

# **SCHOOL FUNDING 2021-2022**



**Consultation Paper**

**6 – 20 October 2020**

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# Introduction

## National Funding Formula for Schools

### National Context

Funding resources are distributed to local authority areas according to a formula based on the individual needs and characteristics of every school in the country. Local Authorities (LAs) are responsible for distributing money between the schools in their area using a local formula and this flexibility will continue in 2021-22. However, the government intend to move to a hard National Funding Formula (NFF) in the future and will shortly put forward proposals. A hard NFF will calculate school budgets directly rather than use the local formula set by a LA.

In September 2019, the Government announced a funding settlement that increased core school funding by £2.6 billion in 2020-21, £4.8 billion in 2021-22 and £7.1 billion in 2022-23, compared to 2019-20 funding levels.

- The government will use part of this funding to continue to implement the schools National Funding Formula. School funding through the NFF is increasing by 4% in 2021-22.
- The minimum per pupil amount for 2021-22 will increase to £4,000 for primary schools and £5,150 for secondary schools, before additional monies are included.
- The Teachers' Pay Grant (TPG) and Teachers' Pension Grant (TPEG) which, to date, have been paid separately to the DfE will be incorporated into the Schools Block funding from 2021-22 – the impact on the formula is to increase the Minimum Per Pupil funding levels further at primary and secondary; £4,180 and £5,715 respectively.
- An additional £730m will be added to High Needs block funding nationally, a 10% increase that brings the total high needs budget to over £8bn. Every LA will receive an increase of at least 8% per head of population. The DfE has recognized the cost pressures LAs are experiencing in providing effective support for SEND pupils. It will continue to work with LAs to identify good practice and its review of the SEND funding process.

### Schools Block Funding at Local Authority Level under a NFF

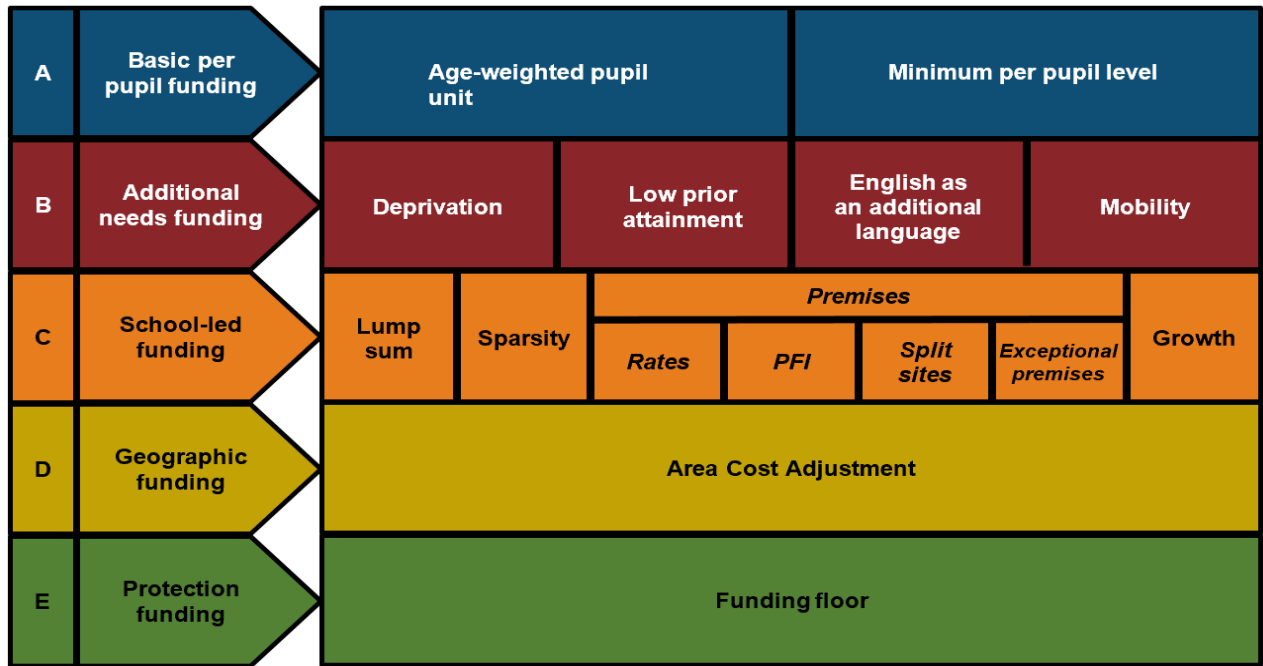
- The Schools Block for each LA will be set by calculating notional allocations for each school based on NFF and determining two units of funding one each for Primary (PUF) and Secondary (SUF). For Islington the 2020-21 rates are £5,717 and £7,629 respectively. These will be aggregated for the LA funding allocation. LAs are then to determine the local formula arrangement, in consultation with schools / schools forum.

## Schools Block NFF

Key elements of the schools NFF for 2021-22:

- NFF factors remain the same as 2020-21. Key Factors have been increased by 3%. On top of this uplift, the base rate has been increased by £180 for primary pupils and £265 for secondary pupils due to the rolling in of teachers pay and pension grants.
- Free school meals factor will rise by 2%, based on an estimate of actual cost of providing school meals.
- Premises funding allocated to LAs based on actual Schools Block spend in 2020-21. The PFI element will be increased by 1.56% in line with the RPIX rate of inflation.
- The minimum per pupil funding levels have increased to £4,180 for all primary schools and £5,215 for KS3 pupils and £5,715 for KS4 pupils. These levels are mandatory.
- The Income Deprivation Affecting Children Index (IDACI) factor has been updated from 2015 data to 2019 data. To ensure the same amount of deprivation funding is allocated through the NFF, both for schools and High Needs, the IDACI banding structure has been revised. The proportion of pupils in each band remains broadly unchanged but the factor values of some bands have increased more than others to arrive at a 3% increase for this factor overall.
- Following the cancellation of EYFSP and KS2 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. 2019 data will be used as a proxy for 2020 data.
- Local authorities have the freedom to set the Minimum Funding Guarantee (MFG) in local formulae between +0.5% and +2% per pupil
- There will be no NFF gains cap, so that all schools attract their full allocations under the formula. Local authorities will still be able to use a cap in their local formulae.
- The funding floor will be set at 2%, in line with the forecast GDP deflator, to protect pupil-led per-pupil funding in real terms. This minimum increase in 2021 to 2022 allocations will be based on the individual school's NFF allocation in 2020 to 2021.
- Growth funding will be based on the same methodology as last year, and will have the same transitional protection ensuring that no authority whose growth funding is unwinding will lose more than 0.5% of its 2020 to 2021 schools block allocation. There will be no capping or scaling of gains from the growth factor.
- Local Authorities may transfer up to 0.5% of the School Block to any other block.

