools and in relation to appeals. This is an increase of £0.028m to reflect inflationary costs and pay awards across the service.
- **Schools Forum** – £0.035m has been allocated to cover the LA’s statutory functions on establishing, maintenance of and consultation with the Schools Forum. This is an increase of £0.001m to reflect inflationary costs and pay awards.
- **Former ESG Retained Duties** – £0.689m are budgets held centrally by the LA to support central services that were formerly (prior to 2017/18) funded by the Education Services Grant (ESG). This includes the following budgets held centrally by the LA:
 - Education welfare, including school attendance £0.059m.
 - Asset management including management of the capital programme £0.157m.
 - Statutory and regulatory duties, including planning for the education service and provision of information £0.234m.
 - Formulation and review of the school funding formula, monitoring of expenditure and internal audit review £0.227m.
 - SACRE (Standing Advisory Committee for Religious Education) £0.012m.
- **Miscellaneous** – This covers £0.018m for School Trips and £0.005m for School Closure Texting Service.
- **CLA and MPA Licence Fees** – The budget has been estimated at £0.238m by applying a 2% increase to the 2020/21 charge, in order to cover the cost in 2021/22. This has increased by £0.006m due to inflation and increased pupil numbers. The LA **must** include this cost in their central school’s expenditure budgets, although the Schools Forum should be consulted. These rates are set by the DfE annually.

5.3 The below table shows the 2020/21 position compared to the 2021/22 provisional budget:

Central Services	2020/21 Budget £m	2020/21 Forecast £m	2021/22 Budget £m
Admissions	0.583	0.583	0.611
Schools Forum	0.034	0.034	0.035
ESG Retained Duties	0.670	0.670	0.689
Miscellaneous	0.025	0.025	0.023
CLA and MPA Licence Fees	0.231	0.231	0.238
Contribution from high needs	-0.047	-0.047	-0.047
Total	1.496	1.496	1.549

6 High Needs Block

6.1 The draft 2021/22 high needs budget can be found in annex 2.6.1 of this report. Based on the updated October 2020 census numbers it is expected that there will be an additional £3.543m of funding in 21/22, this is net of the £0.725m of grant relating to Teachers Pay and Pension funding.

7 Early Years

7.1 There has not been any notification from the ESFA that there will be any changes to the EY funding – either the funding received or the formula for allocation to settings. The funding allocation is expected to be based on the January 2021 census although this is being monitored by the DfE.

7.2 The total central funding request for 2021/22 is £0.514m (2020/21 was £0.618m) for funding to cover the administration of the funding, quality and improvement (including training for providers), early intervention, access to early years education and supporting inclusion and ensuring children are school ready. For 2021/22, there is a net reduction of £0.104m:

Early Years Central Budget	2020/21	2021/22	Change
	£m	£m	£m
Core Staffing	0.498	0.401	-0.097
Supplementary Requests:			
Additional Inclusion and Intervention worker	0.035	0.000	-0.035
Speech and Language Therapy	0.000	0.023	0.023
Early Years Assistant/Participation Officer	0.030	0.033	0.003
Early Years Quality Improvement Practitioners	0.010	0.012	0.002
Marketing, communications and professional engagement	0.045	0.045	0.000
Total Central Budget	0.618	0.514	-0.104

Speech and Language Therapy £0.023m - to support children by adding capacity to target children's speech and language needs in the EY to support school readiness, enable progress and ensure appropriate interventions are in place.

Early Years Quality and Participation Officer £0.033m – to continue funding one full time Early Years Quality and Participation Officer role.

This role aims to:

- Increase the number of eligible two-year olds in setting and childminder provisions
- Support and challenge providers to provide high quality provision for eligible two-year olds
- Support core and traded quality improvement services as led by the Improvement Partner for Early Years.

The evidence for this role is:

- There is a decrease in the numbers of eligible two-year olds attending provision which has been made worse by covid19
- Continued work needs to be done in order to launch the Improving Participation Project so that MKC professionals are equipped to promote EY education places
- There continues to be Ofsted inspection actions requiring provision improvement for our youngest, most vulnerable children

The benefits of continuing this role are:

- An increased take up of universal three and four year and eligible two year old EEF places resulting in the narrowing the EYFSP attainment gap
- Strong, cohesive links will be made between teams resulting in consistent support and challenge for providers resulting in high quality provision for children.
- MKC settings will sustain at least Ofsted Good at their next inspections

Early Years Quality Improvement Practitioners (EQUIP) £0.012m – Currently the three EYQIPS are being directed by the Improvement Partner for Early Years to provide specific support and challenge to settings that are less than Ofsted Good. They are not MKC employees but part of an SSE professional development opportunity whereby their schools are paid supply teacher costs to cover their EYQIP time.

