


REPORT TO CABINET

13 January 2021

Subject:	School Funding Formula and De-delegated Budget Proposals 2021/22
Presenting Cabinet Member:	Councillor Joyce Underhill - Cabinet Member for Best Start in Life
Director:	Head of Finance/Acting Section 151 Officer – Rebecca Maher Executive Director of Children’s Services – Lesley Hagger Director – Education, Skills and Employment – Chris Ward
Contribution towards Vision 2030:	
Key Decision:	Yes
Cabinet Member Approval and date:	Cabinet Member for Best Start in Life:
Director Approval:	Head of Finance/Acting Section 151 Officer – Rebecca Maher: Executive Director of Children’s Services – Lesley Hagger: Director – Education, Skills and Employment – Chris Ward:
Reason for Urgency:	
Exempt Information Ref:	There is no exempt information contained in the report
Ward Councillor (s) Consulted (if applicable):	The implications in this proposal are boroughwide
Scrutiny Consultation Considered?	Scrutiny have not been consulted.
Contact Officer(s):	Rosemarie Kerr, Principal Accountant rose_kerr@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

1. In respect of the 2021/2022 schools funding formula for Sandwell schools, consider the outcome of the consultation proposals following review by the Schools Forum, as shown in Appendix 1 as follows:
 - (a) The funding formula option 1 be adopted.
 - (b) A minimum funding guarantee of between 0.5% and 2.0% be set.
 - (c) The pupil number growth fund be set at £1.091m as recommended by Schools Forum.
2. That approval be given to top slice the dedicated schools grant (DSG) to create a growth fund for 2021/22 of £1.091m to be ring fenced for the purposes of supporting growth in pre-16 pupil numbers to meet basic need, additional classes need to meet infant class size regulation and to meet the costs necessary new schools which will include the lead-in costs, post start up costs and any diseconomy of scale costs.
3. In respect of the de-delegated budgets for Sandwell maintained schools consider the outcome of the consultation proposals as agreed by the Schools Forum for 2021/22, as shown in section 3.36 and Appendix 2.
4. In respect of the education functions budgets for Sandwell maintained schools consider the outcome of the consultation proposals as agreed by the Schools Forum for 2021/22, as shown in section 3.43 and Appendix 3.
5. Approve, in respect of the central schools services block and the line by line expenditure outlined in section 3.48 to 3.52 and as agreed by the Schools Forum for 2021/22, as shown in Appendix 4.
6. Approve the provisional 2021/2022 schools funding formula values as outlined below:

Item	Primary	Secondary
Primary: Secondary Ratio	1	1.27
Basic Entitlement	TBC	TBC
IDACI Band E	£77	£350
IDACI Band D	£485	£676
IDACI Band C	£551	£771
IDACI Band B	£602	£855
IDACI Band A	£630	£900

Prior Attainment	£1,225	£1,776
English as an Additional Language (EAL) (2 years)	£846	£1,227
Lump Sum	£129,057	£129,057
Split Site	£129,057	£129,057
Rates	Actual	Actual
Private Finance Initiative (PFI)	Actual	Actual
Minimum Funding Guarantee (MFG)	TBC	TBC
MFG Ceiling	TBC	TBC

7. That the Executive Director of Children's Services, in conjunction with the Section 151 Officer, be authorised to approve the 2021/2022 schools funding formula following confirmation of the funding allocation from the Department for Education

1 PURPOSE OF THE REPORT

- 1.1 The authority is undertaking its annual consultation with schools on funding for 2021/22. The Education and Skills Funding Agency (ESFA) requires local authorities to engage in an open and transparent consultation with all maintained schools and academies in their area, as well as with its schools forum about any proposed changes to the local pre-16 funding formula including the method, principles and rules adopted. The local authority is ultimately responsible for making the final decision on the formula.

