



**HILLINGDON**  
LONDON

## **Consultation Paper – October 2020**

### **Schools Block Funding Transfer 2021/22**

Target audience: Headteachers  
Governing Bodies  
Finance Officers  
Schools Forum  
Senior Managers

Deadline for responses: 30 November 2020

Queries on this consultation paper should be directed to:

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Formal responses should be made by accessing the Google form via the following link;

[Response form](#)

## 1. Introduction

- 1.1 2021/22 is the fourth year of the National Funding Formula (NFF) for schools. Whilst it remains the government's intention that a school's budget share should be set on the basis of a single national formula, local authorities will continue to determine final funding allocations for schools through a local formula in 2021/22. The expectation remains that a 'hard' NFF will be implemented at some point in the future.
- 1.2 Schools Forum are consulting with schools on;
  - a) A transfer of funds from the Schools Block to the High Needs Block to address continued pressures in the cost of High Needs.
- 1.3 Stakeholders are welcome to comment individually on any aspect of the proposals, or may wish to contribute to a sector specific response co-ordinated by Primary Forum, Hillingdon Association of Secondary Heads or other representation group.
- 1.4 The release of this paper allows just a short period of time for consultation with stakeholders (approximately 5 weeks) as responses will be required to be returned by midnight on 30 November 2020. Schools Forum will then review the responses when they meet on 10 December 2020.

## 2. Schools Block Funding

- 2.1 Details of the Dedicated Schools Grant (DSG) funding for 2021/22 were announced at the end of July 2020, with the majority of local authorities set for significant increases in funding. Schools Block funding in 2021/22 is increasing by 4% overall, compared to 2020/21, with the funding floor allocating at least 2% more in pupil-led funding per pupil. Funding previously received through the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grants (TPECG), to mainstream schools for pupils from reception to year 11 will be allocated through the schools block by adding to schools' baselines by increasing the basic per pupil funding levels.
- 2.2 The impact of this for the Schools Block in Hillingdon, based on the illustrative unit funding rates, indicates a funding increase of £16,247k. If the funding increase is adjusted to take into account of the funding previously allocated through the Teachers Pay Grant and Teachers Pensions Grant allocations, the actual per pupil funding rate increase is estimated to be 2.6% for primary and 3.2% for secondary. Using these rates gives an estimated adjusted increase in total Schools Block funding of £6,704k (2.9%).
- 2.3 It is important to note that this additional funding does not include any adjustment for pupil demographic growth or shrinkage. In Hillingdon it is estimated the pupil growth in October 2020 will generate a further increase in Schools block funding of £3,500k, giving an adjusted increase of £10,204k.

2.4 The Schools Block will again be ring-fenced in 2021/22, but there will remain some flexibility to transfer funding. Local authorities may transfer up to 0.5% of schools block funding into another block, with the approval of their schools forum. Any requests to transfer above 0.5% require approval from the Secretary of State, regardless of any previously agreed transfer amounts. Where local authorities need to make any transfer for 2021/22, there must be new discussions with schools forum and consultation with schools. This includes cases where schools forums have agreed recovery plans, submitted to the department, assuming future year transfers. It is important that any consultation sets out the full amount of the proposed transfer, not just further transfers in addition to 0.5% or previous years' transfers.

### **3. High Needs Funding**

- 3.1 The DfE announced in July 2020 that High Needs funding would increase nationally by £730m in 2021/22. It was also confirmed that every local authority will receive an increase of at least 8% per head of population, compared to 2020/21, up to a maximum of 12%. The published illustrations indicate that Hillingdon will receive £4,326k of additional High Needs funding in 2021/22. £660 per pupil will be added to the basic entitlement factor within the High Needs NFF to cover the Teachers' pay and pensions funding. The local authority must allocate high needs funding to those maintained schools, academies and free schools to which it allocated Teachers' Pay Grant, Teachers' Pensions Employer Contribution Grant and Pensions Supplementary Fund monies in 2020/21. The amount of funding to be allocated must be both at a level no less than the amount per place those schools and academies received in 2020/21.
- 3.2 It is also estimated that there will be a further increase in High Needs block funding as a consequence of the growth in Special School pupils within Hillingdon. This increase in funding is estimated to be £500k based on assumed growth in pupils.

### **4. DSG Monitoring Position**

- 4.1 The latest 2020/21 monitoring position indicates that the DSG budget will overspend by £9,126k in 2020/21 resulting in a projected cumulative deficit on the DSG of £24,128k. It should be noted that the DSG budget for 20120/21 was set with a £7,175k deficit with the majority of the budget pressure being in High Needs and this current position is a £1,951k increase in the budgeted deficit.
- 4.2 The projected 2020/21 position has been used to estimate the growth in the cost of High Needs placements for 2021/22. This indicates that without any transfer of funds from the Schools Block, taking into account the additional funding of £4,326k, less the specific funding for special schools for Teachers Pay and Pensions grant allocations of £640k, plus the estimated growth funding of £500k, the pressure on the DSG budget is estimated to be £6,454k in 2021/22.
- 4.3 This position assumes that the growth in the number of Education, Health and Care Plans increases at a projected rate of approx. 9%, which takes into account assumptions around the ceasing of current plans.

- 4.4 The Council therefore wish to consult with schools on a planned transfer of funding from the Schools Funding Block to the High Needs Funding Block, to enable the Council to address some of the continuing pressures in High Needs in 2021/22.
- 4.5 These funds are required to assist with supporting the significant on-going growth being experienced in Hillingdon in the number of Education, Health and Care Plans (EHCP) that have been issued and also to recognise the increase in the complexity of need that these children and pupils have.
- 4.6 The proposed transfer will not fully cover the projected high needs shortfall in 2021/22 as the guidance states that any block transfer cannot include the additional funding local authorities have been allocated for the teachers' pay and pension grants, thereby guaranteeing that all of this funding remains with schools.
- 4.7 The following proposals in relation to a Schools Block transfer are being consulted on, where it should be noted that the values are cumulative;
- a) **No Schools Block transfer.**
  - b) **The transfer of the allowable 0.5% (approx. £1,191k), where this would result in £9,013k being retained in the Schools Block (in addition to the increases for TPG and TPECG),**
  - c) **The transfer of the maximum allowable, estimated to be an additional 1.8% (£4,264k), a total of £5,455k, in order to aid an in-year balanced High Needs budget for 2021/22 to be set, where this would result in £4,749k being retained in the Schools Block (in addition to the increases for TPG and TPECG).**

## **5. Modelling of the Financial Impact**

- 5.1 Modelling has been completed in order to determine the potential financial impact of each of the above proposals. The impact by school of each of the proposals are summarised in the attached Appendix A.
- 5.2 There are a few things to note when considering the results of this modelling;
- a) The funding distribution is based on October 2019 pupil numbers, as we are still waiting on finalised numbers for 2020,
  - b) The Minimum Funding Guarantee (MFG) has been set at +0.5% (so each school will see a minimum 0.5% per pupil funding increase),
  - c) The modelling does not take into account the anticipated growth in Schools block due to pupil growth (as it uses October 2019 pupil numbers),
  - d) The modelling does not include the impact of the TPG and TPECG being included in the funding formula.

## **6. Appendices**

**Appendix A** – Financial modelling of the impact of the different proposed options for the school funding formula in 2021/22.