

School Budget Update 2020-21

From the Schools, High Needs and Early Years
Budget Team

Introduction

- General Update & Background
 - Dedicated Schools Grant
- 2020-21 Schools Budgets
 - Primary and Secondary Formula Budget
 - High Needs Budgets
 - Early Years Budgets
- Other Grants
- The Future: 3-year plan

Schools Budgets: The National Picture

	Total Budget £'bn	Of which Pension Funding £'bn	Of which Spending Round £'bn	Increase from 2019-20 levels %
2019-20	44.4	0.9		
2020-21	47.6	1.5	2.6	5.8%
2021-22	49.8	1.5	4.8	10.8%
2022-23	52.2	1.5	7.1	15.9%
			14.5	

- A three year funding commitment but no detailed breakdown in years 2 or 3
- Minimum Funding Levels were set in 2020-21 at £,3750 for primary (rising to £4,000 in 2021-22) & £5,000 for secondary schools
- 2020-21 includes £780m for High Needs – waiting outcome of SEN review
- No clear detail yet of what additional cost pressures will need to be found from within this new funding i.e. inflation, rising secondary population, starting teachers salary = £30k
- A firm commitment to move towards a hard National Funding Formula (NFF) but no news on when so Kent can continue to set a local funding formula for schools (for the moment....)

What is included in these budget totals?

Dedicated Schools Grant (DSG)

- Four Blocks:
 - School Block (SB)
 - High Needs Block (HNB) (Special Schools are funded from this Block)
 - Early Years Block (EYB)
 - Central Schools Services Block (CSSB)
- Two Steps - **Step 1** Government to LA and **Step 2** LA to Institution (except CSSB)

Step 1 National Funding Formula (NFF)

Step 2 Local Funding Formula (LFF) set by LA's within ESFA guidelines

- For Schools Block this is known as the “Soft” National Funding Formula

Schools Budgets 2020-21

Step 1: The Local Picture

- Kent is expecting to receive an additional £86m in 2020-21
- Funding rates for primary & secondary schools: fully moved to the NFF (to help correct historic underfunding – but still lower than other LAs); factor rates will increase by 4%
- High Needs funding rates increased by 8%
- Early Years funding increased by 8p per hour for 3&4/2 yr olds

Funding Block	Total in 2019-20 £'ms	Increase in Funding rates £'ms	Demography Funding £'ms	Total in 2020-21 £'ms
Schools	919	53	14	986
High Needs	204	16	4	224
Early Years	85	1	0	86
Central	14	-2	0	12
Total	1,221	68	18	1,308

Schools Budgets 2020-21

Step 1: The Local Picture - Primary & Secondary Schools

School Block: Impact of Funding Announcements

- The table shows where Kent is ranked nationally out of 152 LAs in respect of how much SB funding it receives per pupil from the Government (excluding premise factors)

	Primary Unit of Funding (PUF)	Secondary Unit of Funding (SUF)	Combined PUF & SUF
2020-21	137	105	129
2019-20	139	134	139
2018-19	139	141	143
2017-18			135

Schools Budgets 2020-21

Step 2: Key Agreements - Primary & Secondary Schools

HEADLINES

Addressing Local Areas of Concern:

- Introduction of a falling roll fund
- Maintenance of the primary lump sum at £120,000 per school (higher than the NFF)
- Support for a 1% transfer from the Schools Block into the High Needs Block to support greater inclusion of children & young people in Primary & Secondary schools (agreed by Secretary of State Approval) – working group looking at the best way to use this money

Formula Changes in 2020-21:

- Commitment to continue to move towards the Schools' National Funding Formula for primary & secondary schools including:
 1. Minimum Per Pupil Level: £3,750 for Primary & £5,000 for Secondary
 2. Low prior Attainment increased to 100% (previously 70-77%)
 3. Most other factors increased by 4%
- Exceptions are:
 1. Basic Entitlement Factor (AWPU) set at 99.3% (increase of 3.3%)
 2. Deprivation factor for Ever 6 FSM: Primary (58% - same rate as 19-20) & Secondary (73%)
- Minimum Funding Guarantee set at 0.5%

