

2020/21 School Budget Notes of Guidance

Background

An exceptional year for Derby in terms of the generous national funding settlement received; almost £14 million of growth in the Schools Block and a much needed £4 million in the High Needs Block. This means that for Derby we are able to fully implement the National Funding Formula meaning schools are all funded at the levels national policy has determined, this is great news for all of our schools.

Although the High Needs Block is still under considerable financial pressure it is hoped that the generous funding settlement received by Derby can help reduce the pressure felt by schools as Notional SEN allocations will have increased also within delegated budgets. Schools Forum have also agreed a transfer from the Schools Block of £0.9 million into the High Needs Block to support some much need investment into transformational work streams being coproduced by the Council and the sector.

As part of the national changes to schools funding, the Education and Skills Funding Agency (ESFA) launched a consultation (March 2016) on a new national school funding formula (NFF). While it remains the government's intention that a school's budget should be set on the basis of a single national formula, in 2020/21 and 2021/22, local authorities will continue to determine final funding allocations for schools through a local formula. The Dedicated Schools Grant for Derby is split into four blocks; Schools Block, Early Years Block, High Needs Block and Central School Services Block. Blocks will be ring fenced from 2018/19, but Local Authorities can transfer 0.5% of their schools block funding to another block with School Forum agreement. Block transfers above 0.5% need School Forum and Secretary of State Approval.

A Minimum Funding Guarantee has been set at 0.5% (per pupil funding protection mechanism). This has been set at the lowest permissible level because for the very first time over the course of moving towards the NFF, no schools in Derby trigger the MFG; there is no protection in the system, all schools are funded at the correct levels. This again is a positive position as a high MFG will cause overall affordability issues and will mean that those schools triggering the MFG will be on a trajectory of reduced funding as the MFG tapers out.

Capping and scaling has been used in 2020/21. School Forum agreed to a cap on growth above 10% per pupil and scale any growth over 10% by 30%. This means that for schools that have received an increase over 10% the growth will have been scaled back. The implementation of the minimum per pupil funding levels override that cap though so the cap only applies to those schools already above the minimum funding levels. This factor is shown on the Minimum Funding level per pupil/MFG/Capping and scaling line on the School Block Funding Budget.

Formula Funding – Schools Block

Due to the significant increase in funding for schools, Derby will be able to fully introduce the National Funding Formula in 2020/21, which is an extremely positive position for Derby.

Derby will only use NFF funding factors described below:

1) Basic Entitlement - Age Weighted Pupil Funding (AWPU)

The funding regulations state that there should be a single unit value for primary aged pupils and a single unit value for each of Key Stage 3 and Key Stage 4. The value for primary pupils must be at least £2,000 and the value for both Key Stage 3 and Key stage 4 pupils must be at least £3,000. The AWPU rates are detailed below:

	AWPU 2019/20	AWPU 2020/21
Primary Pupils	£2,736	£2,857
Secondary KS3 Pupils	£3,847	£4,018
Secondary KS4 Pupils	£4,368	£4,561

Post 16 pupils are being funded separately through the sixth form programme funding directly from the Education Funding Agency (EFA).

A technical change in place funding in 2018/19 transfers ERS element 1 funding (AWPU) from the High Needs Block to the Schools Block, which means the number on roll includes high needs places within Enhanced Resource Units.

Education Funding Agency Allocations for Sixth Form pupils

The sixth form budget allocations are not included and will be updated once final allocations have been received by the EFA at the end of March.

Pupil Numbers

All formula calculations are based on actual pupil numbers as at October 2019 school census.

Growth Fund allocations

Schools with additional permanent classes established for basic need and agreed with the Council, the number on roll (NOR) have been amended to reflect the extra children. In these instances, the school will **not** receive growth funding as the NOR has been increased.

The Growth Fund criteria will change in 2020/21. Changes can be found in the January 2020 School Forum Documents – [“Growth Fund and Pupil Numbers on Roll Adjustments”](#)

(<https://www.derby.gov.uk/media/derbycitycouncil/contentassets/documents/education/growth-fund-jan2020.pdf>)

Minimum funding level per pupil

The minimum funding level per pupil is £3,750 for primary and £5,000 for secondary aged pupils. Additional funding through this factor is shown on the Minimum Funding level per pupil/MFG/Capping and scaling line on the School Block Funding Budget.

2) Deprivation

This factor is to recognise the additional cost of deprivation. In order to target funding in this way, we have used a combination of measures; Income Deprivation Affecting Children (IDACI), Current Free School Meals and Free School Meals Ever 6 which is a pupil premium indicator.