The factors to be used in the NFF remain unchanged and are shown in the table below. A full description and further information on these factors can be seen in Appendix B.



- The 'minimum per pupil level' funding factor under a NFF ensures that each school attracts a minimum level of funding per pupil. The calculation uses the Basic per pupil funding, Additional Needs Funding and the lump sum divided by the number of pupils in the school. For 2021-22 the funding levels are:
  - £4,180 for primary schools and £5,215 for KS3 pupils and £5,715 for KS4 pupils.
  - In Islington, the 2020-21 per pupil funding exceeds those shown above, therefore we
  - do not expect the local formula to include the 'minimum per pupil level' funding factor
  - in 2021-22.
  
- A hybrid ACA will be used which takes in to account the general labour market and salary variations
  - Premises funding and minimum per pupil funding are excluded from the ACA
  - Islington schools block ACA for 2021-22 is 1.18381
  
- It is a requirement that at least 80% of the delegated schools block funding is allocated through pupil-led factors. From the table above, this includes the Basic per funding and the Additional needs funding. The Islington local funding formula allocates above this directive at circa 90%.

**N.B.** any Unit Values stated in this section are before Area Cost Adjustment (ACA) has been applied, the table in section 2 shows the Islington unit values after ACA.

# Islington context and proposals for Islington 2021-22 funding formula

2018-19 saw the introduction of the 'soft-funding formula' which meant, although the funding was allocated to Local Authorities using a national formula, LAs were able to set a local formula which directed funding to those pupils most in need of additional support by using local knowledge. Since then, following consultation with all schools and final decisions made by Schools' Forum, it has been agreed that the Islington funding formulae will replicate the NFF as far as was possible. This includes using all the funding factors within the NFF and moving to factor values as close to the NFF as the overall funding envelope for the Schools Block funding allows. By applying this principle, it ensures schools will have as much stability in their budgets as possible during the transition to a hard NFF.

NFF rates for 2021-22 have been released. The table below shows the comparison between the 2020-21 Islington factor values and the 2021-22 NFF factors (after ACA has been applied):

				1.18381					
Factor		Islington 2020-21		2021-22 NFF Unit Values Rates (incl ACA)		Comparison to NFF		% Change	
		Pri	Sec	Pri	Sec	Pri	Sec	Pri	Sec
Basic per-pupil	(KS3)	£3,382	£4,757	£3,697	£5,213	£315	£457	9.3%	9.6%
	(KS4)		£5,399		£5,875		£476		8.8%
Deprivation	FSM	£533	£533	£545	£545	£12	£12	2.2%	2.2%
	Ever6FSM	£663	£965	£681	£994	£18	£30	2.7%	3.1%
	IDACI F	£249	£355	£255	£367	£6	£12	2.4%	3.3%
	IDACI E	£296	£479	£308	£491	£12	£12	4.0%	2.5%
	IDACI D	£444	£633	£485	£687	£41	£53	9.3%	8.4%
	IDACI C	£479	£687	£527	£746	£47	£59	9.9%	8.6%
	IDACI B	£515	£740	£562	£805	£47	£65	9.2%	8.8%
	IDACI A	£710	£994	£734	£1,024	£24	£30	3.3%	3.0%
Low Prior Attainment		£1,261	£1,906	£1,296	£1,965	£36	£59	2.8%	3.1%
EAL		£633	£1,705	£651	£1,758	£18	£53	2.8%	3.1%
Mobility		£1,036	£1,480	£1,065	£1,527	£30	£47	2.9%	3.2%
Lump Sum		£135,428	£135,428	£139,453	£139,453	£4,025	£4,025	3.0%	3.0%

The modelling for 2021-22 follows the principles agreed by Schools' Forum in recent years, meaning we will continue to use all NFF factors and factor values which are appropriate to the level of funding received. In the first instance, we will aim to replicate the 2021-22 NFF factor values. It should be noted that there are specific areas that must be funded out of the headroom for which we do not receive the funding until the following financial year, this is for growing schools that, as yet, have not reached their full number of year groups and for whom we have to estimate pupil numbers, and increases in NNDR (business rates).

Should deficit funds be derived following the above, factor values will be adjusted accordingly to ensure we remain within the final funding envelope for Schools Block Funding. This will be fully dependent on the October 2020 dataset, including pupil numbers and pupil characteristics; the final Schools' Block funding envelope will be announced in December 2020.

In 2020-21, local authorities had the freedom to set the MFG in local formulae between +0.5% and +1.84% per pupil. In 2021-22 the allowable range is +0.5% to 2.0%. This means all schools and academies can expect a positive increase to their MFG £ / pupil of at least 0.5%.

Should surplus funds be realised after constructing budgets using NFF values, factor values will be

inflated proportionately.

Local authorities will continue to be allowed to cap and scale back overall gains for individual schools to ensure that the formula is affordable.

Please note that schools will continue to lose funding if they are experiencing falling rolls and/or their pupil characteristics are significantly different to those compared to their October 2019 census return.

## **Other specific items we are proposing:**

### **Growth & Falling Rolls**

It is proposed that we continue to set aside the Growth and Falling Rolls funding at £400k and £300k respectively to ensure that we can continue to support those schools that may have admitted an additional or bulge class for whom they would not receive the pupil funding until the following financial year but would be required to have an additional teacher in year.