Schools Budgets 2020-21

Step 2: Primary & Secondary Schools

Factor Description	2019-20 Rate	2020-21 Rate	Difference	Difference
	£s	£s	£s	%
Primary - Basic Entitlement	£2,749	£2,839	£90	3%
Secondary - KS3 Basic Entitlement	£3,865	£3,992	£127	3%
Secondary - KS4 Basic Entitlement	£4,389	£4,532	£143	3%
Primary- Free School Meals	£440	£450	£10	2%
Secondary- Free School Meals	£440	£450	£10	2%
Primary - Ever 6 Free School Meals	£324	£324	£0	0%
Secondary - Ever 6 Free School Meals	£471	£591	£120	25%
Primary - Income Deprivation Affecting Children Index (F) - (A)	£200 - £575	£210 - £600	£10 - £25	4%
Secondary - Income Deprivation Affecting Children Index (F) - (£290 - £811	£300 - £841	£10 - £30	4%
Primary - English as an Additional Language	£515	£535	£20	4%
Secondary - English as an Additional Language	£1,386	£1,441	£55	4%
Primary- Low Prior Attainment	£734	£1,066	£332	45%
Secondary - Low Prior Attainment	£1,194	£1,611	£417	35%
Primary- Lump Sum	£120,083	£120,084	£1	0%
Secondary Lump Sum	£120,083	£114,480	-£5,603	-5%
PFI	Rate unique to eligible schools only			
Sparsity	Rate unique to eligible schools only			
London Fringe	Rate unique to eligible schools only			
Primary - Minimum Funding Level	£3,400	£3,750	£350	10%
Secondary - Minimum Funding Level - KS3	£4,700	£4,800	£100	2%
Secondary - Minimum Funding Level - KS4	£4,700	£5,300	£600	13%
Rates	Rate unique to eligible schools only			
Exceptional Circumstances	Rate unique to eligible schools only			

Schools Budgets 2020-21

Step 2: Key Agreements - Primary & Secondary Schools

- What is the impact of the formula rate changes?

Average percentage increases (pupil led elements)	17/18 to 18/19	18/19 to 19/20	19/20 to 20/21	Overall 17/18 to 20/21	No. Schools
Primary Below 105	2.0%	2.0%	5.4%	9.7%	59
Primary 106 to 140	1.0%	1.4%	5.4%	7.9%	27
Primary 141 to 175	1.2%	1.8%	5.1%	8.2%	38
Primary 176 to 210	0.8%	1.6%	5.6%	8.2%	103
Primary 211 to 315	0.5%	1.5%	6.1%	8.2%	70
Primary 316 to 420	0.3%	1.9%	7.0%	9.4%	85
Primary 421 and above	0.6%	4.7%	6.9%	12.6%	76
All Primary Average	0.7%	2.6%	6.5%	10.0%	458
Selective	6.2%	4.4%	6.9%	18.6%	32
Non-selective	4.5%	1.7%	6.2%	12.9%	65
All Secondary Average	5.0%	2.5%	6.5%	14.7%	97
All-through	1.8%	0.9%	6.0%	8.8%	4

Table excludes Lump Sum, Rates & PFI factors

Schools Budgets 2020-21

Step 2: Key Agreements – High Needs

HEADLINES

- Funding continues to be insufficient to met current/future demand
- High Needs deficit expected to increase further in 2020-21

	2018-19	2019-20 forecast	2020-21 forecast
	£'m	£'m	£'m
Start of the year	-2	-6	-24
In year position	-4	-18	-25
End of year	-6	-24	-49

- No changes to the formulas and methods used to distribute funding
- Committed to increase the formula rates used for calculating high needs funding for Special Schools, SRPs, Mainstream and FE Colleges by 4%
- Alternative Provision budget to remain unchanged for 2020-21 as previously confirmed
- ESFA set Special Schools Minimum Funding Guarantee at 0%
- Special Schools Funding Formula Review 2020

Schools Budgets 2020-21

Step 2: Key Agreements – Early Years

Headlines

- No changes to the Early Years Funding Formula for 2020-21
- 8p increase in base rate from April 2020

Early Years 3 & 4 Year Old Free Entitlement Funding

- Base Rate increasing from £4.00 to £4.08 per hour per child
- Deprivation Supplement is recalculated annually for all settings £0.01 to £1.10 (25% most deprived children)
- Quality (leadership) Supplement remains at £0.30 or £0.90 per hour per child
- **REMEMBER TO COMPLETE THE SURVEY**
- Should receive letter by end of next week (13th March)
- **PLEASE CHECK YOUR RATE**