2 IMPLICATION FOR VISION 2030

- 2.1 Our children benefit from the best start in life and a high-quality education throughout their school careers with outstanding support from their teachers and families.
- 2.2 The budget consultation with schools and other stakeholders provides the basis on which the majority of resources are directly allocated to individual schools. The strategies and proposed direction of these resources contribute significantly towards raising attainment in schools and therefore supports children benefitting from a high-quality education throughout their school careers with outstanding support from their teachers and families.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 In August 2019, the government announced that funding for schools and high needs would increase by £2.6 billion for 2020/21, £4.8 billion for 2021/22, and £7.1 billion for 2022/23, compared to 2019/20. This funding includes additional funding for children with special educational needs and disabilities. The government has published the dedicated schools grant (DSG) allocations for 2021/22, which is the second year of the three year funding increase.
- 3.2 The DSG consists of 4 blocks; schools, high needs, early years and the central schools services block. Each of the blocks of the dedicated schools grant has been determined by a separate national funding formula (NFF).
- 3.3 Schools block funding is based on notional allocations for each school, which is aggregated to arrive at the schools block funding for each local authority.
- 3.4 The DfE have confirmed “in light of the need to focus efforts on meeting the challenges of COVID-19 we are not changing local authorities flexibility over the distribution of school funding in 2021/22.”

The government have stated they will shortly put forward proposals to move to a “hard” NFF in future, which will determine schools’ budgets directly, rather than through local formulae set independently by each local authority.

- 3.5 In 2021/22, local authorities will continue to have discretion over the design of the majority of their funding formulae
- 3.6 The funding factors used in the Schools Block NFF remain the same, but there are two technical changes:
 - The teachers’ pay grant (TPG) and the teachers’ pension employer contribution grant (TPECG) including the supplementary fund has been added to schools’ NFF allocations for 2021/22. It has been added to the basic per pupil entitlement, to the minimum per pupil funding levels and to schools’ baseline so that it is protected through the funding floor. In an effort to reflect the current grant funding the government have added £180 per pupil for primary school and £265 per pupil for secondary schools onto the basic entitlement.

- The 2019 update to the Income Deprivation Affecting Children Index (IDACI) has been incorporated so that the deprivation funding allocated through the formula is based on the latest data.

3.7 The additional monies for schools has resulted in an increase to the key factor values in the NFF by 3.0%; the following adjustments have also been made:

- The minimum per-pupil levels will be set at £4,180 for primary schools and £5,215 for KS3 and £5,715 for KS4. This means a standard secondary school with 5 year groups receive at least £5,415 per pupil. (These rates is a reflection of the TPG and TPECG being rolled into the NFF).
- The funding floor will be set at 2.0%, which is broadly in line with the current inflation.
- Schools will benefit from an increase of 4% to the formula's core factors. Exceptions to this are that the free school meals factor, will be increased at inflation and premises funding will continue to be allocated at local authority level on the basis of actual spend in the 2019 to 2020 APT, with an RPIX increase for the PFI factor only.
- Growth funding will be based on the same methodology as last year, and will have the same transitional protection. There will be no capping or scaling of gains from the growth factor.

3.8 The DfE have also made some other changes to local formulae:

- Local authorities will continue to set a Minimum Funding Guarantee in local formulae, which in 2021-22 must be between +0.5% and +2.0%.
- The changes to the NFF to roll in teachers' pay and pension grants and to incorporate the 2019 IDACI will also be reflected in local funding formulae. The government have stated that they do not expect the incorporation of these changes alone to require consultation with schools.
- Following the cancellation of 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. Instead authorities will use 2019 assessment data as a proxy for the 2020 reception and year 6 cohort, which will be reflected in the data received from the DfE.

- 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. In 2021/22 the total schools block available for such transfers has to exclude the additional funding that has been allocated for TPG and TPECG to guarantee that all of this funding remains with schools. If the authority were to consider such a transfer it would equate to £1.392m. A disapplication is required for transfers above 0.5%, or for any amount without schools forum approval.
- The authority will not be requesting a movement of funding from the Schools block to another DSG funding block, as we recognise the significant budget pressures schools have been facing in recent years and it does not anticipate a budget pressure on the High Needs block for 2021/22 given the increases in funding from the Government.

3.9 Central School Services Block

The central schools services block provides funding for local authorities to carry out central functions on behalf of maintained schools and academies. The block comprises two distinct elements; one for ongoing responsibilities and a cash sum for historic commitments.