We continue to have schools that benefit from the falling rolls funding and it is proposed that we continue to retain these funds to ensure future viability of the schools whilst recognising that these places would be required in line with future place planning. From 2021-22 however, falling rolls funding at a school level will be limited to a maximum of three consecutive years. This would allow the benefitting schools time and additional resources to plan their adjusted workforce requirements in future years whilst also providing some level of protection to retain staffing levels in the short term to meet the needs of the school. During the three-year period of protected funding, Islington would require that benefitting schools remain in a sustainable financial position. The falling rolls funding should not be used to mask a longer-term financial issue in the school.

By maintaining the current retention rates we would ensure any affected schools will be funded appropriately. This would, however, be subject to any funding gaps in the calculation of school budgets. Therefore, these proposed figures are provisional only and final figures will be presented and agreed at January 2021 schools forum.

Appendix B provides descriptions of the full list of Schools Block funding formula factors.

### **High Needs Block NFF**

- High Needs NFF will retain the same funding factors:
  - Basic entitlement factor
  - Historic spend factor
  - Population factor
  - FSM factor
  - IDACI factor
  - Bad health factor
  - Disability factor
  - Key stage 2 low attainment factor
  - Key stage 4 low attainment factor
  - Funding floor factor
  - Hospital education
  - AP teachers pay/pensions and supplementary funding factor
  - Import/export adjustments
  
- The per pupil funding element of the NFF has been increased from £4,000 to £4,660 to incorporate teacher pay and pay grant funding that was previously paid as grants (figures

are pre ACA adjustment).

- The funding floor is set at 8% so each local authority will see an increase of at least that percentage, taking into account changes in their 2 to 18 population (as estimated by the ONS). The calculation is based on local authorities' high needs allocations in 2020 to 2021.
- The gains cap is set at 12%, allowing authorities to see up to this percentage increase under the formula, again calculated on the basis of per head of population.
- Initial allocations suggest HNB will increase by £3m. This is in addition to last year's increase of £3.3m. The provisional DSG allocation will be revised in December 2020 but not finalized until spring 2021.

## **Strengthening SEND Support**

- We will work closely with key stakeholders and the Schools Forum HN sub-group to determine most effective options for using the additional funds to strengthen SEND support and continue to improve outcomes for children and young people.
- This is because we remain a high identifier of children with special educational needs and disabilities (SEND). We also remain heavily reliant on statutory process (4.3% of our children have EHCPs compared to 3.1% nationally and 3.3% for inner London) to secure support. Through the High Needs Sub-group, SENCO Forum and more focused discussion and review with a representative group of Head teachers pre-COVID, we have heard a call to strengthen our local SEND Support offer to enable schools to be more flexible, targeted and innovative with their interventions, and to be able to do so at an earlier stage.
- Islington, like all other LAs is experiencing significant cost pressures on High Needs as the numbers of children and young people with EHCPs continue to increase. Therefore, while the additional funding is welcome, it must be managed carefully to ensure that these cost pressures can be contained on a sustainable basis over the long term. There is no commitment from the government to provide any further additional funding for high needs beyond 21-22. The funding outlook is at its most uncertain given the impact of Covid-19 on the economy.
- Key messages have included the need to:
  - Share good practice and learn from each other.
  - Know what other services are out there and how to access them.
  - Have high quality SEND support across all schools.
  - Have a less bureaucratic way of accessing additional resource so we can intervene and make a difference early and quickly.
  - Better support children with SEND in our mainstream schools.
- Islington SEND Parents Forum also agree that strengthening our SEND Support offer is a priority.
- We are therefore proposing to establish three local school led SEND Support forums to provide support and challenge to clusters of mainstream schools regarding the provision and practice they deliver.
- A key function of each group will be to support schools in the delivery of their 'graduated' approach through professional discussion and sharing of good practice. To enable schools to intervene early and with pace, each will have an allocation of high needs funding (to be known as Additional Inclusion Funding). This can be used to commission provision across the cluster according to need (e.g. support to develop social communication skills) or for time limited support for schools with exceptional need towards agreed outcomes, or a



combination of both.

- The intention is that innovative use of additional funding will support the further development of strong partnerships, and that peer-led support, challenge and problem solving will further build expertise within our schools, helping to build resilience and skills to meet increasing complexity of need. This is an additional resource to supplement funding already in individual school budgets for SEND.
- The clusters of schools could be based on either:
  - Existing associations and collaborations (e.g. Future Zone, Maamulaha, Angel Islington Teaching School Alliance)
  - Geographical areas (e.g. North, Central, South)
  - Needs-led clusters (e.g. high, medium, low need based on census data)
- The High Needs Sub-Group will monitor criteria, process and impact to ensure the models developed by each cluster are fit for purpose and achieve positive outcomes for children. The LA would support the set up and administration of the Forums, with the aim of keeping bureaucracy to a minimum.
- The only stipulation from the LA would be that the additional funds should not be used to support children with an EHC plan, or where an EHC needs assessment is underway.
- There would also be an expectation that all schools can demonstrate interventions already in place to supporting special educational need using quality first teaching and a high quality graduated approach.
- This consultation seeks views on the preferred groupings; once we have views on this we can proceed to further develop operational guidance with nominated representative with a view to a January 2021 launch. (see Question 10)
- Schools who are awarded SEND Support monies should note these are in addition to funds already available within schools' budget to enhance existing provision.

## **Early Years Block**

- The operational guidance for 2021 to 2022 will be published in autumn 2020.
- Information and any relevant consultation will be published after guidance has been published.

# Information to support decisions on de-delegation and central retention for Pupil and School Support Services

This section focuses on de-delegation from the Schools Block and the new Central School Services Block.

De-delegated services are for maintained schools only; funding for de-delegated services must be allocated through the funding formula in the first instance but can be de-delegated for maintained primary and secondary schools, following consultation with the schools and with formal agreement by schools' forum.