The work includes:

- Provide supportive challenge to Requires Improvement and Inadequate providers to make a swift return to at least Good
- Provide monitoring, support and challenge to settings rated as Good at their last Ofsted inspection.
- Provide supportive challenge to targeted settings as identified by the IP – EY/ Intervention/Inclusion Team in order to support children’s individual learning needs.

The evidence for this role is:

- MKC continues to have settings judged less than Ofsted Good
- There is a risk that some settings may not retain their Good judgement at their next inspection. This may decrease the sufficiency of EEF places in Good provision.
- The Senior Specialist Teacher (I/I) regularly identifies settings where specific support is needed to improve learning environments for children with SEND

- Statutory, Early Years Foundation Stage Profile (EYFSP) Communication, Language and Literacy continues to be a lower area of MKC attainment. Settings report this has been made worse by Covid19

The benefits of continuing this role are:

- MKC will sustain a high percentage of at least Good EEF provision
- Children with SEND will benefit from setting provision that enables them to learn and achieve
- Children and their parents will be supported to develop stronger communication, language and literacy skills

MKC, EYFSP Good Level of Development will further increase and the attainment gap will decrease.

Marketing, Communications and Professional Engagement £0.045m – to help improve early years take up, particularly for our most vulnerable children. We have identified that the biggest barrier to take up is the level of knowledge and understanding of this initiative and eligibility among the target customers and professionals working with these families. Funding is therefore being spent primarily on improving awareness via marketing and communications. In order for this initiative to continue we are requesting the funding to continue and believe that this investment will be self-fulfilling as increased participation will generate more funding.

8 Other Schools Funding Updates

School Improvement Monitoring and Brokering Grant

- 8.1 School improvement is not included in the NFF arrangements and LAs receive the school improvement monitoring and brokerage grant to cover their statutory intervention functions and monitoring and commissioning of school improvement support. MK's allocation for academic year 2019/20 was £0.300m. Funding of £0.178m has now been announced for the period September 2020 – March 2021. Funding beyond March 2021 is expected to be considered as part of the spending review. Previous allocations can be found [here](#).

Coronavirus Job Retention Scheme

- 8.2 The job retention scheme has been extended to 31 March 2021 and the guidance has been updated which can be found [here](#). The main points are:
- The Coronavirus Job Retention Scheme is being extended until 31 March 2021.
 - 30 November 2020 is the last day employers can submit or change claims for periods ending on or before 31 October 2020.
 - From 1 November 2020 you can claim 80% of an employee's usual salary for hours not worked, up to a maximum of £2,500 per month.
 - For periods from 1 November onwards, you can claim for employees who were employed on 30 October 2020, as long as you have made a PAYE Real Time

Information (RTI) submission to HMRC between 20 March 2020 and 30 October 2020, notifying a payment of earnings for that employee.

- You do not need to have previously claimed for an employee before the 30 October 2020 to claim for periods from 1 November 2020.
- You can claim for employees on any type of employment contract, including full-time, part-time, flexible or zero-hour contracts.
- If you have staff costs that are publicly funded you should use that money to continue paying your staff, and not furlough your staff.
- You can fully furlough employees - they cannot undertake any work for you while furloughed full time.
- You can flexibly furlough employees - they can work for any amount of time, and any work pattern but they cannot do any work for you during hours that you record them as being on furlough.
- When your employees are on furlough, they can take part in training, volunteer for another employer or organisation or work for another employer (if contractually allowed).

This information has been shared with all schools and an update included on the [covid19forschools](#) webpage.

Covid 19 Exceptional Costs

8.3 This funding was put in place to ensure schools can focus on the vital role they are playing at this time. It covers support for schools up to the end of the 2019 to 2020 summer term. The payment of £0.063m received on 30 October 2020 is for maintained schools meeting the following:

- who submitted claim within their limit for the total of the three standard categories of additional costs and were not part of the payment to local authorities on 28 August 2020 because they had also claimed other costs.
- who submitted a claim above their limit for the total of three standard categories but which have been assessed and approved by the ESFA for payment.

The Coronavirus (COVID-19) Schools Fund is not part of schools' budget shares and is not part of the individual school's budget. It is not to be counted for the purpose of calculating the minimum funding guarantee.

Teachers Pay Grant

8.4 The ESFA is providing financial assistance to maintained schools, maintained nursery schools and high needs settings in the form of the teachers' pay grant (TPG) for the financial year beginning 1 April 2020. The funding relating to the period September 2020 -March 2021 will be paid to LA's on 30 October. Further guidance can be found [here](#).

