

Schools Budget 2021/22

Contents	
Section	Page
1. Introduction	2
2. Construction of the budget	2
3. Allocation of the budget	7
4. Pupil Premium	8
5. Reserves	9
6. Published documents supporting this report	9

Tables		
Table number and title		Page
1	Schools Forum approvals gained	2
2	Summary of Dedicated Schools Grant (DSG) allocations	3
3	Growth Analysis	4
4	Historic Commitment budgets	5
5	On-going Commitment budgets	6
6	Early Years budget	8
7	Pupil Premium comparison	9
8	Reserves	9

Appendices	
Appendix letter and title	
A	2021/22 budget allocation by funding block

Annex 7 – Schools Budget 2021/22

1 Introduction

1.1 This annex sets out:

- a) The construction of Dedicated Schools Grant (DSG) totalling **£310.2m** for 2021/22;
- b) Material changes that have arisen since 2020/21 and
- c) The basis of its distribution to both educational settings and the Local Authority (LA) totalling **£310.7m**.

1.2 The distribution of funds is in accordance with Schools and Early Years Finance Regulations (England) 2020 within statutory timelines and any updates of new legislation.

1.3 The formulation of the budget is also aligned with government guidance and the necessary approvals required from Schools Forum (SF), these are documented in **section 6**.

1.4 Any links with the LA's budget are captured within the 2021/22 Medium Term Financial Plan.

2 Construction of the 2021/22 budget

2.1 Overview

Funding for Schools budgets comprises:

- a) Dedicated Schools Grant (DSG) - this is the main funding stream allocated to schools by the LA;
- b) Pupil Premium Grant – this is distributed by the Council to maintained schools only. The allocation is set out by the Education and Skills Funding Agency (ESFA) with academies receiving this funding direct.

In accordance with regulations approvals are required from SF for specific items. A summary of those approvals gained is set out in **Table 1** below:

Table 1: Analysis Of Approvals		
	Status	Date
De-delegated budgets		
Trade union representative cover	Approved	1 Dec 2020
Central budgets		
Schools	Approved	1 Dec 2020
SEN Transport	Approved	1 Dec 2020
Early Years	Approved	1 Dec 2020
Copyright Licensing Agreements / Music	Education Skills Funding Agency	
Publishing Association licences	Approved	1 Dec 2020
Pupil Growth Contingency Fund		

DSG allocation is updated throughout the year as pupil numbers are confirmed. During this process any unallocated balance it is put to the Statutory School Reserve (SSR). Any spend from this reserve is in accordance with the Schools and Early Years Finance Regulations (England) 2020.

Elements of the DSG contribute to LA services, any reduction in those values are captured within the LA's budget setting process.

2.2 Funding received

In conjunction with the National Funding Formula (NFF) the DSG funding is allocated over four blocks and the **indicative total is £310.2m**, this is an **increase of £22.5m** (7.8%) from 2020/21.

Table 2 sets out how the £310.2m is allocated and provides a comparison against 2020/21.

Table 2: Summary of DSG Funding received			
		2020/21 £m	2021/22 £m
1	Schools Block – section 2.3	219.8	237.0
2	Central School Services Block – section 2.4	6.0	5.2
3	Early Years Block – section 2.5	22.4	23.1
4	High Needs Block – section 2.6	39.5	44.9
Total DSG		287.7	310.2
Growth		22.5 (7.8%)	

Appendix A provides further budget detail for each of the blocks.

The material movements that make up the growth of £22.5m are set out in **Table 3** below and are split between the Early Years (EY), Schools and High Needs (HN) blocks. Elements of the increase are due to changes in the budget allocation throughout 2020/21 (shown separately).

Table 3: Growth Analysis	
2020/21	£m
EY – 3 & 4 year olds universal allocation updated to reflect the January 2020 census.	0.2
EY – 3 & 4 year olds additional 15 hours allocation updated to reflect the January 2020 census.	0.3
2021/22	
Schools – Increased pupil numbers and the impact of the changes to the NFF (41,784 in 2020/21 to 42,283 in 2021/22)	17.3
Pupil growth contingency fund	(0.2)
Historic commitments allocation	(0.9)
Ongoing commitments allocation Teachers Pension Grant (TPG) and Teachers Pension Employers Contribution Grant (TPECG) funding for centrally retained teachers	0.1
EY – Impact of the EY National Funding Formula (EY NFF) 6p/hour increase on 3 & 4 year old funding	0.2
EY – Impact of the EY NFF 8p/hour increase on 2 year old funding	0.1
HN –TPG and TPECG funding for High needs settings	0.6
HN – 8% Hospital education funding uplift	0.2
HN – NFF 12% per head funding increase per head of population	4.6
Total Increase	22.5

2.3 Schools Block

Funding of **£237.0m** includes £5.8m for in year pupil growth and premises costs.