The services which may be de-delegated are as follows:

- additional school improvement services
- contingencies (including schools in financial difficulties and deficits of closing schools)
- behaviour support services
- support to underperforming ethnic groups and bilingual learners
- free school meals eligibility
- insurance
- museum and library services
- staff costs supply cover (for example, long-term sickness, maternity, trade union and public duties)
- licences and subscriptions; (in addition to those covered centrally by the DfE):

## **RISK PROTECTION ARRANGEMENT**

From April 2020 maintained schools have been able to join the government risk protection arrangement (RPA), previously only available to academy schools. The scheme offers an alternative to commercial insurance cover and is run on an opt-in basis. RPA is not an insurance scheme but is a mechanism where the cost of risks are covered by government funds. The DfE administer the scheme with support from external advisers and third party suppliers. The 2020-21 cost is £18 per pupil / place.

Maintained schools may join the arrangement collectively, by phase, by agreeing through Schools Forum to de-delegate funding. The LA would apply for membership on behalf of all schools; schools would become individual members and make individual claims.

Schools may also join individually when any insurance contract of which they are part expires. In this circumstance and in the case of PRUs and special schools, the LA will redetermine budget shares to adjust for RPA. The LA needs to do this as RPA membership will be deducted from DSG. Schools are asked to note these arrangements.

Tables 1 and 2 below sets out the services currently delivered through de-delegated resources and those services currently agreed by schools' forum.

The current funding mechanism prohibits both Academies and Free Schools direct access to the services which the mainstream schools have otherwise chosen to de-delegate as Academies and Free Schools are not permitted to de-delegate their funding. This means the funding is allocated

directly to the school and they must source the service independently should they choose to do so. Furthermore, Academies and Free Schools do not receive the benefit of the Local Authority's support unless they choose to enter into an individual Traded Service Agreement with each service area. In Islington, all current de-delegated services are available as a traded service agreement with the exception of the following, which are supported directly from the ESFA:

- Schools in Financial Difficulty
- Schools in Priority Support
- Redundancy costs

Academies and Free Schools may have access to and receive local benefits from centrally run contracts such as Caterlink.

Local authorities can choose to establish differential rates for special schools and PRUs if the cost of fulfilling the duty is substantially different for these schools. The rate will be expressed per-place rather than per pupil for special schools and PRUs. The funding to buy into these de-delegated services will be included within their top-up, and the expectation would be that should they choose to buy-back in to the local service arrangements, they would do so at the same rates as primary and secondary schools.

## **Academies, additional info:**

For those schools converting to academy status, the following 2021 to 2022 de-delegation arrangements will apply:

<b>Academy conversion date</b>	<b>De-delegation arrangements</b>
On, or before, 1 April 2021	No de-delegation
2 April 2021 to 1 September 2021	Local authority retains any de-delegated funding until 1 September 2021
2 September 2021 to 31 March 2022	Local authority retains any de-delegated funding until 31 March 2022

After the dates specified, the academy will receive the full formula allocation and ESFA will recoup this from the local authority. Up until the de-delegated funding ceases, it is the expectation that the local authority continues to provide the service if requested to do so by the academy. If, for any reason, the local authority is unable to provide the service, the de-delegated funding held by the local authority may be reimbursed to the academy.

## Table 1: Services currently delivered through de-delegated funds

### Contingencies

Service Area	Funding Type	Functions
--	Schools in Financial Difficulty	Support schools which are required to restructure provide support to schools with falling rolls to fund items of contingency which schools would not be expected to pay from their own budgets
--	Priority Support	Support specific projects in schools where schools are in, or at risk at being, in a category There are 10-15 schools requiring support each year
SIS	Priority Support / Under performing groups	WiSS – Work in Support of Schools Headteacher briefings Strategic planning meetings
Early Years	Priority Support / Under performing groups	WiSS – Work in Support of Schools and PVI settings
Governor Services	Priority Support	Supports Project Groups and strategic support for the resolution of Governor issues
Finance	Priority Support	Supports Projects Groups Restructuring support for schools in financial difficulty Data implications on budget allocations Support for monitoring of P16 data for funding Agreement on redundancy packages Headteacher briefings SBM briefings
ICT & Performance	Under performing groups	SMIFs Data Analysis Place Planning
ICT & Performance	Licence Fees – ONE	Supports Safeguarding / CME Links to SEN / Admissions / Attendance
HR	Priority Support	Support for SLT in relation to strategic restructures Sickness Management Agreement on redundancy packages Headteacher briefings SBM briefings

### Staff costs/supply cover

Service Area	Funding Type	Functions
HR	NQTs	Release time for NQTs
HR	Trade Union Facility / EAP	Charging of Trade Union Facility time Employee Assistance Programme
Redundancies	Redundancies	If schools follow HR advice, this covers a % cost of redundancies to schools.

### Free School Meals

Service Area	Funding Type	Functions
Finance	FSMs	Assessing of Free School Meals eligibility Implementing on-line assessments Eligibility checks for EYPP and 2-year-old entitlement 30 hours entitlement and regular audits

## **RPA**

<b>Service Area</b>	<b>Funding Type</b>	<b>Functions</b>
Finance	Risk Protection Arrangement	School membership of government Risk Protection Arrangement

## Table 2: Proposed De-delegation by Service and School Phase 2021-22

The table below shows the proposed de-delegated funding rates using the October 2019 pupil data. To achieve a fixed funding sum per pupil, rates are adjusted each year in line with pupil number increases/decreases. **Therefore, the rates shown below will be adjusted accordingly once the October 2020 census data becomes available.**