3.10 The DfE undertook an exercise a few years ago at a national level to re-baseline historic commitments. This included:

- Schools Forum – classified as an ongoing responsibility
- Admissions Service – classified as an ongoing responsibility.
- Pensions Administration – continues to be classified as an historic commitment.

3.11 The DfE has cut historic commitment funding by 20% to £0.182m with the expectation that funding would continue to reduce and ultimately end over time; and therefore any commitment will also reduce and end over time.

3.12 **Consultation Proposals**

The impact of the IDACI 2019 update at both a national and Sandwell area level was outlined in the consultation document. In summary IDACI is an area-based index measuring the relative deprivation of different areas. The IDACI scores are divided into seven bands A to G, with Band A representing the most deprived areas. Pupils living in the most deprived areas attract the most funding and Band G does not attract any funding.

The 2019 IDACI data for Sandwell show that it is less deprived than the 2015 data with a move away from the most deprived bands, this would have resulted in schools attracting less deprivation funding. In order to stabilise funding through this factor the authority adopted an approach broadly in line with the government approach; which was to increase the IDACI factor values to ensure that at least the same level of funding as 2020/21 was achieved. The factor values to be used are outlined in the table at section 3.59.

The consultation on the formula funding for schools for 2021/22 includes proposals on the following:

The funding formula to use for allocating schools budgets;

1. Option 1 – Stepped change in the ratio - LA Formula (change in AWP/MFG) with a ratio of 1:1.25 in year 1, 1:1.27 in year 2; and 1:1.29 in year 3. This will be the second year of the stepped change.
2. Option 2 – Secondary Schools receive 1% more above the overall increase in funding.
3. Option 3 – National Funding Formula Factor Values

The other proposals for consideration were:

- Pupil Number Growth Contingency Fund.
- Central Schools Services Block
- Education Functions.
- De-delegation proposals.
- Minimum funding guarantee and capping of gains.

3.13 This consultation is applicable for one year only (2021/22).

3.14 The Schools Forum at its meeting on 9th November 2020 approved the options for wider consultation with schools.

3.15 The deadline for stakeholders to respond was noon on Wednesday 2nd December 2020.

3.16 Funding Formula Options

At the Cabinet meeting in January 2019, cabinet advised Schools Forum that although the funding ratio between Primary and Secondary schools remained unchanged for the financial year 2019/2020 this was with the expectation that a ratio change would be implemented towards the NFF values from April 2020.

3.17 The authority has modelled 3 options for calculating schools revenue budget for 2021/22. There are some general adjustments which applies to all options which are as follows:

- Q3 Langley opened in September 2016 with a PAN of 240 for each year group.
- The Shireland High Technology Primary opened in September 2019 with a PAN of 60 for Reception and this has been reflected in the “Schools funding model” as required by the DfE.
- The West Bromwich Collegiate Academy opened in September 2019 with a PAN of 150 for each year group. The school agreed to accept 175 Year 7 pupils for 2019/20 to meet the anticipated needs for the Smethwick area.
- The amalgamation of Warley Infants and Bleakhouse Junior Schools in Bleakhouse Primary School on 1st September 2020. The guidance states that where schools have amalgamated during the financial year 2020/21, they will retain the equivalent of 85% of the predecessor schools’ lump sums for the financial year 2021/22.

For example, assuming a lump sum of £100,000, the additional payment would be £70,000 ($(£100,000 \times 2) \times 85\% - £100,000$) Local authorities may apply to provide a second year of protection. Applications must specify the level of protection sought, although the expectation from the DfE is that the additional protection would not exceed 70% of the combined lump sums. They have stated they will consider applications on a case-by-case basis.