The allocation method for this block is based on a Pupil-led and School-led funding basis and is based on the October 2020 census pupil data.

New changes to this allocation in 2021/22 now incorporates funding for the TPG and TPECG.

The rates for each education sector are as follows:

- £4,878.35 per primary pupil and
- £6,466.61 per secondary pupil.

2.4 Central School Services Block (CSSB)

The CSSB is made up of two categories, historic and ongoing commitments with funding totalling **£5.2m** for 2021/22.

a) Historic commitments

The 2021/22 allocation is £3.6m and funds a mixture of historic schools' decisions and contributions to LA services that align to educational attainment. The NFF reduces funding to this block by 20% on an annual basis until it funds only employment termination and prudential borrowing costs. Over the last two financial years this funding has reduced by £79.4m nationally.

In 2020/21 Nottingham's reduction was **£1.1m** and a further reduction of **£0.9m** in 2021/22. **The total funding reduction to date is £2.0m.** This and the forecast impact of future reductions has been captured in the LA's 2021/22+ MTFP.

Table 4 shows the categorisation of historic commitment budgets.

Table 4: Historic Commitments	
Commitment	2021/22 Allocation £m
CERA	0.2
Prudential borrowing	0.2
Termination of employment costs	1.6
Contribution to combined budgets	1.6
Total	3.6

b) On-going commitments

LA's are funded based on the National Funding Formula (NFF) distributed 90% on a per-pupil factor and 10% on a deprivation factor. The 2021/22 allocation of £1.6m funds ongoing central costs relating to schools' settings and are shown in Table 5.

For 2021/22 the funding allocation for Nottingham City is **£37.53** per pupil, which represents an increase of £2.39 (6.8%) over the 2020/21 level of £35.14. The Department for Education (DfE) undertakes annual reviews of these rates and any changes will reflect amendments to legal obligations.

This increase includes £2.28 per pupil for additional costs associated with LA employed teachers and associated TPG and TPECG and represents a real increase of 11p (0.31%) per pupil. This is the first increase since the introduction of the NFF.

Table 5 shows the categorisation of on-going commitment budgets.

Table 5: On Going Commitments	
Commitment	2021/22 Allocation £m
Admissions service	0.6
Copyright licences	0.2
Schools Forum servicing (£35k)	0.0
Retained duties – LA's legal obligations	0.7
TPG and TPECG for centrally employed teachers	0.1
Total	1.6

2.5 Early Years (EY) Block

The provisional EY block allocation, as announced on 17 December 2020, is **£23.1m**. The EY block allocation is based on the EY National Funding Formula (EYNFF) which was introduced in April 2017.

This is a provisional allocation (based on January 2020 pupil numbers) includes funding for:

- a. 3 & 4 year old universal entitlement (£14.7m)
- b. 3 & 4 year old extended entitlement (£4.2m)
- c. 2 year old funding (£3.8m) and
- d. EY Pupil Premium (EYPP) (£0.2m)
- e. EY disability access fund (£0.1m).
- f. Maintained Nursery Supplementary (MNS) funding (£0.1m)

In 2021/22, the hourly rate that Nottingham receives for **3 & 4 year olds** will increase by £0.06p (1.2%) from £5.00 per hour to **£5.06 per hour**.

Separate funding is received for **2 year olds**. This will increase by £0.08p (1.5%) from £5.31 per hour to **£5.39 per hour**.

2.6 High Needs (HN) Block

The provisional HN block allocation is based on the HN National Funding Formula (HN NFF) introduced in April 2018. 2021/22 allocations were as announced on 17 December 2020.

For 2021/22 Nottingham will receive **£44.9m** per head of 2-18 population which represents a **£5.4m (13.7%) increase** over the latest published 2020/21 allocation of £39.5m. This incorporates the maximum 12% increase along with changes in population estimates.

The allocations are based on the latest mid-2020 ONS population estimate for Nottingham of 67,156. This is 1% higher than last year's estimate. The HN

allocation for 2021/22 will be finalised in June 2021 taking into account the Spring 2020 pupil numbers.