Category	Detail	Service Area	2021-22 £ / Pupil			2021-22 £ / Pupils		
			Pri	Sec	Total	Pri	Sec	Total
		<b>PUPIL NUMBERS:</b>	<b>11,722</b>	<b>4,265</b>	<b>15,987</b>	<b>11,722</b>	<b>4,265</b>	<b>15,987</b>
Contingency	Schools in Financial Difficulty	Financial Difficulty	12.95	8.35	21.30	151,800	35,613	187,413
Contingency	Priority Support	Priority Support	12.52	16.97	29.49	146,759	72,377	219,136
Contingency	Support for underperforming schools	SIS	8.44	8.88	17.32	98,934	37,873	136,807
Contingency	(priority support)	SIS	8.52	-	8.52	99,871	-	99,871
Contingency	(priority support / underperforming groups)	Early Years	7.62	-	7.62	89,322	-	89,322
Contingency	(priority support)	Governor Services	1.60	1.65	3.25	18,755	7,037	25,792
Contingency	(priority support)	Finance	0.78	0.80	1.58	9,143	3,412	12,555
Contingency	(Underperforming groups)	ICT & Performance	2.59	2.68	5.27	30,360	11,430	41,790
Contingency	(Licence Fees - ONE)	ICT & Performance	4.66	4.82	9.48	54,625	20,557	75,182
Contingency	(priority support)	HR	2.85	2.94	5.79	33,408	12,539	45,947
Staff Costs	NQT	HR	7.51	7.76	15.27	88,032	33,096	121,129
Staff Costs	Trade Union Facility Time	TU	3.72	3.85	7.57	43,606	16,420	60,026
Staff Costs	(Redundancies)	Redundancies	5.17	5.34	10.51	60,603	22,775	83,378
Staff Costs	(NQTs)	HR	1.82	1.88	3.70	21,334	8,018	29,352
FSM		Finance	2.65	2.74	5.39	31,063	11,686	42,749
<b>Total</b>			<b>83.40</b>	<b>68.66</b>	<b>152.06</b>	<b>977,615</b>	<b>292,835</b>	<b>1,270,450</b>
		<b>Contingency Total</b>	<b>62.53</b>	<b>47.09</b>	<b>109.62</b>	<b>732,977</b>	<b>200,839</b>	<b>933,816</b>
		<b>Staff Costs Total</b>	<b>18.22</b>	<b>18.83</b>	<b>37.05</b>	<b>213,575</b>	<b>80,310</b>	<b>293,885</b>
		<b>FSM Total</b>	<b>2.65</b>	<b>2.74</b>	<b>5.39</b>	<b>31,063</b>	<b>11,686</b>	<b>42,749</b>
		<b>Grand Total</b>	<b>83.40</b>	<b>68.66</b>	<b>152.06</b>	<b>977,615</b>	<b>292,835</b>	<b>1,270,450</b>

## De-Delegated services for Primary and Secondary Schools

Each year it is a requirement that we re-consult on those services which are de-delegated. We are proposing to maintain the current de-delegated services for both Primary and Secondary pupils and calculate on a £ / pupil. There may be minimal increases to unit rates to reflect falling rolls. The items currently de-delegated are:

- Support for schools in financial difficulty (including schools in priority support)
- School Improvement Services to support under-performing groups
- Early Years to support under performing groups and schools in priority support
- Governor Services to support schools in priority support
- Finance to support schools in priority support
- HR to support schools in priority support
- ICT & Performance to support under performing groups through SMIFs
- ICT & Performance – Licence Fees for ONE
- Free School Meals eligibility checks
- NQT release time and training
- Redundancy costs
- Trade Union Facility Time
- Special Staff Costs - Employee Assistance Programme

We are also required to consult on whether schools wish to de-delegate additional items which were not previously agreed. Of these we are not proposing to de-delegate:

- Behaviour Support Service
- Library Service
- Premises Insurance
- RPA – we do not propose to opt-in schools to the scheme but schools may wish to do so as a group, after agreeing via Schools Forum, or individually.

We will be seeking Schools Forum approval to continue with de-delegated services at the January Forum meeting, following the final funding announcements in December 2020.

## Central School Service Block (CSSB)

This block provides funding for the provision of central services to schools and academies by local authorities, including some statutory functions such as school admissions. Allocations are agreed by Schools Forum. Funding for this block is split into 2 elements:

- An element for ongoing duties that local authorities have a statutory duty to deliver for all pupils in maintained schools and academies, such as school admissions and servicing of Schools Forum. The Council will provisionally receive a £0.021m (2%) increase in funding for this element in 2021/22. This allocation will be updated in the autumn to reflect October 2020 pupil numbers.
- An element for historical commitments, funding for which is being reduced by £0.131m (20%) in 2021/22, in line with the DfE's plans to phase this funding out over 5 years. This is the second year of funding reductions for this element of spend.

We are currently looking at options for managing the reduction in funding for central services and will be discussing these with Schools Forum later in the autumn term before Schools Forum formally agree centrally retained budgets in January. Comments are sought from schools on central retention as part of this consultation to help inform decision making by Schools Forum.

Included in the CSSB is a statutory top-slice for copyright licenses from the DfE. This cost is determined by the DfE each year.

## 2020-21 Scheme for Financing Schools updates

The Department for Education (DfE) produces a model scheme that was updated in April 2020 which included directed revisions to the scheme with further additional directed revisions made on 5 August 2020. Each directed revision is mandatory and does not require LAs to consult with their schools. Directed changes in the DfE documents are:

- Following consultation that closed on 30 September 2019, the Secretary of State directs that from 1 April 2020 the text below shall be incorporated into the schemes of all local authorities in England:
  - **Submission of financial forecasts** - From the 2021 to 2022 funding year each school must submit a 3-year budget forecast each year, at a date determined by the local authority between 1 May and 30 June.
    - Islington currently requires schools to submit a financial forecast in CFR format covering a further two years beyond the current year's budget. Following the directed change, this will become mandatory from 2021-22. **No changes have been made to the Islington 2020-21 Scheme for Financing Schools**
- Following consultation that closed on 30 September 2019, the Secretary of State directs that the text below shall be incorporated into the schemes of all local authorities in England, however due to coronavirus (COVID-19) the directed revision to follow will only be expected to be enforced from the 2021 to 2022 funding year.