Early Years Free for two Funding

- Increasing from £5.02 to £5.10 per hour per child

Early Years Pupil Premium Funding

- No change to the funding rate (set nationally) £0.53 per hour per child

2020-21 Other Grants & Funding

Pupil Growth Funding

- No changes to the growth policy
- Must be a Basic Need school - The DfE define Basic Need as new pupil places which are requested by the LA because there are insufficient places available for pupils in the area. Area Education Officers (AEOs) determine if schools meet eligibility for the DfE basic need criteria
- Letters will be sent to schools by the end of March

2020-21 Other Grants & Funding

Falling Roll Funding

- New policy for 2020-21
- Funded from a top-slice of schools budget
- Agreed to be reviewed after 1st year
- Purpose: to support good schools with falling rolls, where planning data shows that the surplus places will be needed within the next 3 financial years.
- Letters will be sent to schools by the end of March

2020-21 Other Grants & Funding

Criteria for Falling Roll

Primary	Secondary
Must be judged good or outstanding	
Must have fewer than 420 pupils (Oct census)	Must have fewer than 550 pupils (excluding 6 th form, Oct census)
Pupils must have dropped between latest Oct census and the previous years' Oct census	School normally offers more than 550
Average number of pupils per class has fallen below 25	
Planning data shows places are required in next 3 years, along with assurance from AEO	
Excludes schools in receipt of pupil protection through other funds	
MFG will be deducted	
Reviewed annually	
Need to complete Curriculum Funding Model	

2020-21 Other Grants & Funding

Funding for Falling Roll

Primary

- Ghost places funded based on Basic Entitlement (AWPU) funding rate
- Number of places funded is the lower of:
 - Reduction in roll between latest & previous Oct census
 - Difference between minimum number of children required to sustain class structures and actual number on roll
 - Maximum number of places required in next 3 years

Secondary

- Tapered rate of funding based on number of ghost places to be funded. The closer the roll is to 550 the lower the rate paid.

2020-21 Other Grants & Funding

Teachers Pay and Pension Grants

- Teachers Pay rise from September 2018 (3.5%): TPG 2.5%
Methodology: rate X census count (October 2019 expected)
- Teachers pay rise September 2019 (2.75%) – TPG 0.75% -
Methodology: rate x census count (October 2019 expected).
Rate & individual school allocations not yet confirmed for April 2020 to March 2021.
- Teachers Pension increase from September 2019:
Increase from 16.48% to 23.68%
Government have said they will fully fund
Primary & Secondary Schools must apply directly to ESFA for
Supplementary funding.
Didn't treat High Needs Settings in the same way as primary & secondary schools

Rolled
into a
single
grant

2020-21 Other Grants & SLAs

Pupil Premium

- No Changes to methodology
- Inflationary increase applied for 2020-21 :
 - Ever 6 Free School meal (E6FSM) Primary £1,345 (19-20 £1,320) and Secondary £955 (19-20 £935)
 - Ever 6 Service Children (E6SC) £310 (19-20 £300)
 - Post Looked After Children (PLAC) £2,345 (19-20 £2,300)
- Based on January count, indicative budgets for E6FSM and E6SC (April to June) - adjustment in July
- Children In Care PP goes direct to The Virtual Schools Kent (VSK) and not school, amount per pupil £2,345 (19-20 £2,300)
- Unknown if this is changing - An allocation of £1,200 per eligible pupil will be paid to schools in 3 instalments of £400 each. In addition to this, schools can bid for additional amounts based on evidenced levels of need
- Remember - can only get a maximum of E6SC + one of the following CiC, PLAC and E6FSM
- Remember - adjustment in January - where a E6FSM is subsequently identified as CiC

2020-21 Other Grants & SLAs

Devolved Capital Formula (DCF)

- Indicative budgets for 2020-21 that are based on pupil numbers collected in the January 2019 census and the current years funding rates. Final allocations will be confirmed by The Education and Skills Funding Agency (ESFA) in March/ April although we are not expecting any material changes

2020-21 Other Grants & SLAs

Universal Infant Free School Meals (UIFSM)

- The UIFSM grant funding is allocated on an academic year basis (September to August) and therefore straddles two financial years, guidance for 2020-21 not issued yet
- On the basis that the underlying methodology for calculating the grant will continue, we are advising schools to base future funding forecasts on the underlying calculation for 2019-20 and adjust for change in eligible pupil numbers