The funding formula options are as follows:

Option 1: Stepped increase to the 2021/22 Local authority model - Increase of the Primary: Secondary Ratio 1:1.27 (2nd Year) of a three year increase to 1:1.29 (3rd Year)

3.18 This model uses the same factors as previous years, with some of the factor values increased to reflect the increases in funding and the rolling in of the TPG and TPECG a reflection of the changes in IDACI factor values and the primary: secondary ratio was set at 1:1.27. The following factors have been updated to reflect the changes detailed above and:

- Basic Entitlement for Primary, KS3 and KS4 pupils
- IDACI Factor values
- MFG so as to remain within the total funding available

- 3.19 The DfE have issued an “Analysis of local authorities’ schools block funding formulae” for 2020/21. As part of this analysis, local authorities’ schools block funding formulae have been used to calculate the relative differences in per-pupil funding allocated to secondary pupils compared to primary pupils. A ratio of 1 : 1.24, for instance, indicates that secondary-age pupils in a local authority receive, on average, 24% more funding per head than primary-age pupils.
- 3.20 The overall ratio nationally across all local authorities is 1 : 1.298, a slight increase from the 2019/20 formulae where it was 1 : 1.297
- 3.21 The following table is a comparison of the primary : secondary ratio for our statistical neighbours for the financial years 2017/18 to 2020/21. Sandwell’s ratio for 2020/21 was agreed at 1:1.25 whereas before it had remained unchanged at 1 : 1.23 for several years.

Statistical Neighbour Comparison of Primary: Secondary Ratio 2017/18 - 2020/21								
Rank (1 = closest)	Local Authority	Closeness in ranking	ID	Primary: Secondary Ratio 2017/18	Primary: Secondary Ratio 2018/19	Primary: Secondary Ratio 2019/20	Primary: Secondary Ratio 2020/21	Change in ratio from 2019/20 to 2020/21
1	Wolverhampton	Very Close	336	1.34	1.34	1.34	1.36	0.01
2	Walsall	Very Close	335	1.25	1.24	1.24	1.24	0.00
3	Derby	Close	831	1.30	1.35	1.36	1.30	-0.05
4	Birmingham	Close	330	1.30	1.31	1.33	1.32	-0.01
5	Coventry	Close	331	1.31	1.32	1.31	1.32	0.01
6	Peterborough	Close	874	1.36	1.33	1.33	1.34	0.00
7	Nottingham	Close	892	1.35	1.35	1.34	1.34	0.00
8	Stoke -on Trent	Close	861	1.27	1.29	1.29	1.29	0.00
9	Luton	Close	821	1.32	1.32	1.34	1.35	0.01
10	Blackburn with Darwen	Close	889	1.39	1.35	1.34	1.34	0.00
	Sandwell		333	1.23	1.23	1.23	1.25	0.02
	Dudley		332	1.22	1.33	1.32	1.33	0.01

3.22 Option 2: Secondary Schools receive 1% more above the overall increase in funding.

- 3.23 This model gives secondary schools 1% more of the additional funding than primary pupils (The 1% is calculated on the basis of funding to primary and secondary schools after adjusting for TPG and TPECG, but prior to applying MFG and MPPF).

3.24 **Option 3: National Funding Formula Factor Values**

3.25 This model uses the factor values used in the National Funding Formula, without applying the Area Cost Adjustment. In order to fund the Pupil Number Growth fund at £1.091m and the MFG to be set at 0.5% to keep in line with the modelling of the other options, the basic entitlement for each phase had to be reduced by approximately £5 so as to remain within the overall funding available. The pupil characteristics will be updated for the October 2020 census and as a result the MFG as well as the funding available could change.

3.26 **Pupil Number Growth Fund**

Local authorities may topslice the DSG to create a growth fund. The growth fund is ring-fenced so that it is only used for the purposes of supporting growth in pre-16 pupil numbers to meet basic need, to support additional classes needed to meet the infant class size regulation and to meet the costs of necessary new schools. These will include the lead-in costs, post start-up costs and any diseconomy of scale costs.

3.27 Local authorities are responsible for funding these growth needs for all schools in their area, for new and existing maintained schools and academies.

- Local authorities must fund all schools on the same criteria.
- Where growth occurs in academies that are funded by ESFA on estimates, the ESFA will use the pupil number adjustment process to ensure the academy is only funded for the growth once.

3.28 The Authority has estimated the costs for authority led expansions of schools to cater for the increase in birth rates, pre-opening and diseconomy of scale costs for West Bromwich Collegiate Academy and it has also estimated mid- year admissions costs. The total estimated growth fund required is £1,091,100.