- **Planning for deficit budgets** - Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. Local authorities may set a lower threshold than 5% for the submission of a recovery plan if they wish. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.
  - Islington requires a deficit recovery plan of any school entering into a deficit position. Following the directed change this requirement will become mandatory from 2021-22 where changes will be made to the Islington scheme. **No changes have been made to the Islington 2020-21 Scheme for Financing Schools**
- Other important changes to the guidance - Following consultation that closed on 19 November 2019, the Secretary of State has decided that from 1 April 2020 local authority maintained schools (LAMS) will be able to join the risk protection arrangement. The DfE have not had time to conduct a consultation on a directed revision but may do so later.
  - **Insurance** - Instead of taking out insurance, a school may join the Secretary of State's risk protection arrangement (RPA) for risks that are covered by the RPA. The scheme should contain a provision which allows schools to join the RPA after 1 April 2020. Schools may do this individually when any insurance contract of which they are part expires. The scheme should also provide for all primary and/or secondary maintained schools to join the RPA collectively by agreeing through the schools forum to de-delegate funding.
    - Islington - whilst this is not a formal directed revision, the Islington scheme has been updated to include:
      - 10.1.14 An alternative to taking out insurance with another provider, a school may join the Secretary of State's risk protection arrangement (RPA) for risks that are covered by the RPA. Where all primary and/or secondary schools join the RPA collectively, then the phase representatives on the Schools Forum may agree to de-delegate funding.



# Consultation questions

This section contains the consultation questions. For the detail behind the questions, please refer to earlier sections.

## Schools Block Funding Formula:

Q1. Do you agree that we continue to move towards the National Funding Formula as far as it is possible? Y/N/Comments

Q2. Do you agree that, to ensure affordability of the available funding pot, it may be necessary to vary the MFG, with a minimum of +0.5% and a cap on the gaining schools? Y/N/Comments

## Additional Questions:

Q3. Do you agree that we should continue to retain funding for schools with additional and/or bulge classes? Y/N/Comments

Q4. Do you agree we should continue to retain funding for schools with falling rolls? Y/N/Comments

## De-delegation (maintained schools only):

Q6. Do you agree to continue to de-delegate the current services at values to achieve current funding levels?

Q7. Do you wish Schools Forum to consider all school membership, by phase, of the government Risk Protection Arrangement?

Q8. Would you consider joining the government Risk Protection Arrangement on an individual school basis once your current insurance contract ends?

Q9. Would you consider de-delegating any additional monies for any of these services?  
Y/N/Comments

- Behaviour Support Service
- Library Service
- Premises Insurance

## Central School Services Block

Q10. Do you have any comments on central retention for services provided by the Council to maintained schools and academies?

## High Needs – cluster funding

Q11. What is your preferred grouping of schools for proposed SEND Support Forums outlined in Section 2 above?

- Existing associations and collaborations (e.g. Future Zone, Maamulaha, Angel Islington Teaching School Alliance)
- Geographical areas (e.g. North, Central, South)
- Needs-led clusters (e.g. high, medium, low need based on census data)

## Contact details

Should you have any queries please do not hesitate to contact:

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## Appendix A: Technical note on DSG funding

Area	Funding calculations	Delegated to schools	De-delegated (Maintained Primary and Secondary Schools Only)	Centrally retained	Pooled Budgets
<b>Schools Block</b>	Funded by the ESFA through local authorities on a per pupil basis for reception to year 11 pupil numbers from the October census for Primary and Secondary schools. Separate values used for primary and secondary pupils.	Individual School Budgets including deprivation and SEN funding	<p>A number of services were delegated to schools in 2013-14 by the DfE, but schools are able to opt through the Schools Forum to de-delegate the funding for them back to the local authority. Scope recently widened to include services previously funded by ESG general duties grant.</p> <p><b>Maintained schools must be consulted but final decision rests with Schools Forum.</b> Primary and Secondary reps vote separately on Primary and Secondary de-delegation. The decision of Schools Forum is binding on all maintained schools. Funding is part of schools funding formula and then returned to the local authority.</p>	<p>Central retention for growth and falling rolls only.</p> <p>All other items previously centrally retained items within the Schools Block now form part of the Central Schools Services Block (below) <b>Centrally retained items must be agreed by Schools Forum</b></p>	<p>Schools can opt to pool funding out of their school budgets and contribute it back to the local authority for the provision of services.</p> <p>This is not dissimilar to trading, except schools would need to agree to do it en masse.</p> <p>The Caterlink contract budget has been successfully pooled in Islington.</p>
<b>Central Schools Services Block</b>	Created in 2018-19 and contains two elements: On-going responsibilities based on a formula allocation Historical commitments arising from previous School Forum decisions			<p>Local authorities are able to centrally retain an element of the DSG to meet the costs of some centrally provided services as defined by the DfE.</p> <p><b>Centrally retained items must be agreed by Schools Forum</b></p>	
<b>High Needs (HN) Block</b>	Funded at local authority level based on a combination of historic spend and a number of proxy factors as an assessment of need	Special School place funding, Resource Unit place funding and PRU place funding.		Top up funding for HN pupils – in and out of borough, alternative provision, out borough placements for HN pupils, Independent specialist provision, post 16 provision for HN students and SEN support services	

## Appendix B: Schools Block Formula Funding Factors

The table below describes the formula factors Islington currently uses in its local funding formula and which mirrors the DfE NFF:

Funding factor	Description
<b>Basic entitlement</b> A compulsory factor	Factor assigns funding on the basis of individual pupils, number based on the October pupil census. <ul style="list-style-type: none"> <li>• funding is allocated according to an age-weighted pupil unit (AWPU)</li> <li>• primary rate must be at least £2,000</li> <li>• there can be different rates for KS3 and KS4, with a minimum of £3,000 for each</li> </ul>
<b>Deprivation</b> A compulsory factor	LAs can use free school meals (FSM/Ever6), the income deprivation affecting children index (IDACI), or both to calculate the deprivation factor. <ul style="list-style-type: none"> <li>• measures eligibility for current FSM taken the previous October census, and Ever6 FSM (pupils entitled to free meals at any time in the last 6 years) from the previous January census</li> <li>• the IDACI measure uses 6 bands, and different values can be attached to each band; different unit values can be used for primary and secondary within each band</li> <li>• IDACI used is 2019 dataset</li> <li>• FSM Ever6 ratio set as equal to the current FSM ratio for schools where the FSM Ever6 rate is recorded as lower than the current FSM rate</li> </ul>
<b>Prior attainment</b> An optional factor (used by most local authorities)	The prior attainment factor acts as a proxy indicator for low level, high incidence, special educational needs. <ul style="list-style-type: none"> <li>• primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)</li> <li>• secondary pupils not reaching the expected standard in KS2 at either English or maths</li> <li>• since 2017 to 2018, the low prior attainment factor for some secondary year groups has been weighted so that those who have sat the more challenging KS2 tests (introduced in academic year 2015 to 2016) do not have a disproportionate influence within the total for the prior attainment factor in the mainstream formula.</li> <li>• For the financial year 2021 to 2022, the weightings are:               <ul style="list-style-type: none"> <li>○ pupils in year 8 in October 2020: 65%</li> <li>○ pupils in year 9 in October 2020: 64%</li> <li>○ pupils in year 10 in October 2020: 58%</li> <li>○ pupils in year 11 in October 2020: 48%</li> </ul> </li> <li>• Due to the cancellation of assessments in Summer 2020 due to COVID-19, 2019 data will be used as a proxy for 2020 data.</li> </ul>
<b>English as an additional language (EAL)</b> An optional factor	Pupils identified in the October census with a first language other than English may attract funding for up to three years after they enter the statutory school system. <ul style="list-style-type: none"> <li>• local authorities can choose to use indicators based on one, two, or three years, and there can be separate unit values for primary and secondary</li> <li>• the NFF uses three years as the indicator and Islington replicates this in the local funding formula</li> </ul>
<b>Pupil mobility</b>	This measure counts pupils who entered a school during the last three

An optional factor	<p>academic years, but did not start in August or September (or January for reception pupils)</p> <ul style="list-style-type: none"> <li>there is a 6% threshold, and funding is allocated based on the proportion above the threshold (for example, a school with 8% mobility, will attract pupil mobility funding for 2% of pupils)</li> </ul>
<p><b>Minimum level of per-pupil funding</b> A compulsory factor (subject to consultation on implementation)</p>	<p>Minimum per pupil levels will be set at £4,180 for primary pupils, £5,215 for KS3 pupils and £5,715 for KS4 pupils.</p> <p>This means that for a primary school the minimum per pupil is £4,180 and for a secondary school with year groups 7 to 11, the minimum per pupil is £5,415. The only factors not included in per-pupil funding for the purpose of the minimum per-pupil calculation are premises and growth funding.</p>
<p><b>Lump sum</b> An optional factor (used by all local authorities)</p>	<p>Local authorities can set a flat lump sum for all phases, or differentiate the sums for primary and secondary.</p> <ul style="list-style-type: none"> <li>the maximum lump sum is £175,000</li> <li>the Islington local funding formula will match the NFF value as a minimum if funding envelope allows</li> </ul>
<p><b>Split sites</b> An optional factor</p>	<p>The purpose of this factor is to support schools that have unavoidable extra costs because the school buildings are on separate sites. allocations must be based on objective criteria for the definition of a split site, and for how much is paid</p>
<p><b>Rates (NNDR)</b> An optional factor (used by all local authorities)</p>	<p>Local authorities must fund rates at their estimate of the actual cost.</p>
<p><b>Private finance initiative (PFI) contracts</b> An optional factor</p>	<p>The purpose of this factor is to support schools that have unavoidable extra premises costs (because they are a PFI school), and to cover situations where the PFI 'affordability gap' is delegated and paid back to the local authority. This factor is used in the Islington funding formula</p>
<p><b>Exceptional premises factors</b> An optional factor</p>	<p>Local authorities can apply to ESFA to use exceptional factors relating to school premises (for example, for rents, or joint-use sports facilities).</p> <ul style="list-style-type: none"> <li>exceptional factors must relate to premises costs</li> <li>local authorities should only submit applications where the value of the factor is more than 1% of a school's budget, and applies to fewer than 5% of the schools in the authority's area</li> </ul>

## Appendix C: Central Schools Services Block – 2020-21

Area	De-delegation	Central Schools Services Block
Admissions		735,023
Administration of School Admission Appeals		45,000
Access and Engagement Service		284,072
School Improvement Service	99,816	
Equalities		30,000
Finance Services	55,268	
Servicing of Schools Forums		71,307
Capital and Asset Management		127,509
Schools HR & Payroll	75,172	
Support to Governors and Governor Services	25,825	
ICT Services	116,952	
Directors and Assistant Directors		77,438
EYFS Team, Strategy and Management	89,296	
Legal Services SLA		30,000
Sports Co-ordinators		30,079
Licences		143,161
Trade Union Facility Time	60,039	
NQTs	121,065	53,800
UPEG (School Improvement Service)	136,872	
Priority Support	219,165	
Schools in Financial Difficulty	187,416	
Schools Redundancies	83,396	
	<b>1,270,282</b>	<b>1,627,389</b>

## Appendix D: DfE Timetable

Date	DfE or ESFA activity	Local authority activity
July 2020	Operational guidance published setting out arrangements for 5 to 16 mainstream schools implementation for 2021 to 2022  NFF arrangements for 2021 to 2022 for schools, central school services and high needs published	
September 2020	High needs funding operational guide for 2021 to 2022 issued to local authorities.	
6 October 2020		Launch of 2 week school funding consultation
August / September /October	Briefings: 26 August - Heads 15 September – Governors 8 October - SBMs	Islington to update all schools on the proposed 2021-22 funding formula
October 2020	Draft APT issued to local authorities.	
1 October 2020	School census day	School census day
22 October 2020		Consider the outcome of the school funding consultation and agree recommendations
11 October 2020		Deadline for submitting requests (for response by December) for: <ul style="list-style-type: none"> <li>• MFG exclusions</li> <li>• exceptional premises factors</li> <li>• sparsity factors</li> <li>• lump sum variations for amalgamating schools</li> </ul>
October to November 2020	Check and validate school census.	Check and validate school census.
Mid-November 2020		Closing date for submission of the 2021 to 2022 high needs place change workbooks.
20 November 2020		Deadline for submitting requests (for response by APT submission deadline) for: <ul style="list-style-type: none"> <li>• MFG exclusions</li> <li>• exceptional premises factors</li> <li>• sparsity factors</li> </ul>