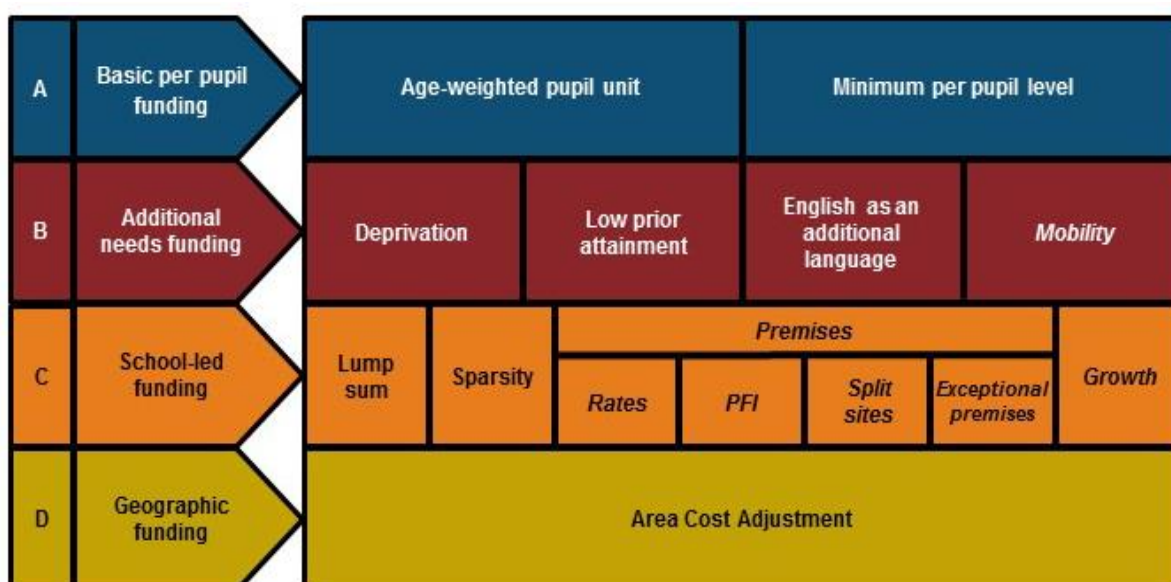
3 Allocation of the 2021/22 budget

This section details how the funding is allocated out to educational settings and central expenditure services for each block. **Appendix A** provides a summary of this section.

3.1 Distribution of Schools Block Funding

The schools block is £237.4m and is funded by DSG £237.0m (as per **Table 2**) and reimbursement of costs from academies of £0.4m.

The distribution of the £237.4m to each education setting is based on the following factors aligned to the NFF.



Key points are:

- The maximum minimum funding guarantee (MFG) is in place at +2% ensuring every school has a budget increase in 2021/22. 80 of the 93 schools budgets have this adjustment.
- The level of MFG protection has fallen to £7.6m in 2021/22 (from £7.8m in 2020/21) This is mainly due to the increase in the core factor rates and the increase in the minimum funding per pupil.
- The maximum amount of funding has been distributed to schools
- The unallocated balance of £0.1m has been aligned to the pupil growth budget as approved by the Schools Forum on 1 December 2020.
- Any further unallocated balances as a result of in year changes will be allocated to the SSR.

- The Age Weighted Pupil Unit has increased by 3% from 2020/21.

3.2 Distribution of Central School Services Block (CSSB)

The CSSB funding has been allocated in full as shown in section 2.4.

3.3 Distribution of Early Years (EY) Block Funding

All increases in funding are being fully distributed to schools and providers of early years services increasing the base rate to providers by 0.06p per hour from April 2021 for 3 & 4 year olds.

Table 6 below shows the indicative distribution of this funding with 95% and 98.3% being allocated directly to 3 & 4 year old and 2 year old providers respectively.

Table 6: EY Indicative Budget £m					
ELEMENT	3 & 4 Year Old	2 Year Old	Disability Living Allowance cohort	EY Pupil Premium	TOTAL £m
<i>Base rate/hour</i>	<i>£4.59</i>	<i>£5.24</i>		<i>£0.53</i>	
Base rate total (£m)	16.6	3.7		0.2	20.5
<i>Supplements</i>					
-Deprivation/hour	£1.00				
-Flexibility/hour	£0.10		£615		
DLA/annum					
Supplements total (£m)	0.7		0.1		0.8
Maintained Nursery Supplement (£m)	0.3				0.3
Special Education Needs inclusion fund (£m)	0.1	0.1			0.2
Contingency (£m)	0.3	0.0			0.3
TOTAL PROVIDERS (£m)	18.0	3.8	0.1	0.2	22.1
Central Expenditure (£m)	1.0	0.1			1.0
GRAND TOTAL (£m)	19.0	3.8	0.1	0.2	23.1
Pass-through %	95.0%	98.3%			

3.4 Distribution of High Needs (HN) Block Funding

This indicative funding allocation of £44.9m is distributed £40.3m for HN provisions and £4.6m for central services.