3) Prior Attainment

The prior attainment factor acts as a proxy indicator for low level, high incidence, special educational needs. Low prior attainment funding will be allocated to all pupils identified as not reaching the expected standard at the previous phase, regardless of their year group. It does not only apply to those pupils in their first year of schooling. The following is used:

- primary pupils identified as not achieving the expected level of development in the early years foundation stage profile (EYFSP)
- secondary pupils not reaching the expected standard in KS2 at either reading or writing or maths

4) English as an Additional Language

EAL pupils may attract funding for a maximum of 3 years after the pupil enters the statutory age school system.

5) Pupil Mobility

Pupil mobility will be allocated to local authorities via a formulaic approach rather than the historic basis previously used and the threshold for individual schools to trigger this is 6% of their pupil cohort being defined as 'mobile'; defined as pupils entering school outside of the 'normal' admission date

6) Lump Sum

The primary and secondary lump sum is £114,400

7) Split Sites

This factor allows funding to be directed to schools with split sites, to reflect the costs of operating on split sites.

8) Rates

Rates for 2020/21 are based on the estimated charge for the year, using the latest revaluation of premises. This budget will be retained and administered centrally as is the current process.

The EFA will reimburse academies based on actual rates paid in year.

9) PFI Contract Costs

This factor allows funding to be directed to schools with PFI contract costs as they represent an additional and unavoidable cost to schools. The schools concerned will pay the PFI factor allocation back to the local authority and must not allocate this for any other purpose.

10) Infant Class Size (Primary Specific)

This funding is based on the admission numbers of the school for infant class sizes to maintain the national required levels of a 30 pupil limit. This additional funding does not feature as a factor in the National Funding Formula and will be phased out. The last year of Infant Class Size funding is 2020/21.

Formula Funding - Early Years Block

There is additional funding in the DSG to fund early education for eligible two year olds at a base rate of £5.28.

The national formula will allocate funding for three and four year olds; both universal 15 hour entitlement and the 30 hour extended entitlement for children of working parents. Both universal and extended entitlement funding will remain participation based and built into the 2020/21 budget.

The number of requirements on how local authorities are able to allocate funding to providers remains for this financial year. These requirements are intended to ensure that funding provided by the ESFA is fairly distributed to providers, which include:

- A minimum amount of funding to be passed through to providers.
- A local universal base rate for all types of provider, to be set by local authorities.
- Supplementary funding for standalone maintained nursery schools remains for Financial Year 2020/21. The government remains committed to funding for MNS in the longer term; and that any reform to the way they are funded in future will be accompanied with funding protections."
- Mandatory and discretionary supplements local authorities are able to use.
- A disability access fund.
- A requirement for authorities to establish a special educational needs inclusion fund.

The annual budget for early year's providers and mainstream settings for 3 and 4 year olds has been calculated using hours estimated for each provider adjusted for reasonableness and past hour trends. Hourly Rates for all sectors have increased by 3.5%. Budgets are adjusted in year for all providers.

	Hourly Rates 2019/20	Hourly Rates 2020/21
Base Rate	£4.23	£4.38
Deprivation Funding (IMD)	£0.20/£0.60	£0.20/£0.60
English as an Add Language (EAL)	£0.20	£0.20
Supp Stand Alone Nursery Funding	£1.34	£1.26

As part of the NFF, the following has also been implemented:

- To establish a £500,000 SEN inclusion fund to support children with additional needs across all settings.
- Supplementary funding for standalone maintained nursery schools, for 2020/21 will include a lump sum and an increased hourly rate
- Disability Access Fund. This supports early year's providers to make initial reasonable adjustments and build the capacity within their setting to support disabled children. Providers will receive additional funding for children in their setting in receipt of Disability Living Allowance (DLA) and every child eligible is entitled to £615 per year (one payment per year to the first provider only).

Formula Funding - High Needs Block

Specialist providers including special schools and enhanced resource provision in mainstream schools, continue to be funded based on actual pupil numbers with a base level of funding to offer some stability.

The pupil-led element of funding is to be met by the commissioning local authority and will be based on the individual needs of each pupil.

The authority will continue to recover top up funding for places commissioned from other local authorities.

Special Schools & Alternative Provision

Place Led Funding

The numbers of planned places attract a place funding of £10,000 per place.

Pupil Led funding

Top up funding will be provided for each individual pupil dependant on their level of need.

Special Schools and Alternative Provisions should be aware that pupil led funding follows the child. When a pupil joins or leaves your school your **budgets will be adjusted** to reflect these changes. These adjustments will be processed on a half termly basis in line with the funding regulations.

If a school is an Academy, they will receive Element 1 and 2 funding directly from the ESFA. Derby will fund Element 3 for Derby pupils only. **Academies are**

responsible for reclaiming other Local Authority's (LA) pupil Element 3 directly from the relevant LA.

As part of the Strategic Review of Special Educational Needs and Disabilities in the City element 3 funding has been reviewed and changed to single banding from 2018/19. A 4% increase on the 2019/20 values has been applied.