Teachers Pension Grant

- 8.5 The ESFA is providing financial assistance to maintained schools, maintained nursery schools and high needs settings in the form of the teachers' pension employer contribution grant (TPECG) for the financial year beginning 1 April 2020. The funding relating to the period September 2020 -March 2021 will be paid to LA's on 30 October. Further guidance can be found [here](#).

PE and Sports Grant

- 8.6 The premium must be used to fund additional and sustainable improvements to the provision of PE and sport, for the benefit of primary-aged pupils, in the 2020/21 academic year, to encourage the development of healthy, active lifestyles. Allocations for academic year 2020/21 and the October 2020 payments can be found [here](#).

9 Updates from Regional Meetings

- 9.1 During November the South East Education Finance Officers Group (SEFOG) and the East Anglia DSG and School Funding Group meetings took place. These are attended by colleagues from the ESFA, DfE and finance officers from other local authorities. In advance of the meetings each authority is given the opportunity to submit questions and the ESFA / DfE will respond to these. Below are some of the key points of the discussions that were had across both meetings.

Schools Block

- 9.2 A consultation on the implementation of the 'hard' NFF is expected to take place early next year. There is still some work to do on growth, split sites, sparsity and rates. The ESFA are speaking to ministers and the government on the timing of the consultation. It is not yet clear on whether block transfers will continue to be allowed under the 'hard' NFF, this will be included in the review. MK does not currently transfer between the DSG blocks to balance its budget.
- 9.3 There has been a rise nationally in the number of pupils which are electing to be home educated and therefore will not be included in the October census. If those pupils choose to return to school, then there is no funding for them as the funding is provided on a lagged basis. For MK the numbers of pupils home educated are as follows:

Census	Primary Pupils	Secondary Pupils	Primary Rate	Secondary Rate	Primary £m	Secondary £m	Total £m
Oct-19	95	182	£4,144.42	£5,347.35	£0.394	£0.973	£1.367
Oct-20	207	291	£4,293.81	£5,492.68	£0.889	£1.598	£2.487
				Variance	£0.495	£0.625	£1.120

Early Years

- 9.4 The ESFA have confirmed that maintained nursery school supplementary funding has been agreed for the 2020/21 academic year. There will be further announcements as part of the spending review and the ESFA will include any updates in their DSG announcements. They did acknowledge that they are aware of the uncertainty that delays in announcements causes for LAs and providers. This review will also consider the impact of the teachers' pay and pensions costs on providers.
- 9.5 The 2021/22 funding is planned to be based on the January 2021 census but is being kept under close review and any announcements will be made as soon as possible. They do recognise that numbers are lower than they would have been had Covid not existed.
- 9.6 The early years guidance issued in July 2020 stated that it was expected that for Spring 2021 LAs would fund providers as normal i.e. actual pupils. However, in light of the second wave it is possible that pupil numbers may remain low in Spring giving concern that providers would see lower funding that they would have done had Covid not happened. The ESFA have confirmed that this is still being considered and there will be further guidance.
- 9.7 The ESFA were asked by a number of LAs (including MK) whether there would be additional funding for providers that are seeing a significant reduction in take up and the LAs are not in a position to support vacant places. Unfortunately, the ESFA confirmed that there is no additional funding available and that LA's are expected to manage the funding within their allocation. The ESFA confirmed that there has been financial support for early years providers but did acknowledge that maintained nursery schools were not able to claim for all of it.

High Needs

- 9.8 The SEND review is continuing, however due to Covid there will be a delay, further announcements are expected in the new year. The responses to the SEN call for evidence consultation which took place last year have been fed through to the review team. It is expected that MFG protection will continue for special schools however it was highlighted that the 3-year settlement in high needs funded was front loaded meaning that future years increases will be much lower. Therefore, the budget needs to ensure that the full year effect of planned changes are affordable in future years.

Other updates

- 9.9 The new burdens being place on LA's as a result of the financial transparency implementation is expected to be funded as a direct grant for 2021/22. Further information is expected in due course.
- 9.10 Some LA's expressed that schools are not able to fully spend their PE and Sports grant allocation by 31 March 20 due to the restrictions of external visitors on to school sites.

The ESFA have advised to raise this as a query with ESFA if this is the case for any MK schools.

- 9.11 The DSG settlement for 2021/22 is expected to be announced week commencing the 14 December following the spending review announcements made on 25 November, however the previous increase in funding settlement commitments will be honoured.