These figures capture the increased costs associated with High Level Needs (HLN) and align to the 2018-23 SEND strategy.

The key strategic priority to be addressed for 2021/22 is the implementation of the revised HLN system for mainstream schools.

4 Pupil Premium

Pupil Premium (PP) is allocated to the LA to distribute directly to educational settings.

- 4.1 The PP allocated to schools is made up of 3 of elements, funding for free school meal pupils (Ever6), service children and post looked after children. Each element has a different pupil rate as set out in **Table 7** below. The annual value changes dependent on child numbers.

TABLE 7: Pupil Premium Comparison				
	FSM EVER6			
	Primary	Secondary	Service Child	Post Looked after Child*
	£	£	£	£
2020/21 & 2021/22	1,345	955	310	2,345

. *Looked after Children and eligible pupils who have been adopted from care or leaving care under a special guardianship or a child arrangements order (previously known as a residence order).

5 Reserves

SSR can only be allocated in accordance with the Schools and Early Years Finance Regulations (England) 2020.

- 5.1 The statutory schools reserve (ring fenced for schools) has an **unearmarked balance of £2.2m** after all formally approved commitments. This is set out in **Table 8** however at this point it is based on a forecast full spend.

TABLE 8: Reserve summary	
	Actual £m
Opening balance as at 1 April 2020	7.3
Less: Approved commitments	(5.1)
Uncommitted Balance as at a 31 March 2021	2.2

- 5.2 The uncommitted element of the SSR is 0.7% of the DSG budget; this was 0.8% as at 31 March 2020. There is no statutory requirement for the levels of this reserve however its adequacy should align to any in year risks.

HN's and exclusions form the main historic risk but funding increases in this block and the exclusions strategy respectively have materially mitigated the risk.

Throughout 2021/22 this risk will be regularly reviewed to ensure that the uncommitted balance remains adequate considering risks such as COVID 19 and the full roll out of the exclusions strategy.

6 Published documents supporting this report

The development of the schools budget is predicated on specific guidance and statutory requirements, the list below shows all documents required to ensure a robust, compliant and accurate budget.

- 6.1 Schools Forum – Central Expenditure Budget 2021/22 – Historic Commitments – 1 December 2020
- 6.2 Schools Forum – Central Expenditure Budget 2021/22 – Ongoing Commitments – 1 December 2020
- 6.3 Schools Forum - De-delegation of funding for trade union time off for senior representatives – 1 December 2020
- 6.4 Schools Forum - Early Years Central Expenditure 2021/22 – 1 December 2020
- 6.5 DfE – The Schools and Early Years Finance (England) Regulations 2020
- 6.6 DfE – The national funding formulae for schools and high needs – 2021 – 2022 - Policy document – July 2020
- 6.7 DfE – Schools block national funding formula: technical note – July 2020
- 6.8 DfE –Central school services block national funding formula: technical note – July 2020
- 6.9 DfE – High needs block national funding formula: technical note – July 2020
- 6.10 ESFA – Schools revenue funding 2021 to 2022 – Operational guide – July 2020
- 6.11 ESFA – High needs funding 2021 to 2022 – Operational guide September 2020
- 6.12 DfE – Dedicated schools grant – Conditions of grant 2021 to 2022 – 17 December 2020
- 6.13 DfE – Dedicated schools grant – Technical note 2021 to 2022 – 17 December 2020
- 6.14 DfE – Schools Forum - Operational and good practice guide – September 2018
- 6.15 Schools Forum – Schools Budget 2021/22 – 25 January 2021

Elements	Schools Block £m	Central Schools Services Block £m	Early Years Block £m	High Needs Block £m	Total DSG £m
Educational settings	236.029	-	22.141	40.332	298.502
Pupil Growth	1.383	-	-	-	1.383
Central Expenditure	-	5.218	1.008	4.573	10.799
De-delegated	0.061	-	-	-	0.061
BLOCK TOTAL	237.473	5.218	23.149	44.905	310.745
2021/22 DSG Settlement	237.015	5.218	23.149	44.905	310.287
Reimbursement from ESFA 2021/22	0.458	-	-	-	0.458
TOTAL FUNDING	237.473	5.218	23.149	44.905	310.745
VARIANCE	0	0	0	0	0