		<ul style="list-style-type: none"> <li>• lump sum variations for amalgamating schools</li> <li>• pupil number reductions</li> </ul>
20 November 2020		Deadline for submitting requests for movement of funding out of the schools block which is above the limit of 0.5%, or which the Schools Forum has not approved, or both
Mid-December 2020	<p>Final APT issued to local authorities, containing October 2020 census- based pupil data and factors.</p> <p>Publication of 2021 to 2022 DSG schools block (prior to academies recoupment), central school services block and revised high needs block allocations for 2021 to 2022.</p> <p>Publication of initial early years block allocations.</p>	
21 January 2021		School Forum formally agrees school funding formula; de-delegation and central retention
21 January 2021		Deadline for submission of final 2020 to 2021 APT to ESFA
28 February 2021		Deadline for confirmation of schools budget shares to mainstream maintained schools.
By 31 March 2021	2020 to 2021 allocation statements issued to post-16 institutions, academies, and NMSS	
April 2021	First DSG payments to local authorities based on 2021 to 2022 allocations, including academies recoupment (DSG allocations updated termly for in-year academy conversions), FE high needs place funding deductions, and other adjustments	
Summer 2021	Early years block updated for January 2021 early years pupil numbers.	
Summer 2021	Early years block updated for January 2022 early years pupil numbers (pro rata seven twelfths, as this relates only to the period September 2021 to March 2022)	



## Appendix E: Membership of Schools Forum

Name	Organisation/School
Primary (Chair)	Abi Misselbrook-Lovejoy, Newington Green, Headteacher
Primary (Vice Chair)	Maggie Elliott, Montem, Governor
Secondary (Vice Chair)	Jo Dibb, EGA, Headteacher
Nursery	Fiona Godfrey, Kate Greenaway, Headteacher
Primary	Greg Crawford, Pooles Park, Headteacher
Primary	Lisa Horton, Hargrave Park, Headteacher
Primary	Joe Simpson, St Peter & St Paul, Governor
Primary	Cassie Moss, Yerbury, Headteacher
Primary	Andrew Bosi, Rotherfield, Governor
Primary Academy	Tanya Watson, William Tyndale, Headteacher
Secondary	Susan Service, AMSI, Headteacher
Secondary	Paul Lasok, St Aloysius, Governor
Secondary Academy	Vicky Linsley, St Mary Magdalene, Headteacher
Special	Francis Gonzales, Richard Cloudesley, Headteacher
Special Academy	Penny Barratt, The Bridge School, Headteacher
New River College	Nigel Smith, Headteacher
Primary	Vacancy
Secondary Academy	Vacancy
14-19 Partnership	Bryan Johnstone
Children's Centres	Mita Pandya, Archway and Willow, Executive Headteacher
Early Years Childcare Providers	Anita Grant, Islington Play (Vol), Director
Elected Member (non executive)	Cllr Rakhia Ismail (Observer) Islington Council – non-Executive Member

### Supporting Officers

Name	Organisation
Carmel Littleton	Corporate Director, People
Mark Taylor	Service Director, Learning and Schools
Tim Partington	Children, Employment and Skills, Head of Finance
Debbie Stevenson	Head of Schools & EY Finance Services, People
Jane Wright	Governor Support Service - Clerk to the Forum

# Appendix F: Glossary of Abbreviations and Terms

AEN  
Additional Education Needs

AWPU  
Age Weighted Pupil Unit: Unit of funding

ASD  
Autistic Spectrum Disorder

BSF  
Building Schools for the Future

CIN  
Children in Need

CSSB  
Central Schools Service Block

DFE  
Department for Education

DSG  
Dedicated Schools Grant: Ring fenced grant from DfE to LA

Delegated Budget  
Budget which a school's governors may spend as they determine

Devolved Budget  
Budget which is devolved to a school for a specific purpose and must be spent for this purpose only

DLA  
Disability Living Allowance

EAL  
English as an additional language

ESFA  
Education and Skills Funding Agency

EHCP  
Education, Health & Care Plan

EISG  
Education Improvement Strategy Group

EMAS  
Ethnic Minority Achievement Service

EPS  
Education Psychology Service

ESG  
Education Services Grant

Ever 6 FSM  
A pupil has been recorded as being entitled to free school meals on the census day in one or more of the previous 6 years

EYFSP  
Early Years Foundation Stage Profile

EYPP  
Early Years Pupil Premium

EYSFF  
Early Years Single Funding Formula

Headroom  
Funding available after formula funding calculated

FSM  
Free School Meals

IDACI  
Income Deprivation Affecting Children Index.

ISB  
Individual Schools Budget: Total amount budgeted by LA for all its maintained schools

LA  
Local Authority

LAC  
Looked After Child: Child in public care

MFG  
Minimum Funding Guarantee: Level of guarantee set by DfE. Guarantees a minimum level of funding for each school and a per pupil increase

NEET  
Not in Education, Employment or Training

NFF  
National Funding Formula

NNDR  
National Non Domestic Rates

PFI  
Private Finance Initiative

PLASC  
Pupil Level Annual School Census: Return of pupil data completed in January each year

PMLD  
Profound and Multiple Learning Difficulty

PVI  
Private, Voluntary and Independent

RPA  
Risk Protection Arrangement

RSG  
Revenue Support Grant

Scheme for Financing Schools  
LA document setting out conditions under which schools manage their budgets – approved by DfE

Schools Budget  
Total amount of LA budget for direct provision for pupils (includes ISB)

SAO  
School Administrative Officer

SBM  
School Business Manager

SEN  
Special Educational Needs

SF  
Schools Forum: Statutory body consisting of school members, non-school members and observers

UFAG  
Under Fives Advisory Group – SEN place funding