3.29 **DFE Growth fund – formulaic method**

Growth funding is within local authorities' schools block NFF allocations. Since 2019/20, growth funding has been allocated to local authorities using a formulaic method based on lagged growth data. The change in the method of funding to local authorities has not changed the way in which authorities can allocate funding locally.

3.30 For each local authority, the growth factor will allocate:

- £1,455 for each primary "growth" pupil,
- £2,175 for each secondary "growth" pupil

- £68,700 for each brand new school that opened in the previous year (that is, any school not appearing on the October 2019 census but appearing on the October 2020 census).

3.31 The authority will continue to keep under review the criteria for the allocation of pupil number growth funding to schools.

3.32 De-delegation Proposals

3.33 Any decisions made to de-delegate relate to that year only. De-delegation is not an option for academies, special schools, nurseries or pupil referral units, however they have the opportunity to buy back these services from the Council.

3.34 The Authority can propose de-delegation for maintained mainstream schools for the areas listed below; with primary and secondary phase school forum representatives making a decision for their particular phase:

3.35 Details of the 5 delegation proposals are set out in the table below. The schools' responses are set out in Appendix 2

De-delegation Budget Proposals 2021/22				
Ref	Service	Total Budget	Primary Phase Cost	Secondary Phase Cost
		£	£	£
1	Health & Safety Licenses	28,000	22,800	5,200
2	Evolve Annual Licence	6,200	5,100	1,100
3	Union Facilities Time	242,000	202,000	40,000
4	School Improvement Service	100,000	81,400	18,600
5	Schools in financial difficulties	250,000	203,500	46,500
	Total De-delegation proposals	626,200	514,800	111,400

3.36 The Schools Forum voted in line with the responses received for both primary and secondary school blocks for all the proposals.

Proposal	Schools response		Forum vote	
	Primary	Secondary	Primary	Secondary
Health & Safety Licences	49 For	4 For	5 For	1 For
Evolve Annual Licence	52 For	4 For	5 For	1 For
Union Facilities	34 For	3 Against	4 For 1 Abs	1 Against
School Improvement Service	48 For	4 For	5 For	1 For
Schools in financial difficulties	37 For	2 For, 2 Against	5 For	1 For

3.37 Education functions proposals for maintained schools

Local authorities can fund services previously funded from the general funding rate of the ESG (for maintained schools only) from maintained school budget shares, with the agreement of maintained school members of the schools forum.

3.38 The relevant maintained schools' members of the schools forum (primary and secondary), should agree the amount the local authority will retain.

3.39 The authority's strategy is to only put forward those services which are felt to be absolutely necessary for maintained schools.

3.40 Sandwell, in line with guidance intend to set a single rate per 5 to 16 year old pupil for all mainstream maintained schools, both primary and secondary. The rate of £14.41 per pupil is based on Oct 2019 census data, this will be updated to be based on Oct 2020 census data.

3.41 If the local authority and schools forum were unable to reach a consensus on the amount to be retained by the local authority, the matter can be referred to the Secretary of State.

3.42 There are 3 education function proposals and the details are set out in the table below. The school responses are set out in Appendix 3.

Education Functions Budget Proposals 2021/22		
Service	Total Budget	Amount per pupil
	£	£
Education Benefits Team	175,000	5.34
Children's Clothing Support Allowance	33,000	1.01
Safeguarding & Attendance	264,000	8.06
Total Education Functions	472,000	14.41

- 3.43 The maintained school forum members voted unanimously for the Education functions lines as shown in the table below together with the maintained schools responses.

School Forum vote and School responses

Ref	Service	Maintained Schools Response		Forum Vote	
		Yes	No	Yes	No
1	Education Benefits Team	55	2	6	0
2	Children's Clothing Support Allowance	48	10	6	0
3	Safeguarding & Attendance	53	6	6	0

3.44 Minimum Funding Guarantee

- 3.45 Local authorities continue to have the ability to set a pre-16 minimum funding guarantee (MFG) in their local formulae, to protect schools from excessive year-on-year changes and to allow changes in pupil characteristics (for example, reducing levels of deprivation in a school) to flow through.
- 3.46 The DfE has given greater flexibility for the MFG in 2021/22; local authorities will be able to set an MFG between +0.5% and +2% per pupil.
- 3.47 The authority asked schools to agree in principle, to give a MFG within the range stated in section 3.46 as long as it is within total allocated funding.