Year 7 Catch Up

- The year 7 catch-up premium allocations for 2019 to 2020 have been allocated to schools using the same approach as last year (2018-19) - will be in March advances - amounts will be published on KELSI
- No guidance 2020-21

Primary PE and Sport Premium Grant – unknown

- Schools received their funding for the period September 2019 to March 2020 in November 2019. The final payment for the period April 2020 to August 2020 will be made to schools in May 2020
- No guidance 2020-21 - assume funding will be allocated on the same basis

Schools Budgets 2020-21

Step 2: Key Agreements - Guidance

- School Budgets were issued on Friday 28 February
- The following documents have been generated and published on KELSI:
 - Message from Matt Dunkley providing an overview on 28 February, also replicated in the E-bulletin on 6 March
 - Primary and Secondary School Funding Guidance 2020-21 and Special School Funding Guidance 2020-21 - detailed guidance
 - Funding Templates (rates and calculation template)
 - Guidance on how to complete Templates (published on KELSI)
- Please read
- <https://www.kelsi.org.uk/school-finance/financial-support-and-planning/budgets/budgets-2020-21>
- Future updates for Grant announcements

The Future - 3 Year Planning: Staffing Costs

Teachers Pay (current proposals)

- Government submitted proposals to independent School Teachers' Review Body (STRB) – decision yet to be made
- Starting Salaries to increase to £26,000 in 2020 and to £30,000 by 2022 (rise of 6.4% in 2020)
- Experienced Teachers 2.75% increase from September 2020
- Assuming 3% average increase for the next 3 years

The Future - 3 Year Planning: Staffing Costs

Non-Teaching Staff

- Salary Changes for Kent Pay Scheme:
 - From April 2020:
 - the minimum pay increase to £9.35 per hour (increase from £9.00 per hour)
 - merging KR2 & KR3
 - There will be minimum £1,200 between grades
 - 0.5% steps between top of one grade and bottom of the next
 - Successful TCP is expecting to be set at 3.6%
 - Tops of grade expecting to increase by 1.8%
 - the annual leave entitlement for KR8 is increasing by 2 days to 27 (basic) or 30 (after 5 years service)
 - Pension Contribution will increase by 0.1% from April 2020
 - Future years – assume 3% average increase per year
- Term Time only calculation possible changes
- Pay scales & Total Contribution Pay expected to be published this week
- Not all schools have to mirror the pay progression proposals

The Future - 3 Year Planning: Funding

Grants

- Expecting current Teachers Pay Grant (covering Sept 18 & 19 increase) and Teachers Pension Employer Contribution Grant to continue – long term expecting to form part of the core formula budget.
Not expecting any further increases in grant to cover September 2020 onwards teachers pay increases.
- Pupil Premium – continue
- Universal Infant Free School Meals, Year 7 Catch up and Primary PE and Sports Premium - academic year 2020-21 have been not confirmed. Awaiting details of 2021 onwards – assume funding will continue but be cautious
- Free School Meals (FSM) supplementary grant assume it has ended

The Future - 3 Year Planning: Funding

Core Budget

- 2020-21 budget has been published
- ESFA have not confirmed funding rates for 2021-22 or 2022-23 financial year
- Assuming factor rates will increase sufficiently to cover future costs of teacher pay increases – estimated to be 3% per year increase
- Exceptions:
 - Primary schools on the Minimum Per Pupil Level of £3,750 – set to increase to £4,000 in 2021-22 (estimated 6.5% increase)
 - Secondary schools on Minimum Per Pupil Level of £5,000 – nothing stated about future rates so could receive 0% increase in future years.
 - For those schools on Minimum Funding Guarantee – would suggest assuming 0% increase

The Future - 3 Year Planning: Funding

Local Authority - recommendation for setting three year budget 2020-21 to 2022-23

		2020-21		2021-22		2022-23	
		April to August	September to March	April to August	September to March	April to August	September to March
Formula Budget	Assumed Funding Uplift	Budget issued		3%**		3%**	
Staff Pay 2020	Teachers Pay		3%				
	Non-Teaching Staff Pay	3.6%					
Staff Pay 2021	Teachers Pay				3%		
	Non-Teaching Staff			3%			
Staff Pay 2022	Teachers						3%
	Non-Teaching Staff					3%	

**Exceptions

**Exceptions include Primary & Secondary schools on MPPL or MFG see previous slide

Any Questions ?