3.48 Central School Service Block

- 3.49 The Central Schools Service Block (CSSB) continues to provide funding for local authorities to carry out central functions on behalf of maintained schools, and academies, comprising two distinct elements:
- Ongoing responsibilities; such as admissions and schools forum costs.
 - historic commitments; in this case pensions administration.
- 3.49 A number of the services that are covered by funding are subject to a limitation of no new commitments or increase in expenditure from 2019/20. This limit no longer applies to the Admissions Service or the servicing of schools forums.

- 3.50 Funding for historic commitments is based on the actual cost of the commitment. The DfE have stated they expect these commitments to reduce and cease over time and there will be no protection for historic commitments in the CSSB.
- 3.51 For 2021/22 the DfE have reduced Historic commitment funding by 20%; this has resulted in a cut for Sandwell from £0.228m to £0.182m.
- 3.52 Schools Forum approval is required each year to confirm the amounts on each line for central school services; the detail is included in the table below. In the event that schools forum does not agree with the authority CSSB proposal as detailed below, the authority can ask the DfE to adjudicate.

Central School Services Budget Proposals 2021/22	
Service	Total Budget
	£
Statutory & Regulatory, Education Welfare and Asset Management	1,441,400
Schools Forum	3,000
Admission Service	452,600
Pensions Administration – Historic Commitment	182,400
Total Central School Services	2,079,400

3.53 **Consultation response/Schools Forum vote**

- 3.54 The Schools Forum met on 14th December 2020 to consider the outcome of the consultation with schools.
- 3.55 Cabinet should be aware that the recommendations from the Schools Forum resulted from lengthy discussions on the formula funding options. Representatives of the Primary sector found it difficult to support any of the proposals as each reduced the proportion of funding allocated to primary schools. This was reflected in the wider responses received through the consultation process.
- 3.56 This report now presents an analysis of responses received from schools and other stakeholders and recommends the proposals to be taken forward with effect from 1 April 2021.
- 3.57 Appendices 1- 4 provides a summary of the responses received from schools.
- 3.58 The overall results of the consultation responses are recorded below. School Forum members voted all proposals in line with the school responses received.

Proposal	Schools	Forum vote
1. Please indicate the option you prefer to use for calculating school funding for 2021/22		
a) Option 1: LA formula with a stepped increase in the primary: secondary ratio of 1:1.27 (2nd year) 1: 1.29 (3rd year)	32 For	5 For 3 Against 5 Abstain
b) Option 2: Secondary Schools receive 1% more above the overall increase in funding.	5 For	0 For 12 Against 1 Abstain
c) Option 3 – National Funding Formula factor values.	4 For	1 For 11 Against 1 Abstain
2. Do you agree that we should set the Pupil Number Growth fund for 2021/22 at £1,091,000	65 For	12 For
3. Not Applicable		
4. Which of the De-delegated budget proposals do you agree with (see Appendix 2)	Refer to Section 3.36	
5. Which of the Education Function budget proposals do you agree with (see Appendix 3)	Refer to Section 3.43	
6. Please indicate whether you agree with: a). MFG of between +0.5% and 2.00% if modelling proves this achievable within the funding given	69 For	12 For
b) The application of scaling and capping if it proves necessary to be able to implement an MFG as outlined in a). and to remain within the available funding	62 For	12 For
7. Do you agree for the authority to provide for the responsibilities it holds for all schools from the “Central School Services Block” funding. The provisional 2021/22 allocation is £2,079,400.	Refer to Appendix 4	13 For

3.59 Proposed schools funding formula 2021/22

3.60 The following table details the formula factors and unit values which will be used as the basis for 2021/22 Schools Funding Formula in line with schools forum recommendation. The basic entitlement and the MFG will be determined once the DSG allocations and the October 2020 census data is published.

Item	Primary	Secondary
Primary: Secondary Ratio	1	1.27
Basic Entitlement	TBC	TBC
IDACI Band E	£77	£350
IDACI Band D	£485	£676
IDACI Band C	£551	£771
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English as an Additional Language (EAL) (2 years)	£846	£1,227
Lump Sum	£129,057	£129,057
Split Site	£129,057	£129,057
Rates	Actual	Actual
Private Finance Initiative (PFI)	Actual	Actual
Minimum Funding Guarantee (MFG)	TBC	TBC
MFG Ceiling	TBC	TBC

4 THE CURRENT POSITION

The deadline for responses to the consultation with schools was 2nd December 2020 and the responses were considered at Schools Forum on 14th December 2020. The Schools forum members voted to recommend to Cabinet the adoption of option 1 funding formula; Stepped increase to the 2021/22 Local authority model - Increase of the Primary: Secondary Ratio 1:1.27 (2nd Year) of a three year increase to 1:1.29 (3rd Year) and the approval of the de-delegation, education function and Central Schools Services Block budget decisions.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 The authority has consulted with head teachers from both primary and secondary schools, maintained schools and academies and a summary of their responses is set out in Appendices 1 to 4.
- 5.2 The authority has consulted with the governors by presenting at a meeting of Association of Sandwell Governing Bodies.
- 5.3 The authority has also consulted with the Joint Union Panel, however no response was received either on a collective or individual union basis.

6 ALTERNATIVE OPTIONS

- 6.1 The authority put forward three options for consideration for the authority funding formula as set out in section 3.18 to 3.25. The authority has taken all responses into consideration before making its recommendation on the funding option to adopt.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 The Department for Education (DfE) announced the DSG allocations for 2021/22 in December 2020. The table below details the allocations by block.

DSG Block	Allocation prior to Adjustments	Adjustments	Allocation after adjustments
	£m	£m	£m
Schools	297.545	0	297.545
Central School Services	2.249	0	2.249
High Needs	55.738	(2.072)	53.666
Early Years	24.877	0	24.877
Total	380.409	(2.072)	378.337

- 7.2 The Schools Block funding that has been distributed through the main funding formula is £296.454m. This has been calculated as follows:

	£m
Schools Block DSG	297.545
Less Pupil Number Growth Contingency	(1.091)
Schools Block DSG Available to Distribute	296.454

- 7.3 This report will affect the funding received by individual schools in 2021/22.
- 7.4 The DfE has given greater flexibility for the Minimum Funding Guarantee (MFG) in 2021/22; with local authorities being able to set an MFG between +0.5% and +2.00% per pupil.
- 7.5 The main risks regarding school funding are that:

- (a) There are significant financial challenges in the education sector at present, and the Covid-19 pandemic has only added to it. It is clear that schools feel that despite the recent funding announcements, the proposed schools funding arrangements will not fully offset the effects over the last 10 years of inflation, national pay awards and the apprenticeship levy to name a few.
- (b) The Council will have no powers with which to mitigate the risk as detailed above. The planning for managing this risk sits with individual school governing bodies, as they have delegated authority over school budgets.

7.6 The local authority closely monitors school budgets through receipt of termly monitoring reports and can offer some minimal support to schools in financial difficulty. Schools Forum will also review the school funding formula on an annual basis.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

8.1 The Authority currently has to adhere to the Schools and Early Years Finance (England) Regulations 2020. The regulations are due to be updated for 2021.

9 EQUALITY IMPACT ASSESSMENT

9.1 The DfE have undertaken an equalities impact assessment of the national funding formula for schools and high needs. The analysis is also based on the assumption that local authorities will fund their schools in accordance with the national funding formula. In practice 2021/22, local authorities will retain the discretion to distribute funds in accordance with locally set formula. The allocation at authority level is based on the national funding formula and as such is supposed to create a fairer and consistent distribution of funding that is more closely aligned to need and to provide support for all children irrespective of their background, ability, need or where in the country they live.

9.2 The authority's formula targets funds to support pupil groups that have been identified as needing additional support. It does not target funding by reference to particular protected characteristics under the Equality Act 2010, but instead targets funding to those groups which the evidence demonstrates face barriers to their educational achievement.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 There is no data contained in this report that should not be public.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 The proposals in this report have no impact on crime and disorder.

11.2 The Corporate Risk Management Strategy (CRMS) has been complied with – to identify and assess the significant risks associated with this decision. This includes (but is not limited to) political, legislation, financial, environmental and reputation risks. As set out in paragraph 3.1; school's will see an increase in their funding from 2021/22. The recommendation by School Forum members to adopt option 1 will see schools moving as a second step towards a primary: secondary ratio more in line with the national average under the national funding formula. The increase in funding from both these aspects will in part help to mitigate against some of the impact of years of real terms cuts as identified in the directorate risks "Impact of reductions to funding." Also based on the information provided, it is the officers' opinion that for the significant risks that have been identified, arrangements are in place to manage and mitigate these effectively.

12 SUSTAINABILITY OF PROPOSALS

12.1 The authority is required to undertake annual consultation with schools on funding for the following financial year.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 The proposals in this report have no impact on health and wellbeing.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 The proposals in this report have no impact on council managed property or land.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 These are contained within the main body of the report.

16 BACKGROUND PAPERS

16.1 Schools Revenue funding 2021/22 – Operational guide

17 APPENDICES:

Appendix 1 - School Consultation Response Summary

Appendix 2 - De-delegated budget Proposals

Appendix 3 - Education Functions Budget Proposals

Appendix 4 - Central Schools Services Block Proposals

Rebecca Maher

Head of Finance/Acting Section 151 Officer

Consultation Response Summary

Question	Primary		Secondary		Total	
	Yes	No	Yes	No	Yes	No
1. Please indicate the option you prefer to use for calculating school funding for 2021/22						
a) Option 1: LA formula with a stepped increase in the primary: secondary ratio of 1: 1.27 (2nd year) 1:1.29 (3rd year)	27	29	5	0	32	29
b) Option 2: Secondary Schools receive 1% funding than primaries above the overall increase in funding.	3	28	2	0	5	28
c) Option 3 – National Funding Formula factor values.	1	28	3	0	4	28
2. Do you agree that we should set the pupil Number Growth Fund for 2021/22 at £1,091,100	57	3	8	2	65	5
4. Which of the De-delegated budget proposals do you agree with (see Appendix 2)	See Appendix (2)					
5. Which of the Education Function budget proposals do you agree with (see Appendix 3)	See Appendix (3)					
6. Please indicate whether you agree with:						
a). MFG of 0.05% and up to 2% if modelling proves this achievable with the funding given.	59	0	10	0	69	0
b) If an MFG where with scaling and capping in order for the MFG to be within the funding envelope.	53	5	9	1	62	6
7. Do you agree for the authority to provide for the responsibilities it holds for all schools from the “Central School Services Block” funding. The provisional 2021/22 allocation is £2,079,400.	See Appendix (4)					

De-delegated Budgets Consultation Responses

Ref	Name	Lead Officer	Primary		Secondary	
			Yes	No	Yes	No
1	Health & Safety Licences & Subscriptions	Group Head – Learning Improvement	49	3	4	0
2	Evolve Annual Licence	Residential Manager	52	0	4	0
3	Union Facilities Time	Group Head – Learning Improvement	34	18	1	3
4	School Improvement Services	Group Head – Learning Improvement	48	4	4	0
5	Schools in financial difficulties	Group Head – Learning Improvement	37	15	2	2

Education Functions Budgets Consultation Responses

Ref	Name	Lead Officer	Maintained Schools	
			Yes	No
1	Education Functions	Group Head: Education Support	55	2
2	Children's Clothing Allowance Support	Group Head: Education Support	48	10
3	Safeguarding and Attendance	Attendance & Prosecution Manager	53	6

Central Schools Services Block Budgets Consultation Responses

Service	£m	Yes	No
Provisional Allocation 2021/22	2.079		
Expenditure Items:			
Statutory & Regulatory, Education Welfare and Asset Management	1.441	62	0
Schools Forum	0.003	60	2
Admissions Service	0.453	58	4
Historical Commitment – Pensions Administration.	0.182	52	10
Total Central Schools Services Block	2.079		