School	School Type	Phase	Element 3 2019/20	Element 3 2020/21
Ivy House School	Profound and Multi Learning Difficulties	All	14,802	15,394
St Andrews School - Day	Severe Learning Difficulties	Secondary	9,765	10,156
St Clare's School	Severe Learning Difficulties	Secondary	6,045	6,287
St Giles School	Severe Learning Difficulties	Primary	10,230	10,639
St Martins School & Horizons	Severe Learning Difficulties	Secondary	8,370	8,705
The Kingsmead School	Social Emotional and Mental Health	Secondary	16,494	17,153
KS 1/2 PRU		Primary	13,201	13,792
KS 3/4 PRU		Secondary	15,242	15,852

ERS Places

Place Led Funding

Each place has been funded based on the number of places agreed in a school as stated in the service level agreement. In 2018/19, there was a technical change in place funding for ERS Units. From 2018/19, ERS places are funded at £6,000 (Element 2). Element 1 is funded through AWPU and other school budget factors at approximately £4,000 per place.

Pupil Led Funding

Top up funding will be provided for each individual pupil dependant on their level of need. Surplus places do not attract top up funding and have not been built into your budget

ERS Units should be aware that pupil led funding follows the child. When a pupil's banding changes or they join/leave your school your **budgets will be adjusted** to reflect these changes. These adjustments will be processed on a half termly basis, in line with regulations.

If a school is an Academy, they will receive Element 2 funding directly from the ESFA. Derby will fund Element 3 for Derby pupils only. **Academies are responsible for reclaiming other LA's pupil Element 3 directly from the relevant LA.**

As part of the Strategic Review of Special Educational Needs and Disabilities in the City element 3 funding has been reviewed and changed to single banding from 2018/19. Revised rates are in the table below.

School	School Type	Phase	Element 3 2018/19	Element 3 2019/20	Element 3 2020/21
Allestree Woodlands Community School	Hearing impairment	Secondary	6,000	6,000	6,000
Alvaston Junior Community School	Social Emotional and Mental Health	Primary	5,500	5,500	5,500
Brackensdale Infant School	Communication and Interaction ASD	Primary	8,000	8,000	8,000
Brackensdale Junior School	Communication and Interaction ASD	Primary	8,700	8,400	8,000
Lees Brook Community	Social Emotional and Mental Health	Secondary	5,500	5,500	5,500
Lees Brook Community - Post 16	Social Emotional and Mental Health	Secondary	5,500	5,500	5,500
Markeaton Primary School	Visual Impairment	Primary	22,980	22,980	22,980
Reigate Park Primary School	Hearing impairment	Primary	6,000	6,000	6,000
Saint Benedict Catholic School	Visual Impairment	Secondary	10,000	10,000	10,000
Saint Benedict Catholic School - Post 16	Visual Impairment	Secondary	10,000	10,000	10,000
Springfield Primary School	Communication and Interaction ASD	Primary	8,000	8,000	8,000
The Bemrose Community School	Communication and Interaction ASD	Secondary	9,000	9,000	9,000

Element 3 Funding

Element 3 funding will not be part of the base budget for a mainstream school but will be paid during the financial year. Schools will be notified separately of children and funding.

Academies are responsible for reclaiming other LA's pupil Element 3 directly from the relevant LA.

Notional SEN

Notional SEN funding included within schools delegated budgets, the amount of which can be identified on the budget proforma.

It is recommended that schools communicate this information to governors and report on a regular basis throughout the year.

SEND notional funding is included in each budget to enable schools to support and provide additional resources for children and young people with SEND. The Council requested that from the 2018/19 financial year, schools set separate budget plans in relation to SEND notional funding so that they are able to clearly demonstrate how the funding has been prioritised specifically for children with SEND. Schools will again be asked to provide this SEND budget plan for 2020/21 when raising any concerns in relation to meeting the specific needs required as part of a child's EHC plan.

It is important for school governing bodies to monitor this budget separately during the financial year 2020/21 to be fully satisfied that funding is prioritised for vulnerable children with special needs.

The notional SEN budget provides funding for schools to meet support costs of up to £6,000 per individual child (often referred to as element 2 funding). Funding applications for further additional funding (element 3 funding) will not be supported by SEN Funding Panel unless schools are demonstrating that this notional funding has been targeted in this way.

In the same way that mainstream schools have a notional SEN budget, for early years settings notional SEN funding is deemed to be included as a percentage figure within the funding from the Early Years Block. All early years settings will be expected to contribute towards the costs of any child with high needs. The amount of this contribution, over a full financial year, has been defined as £300 per high needs child in a maintained nursery and £200 in a school nursery or PVI setting.

De-Delegation

Where maintained schools have collectively agreed that they can be provided centrally, budgets have been de-delegated and returned to the local authority.

De-delegation is not an option for academies, special schools, nurseries or PRUs however academies can access central services on a buy back basis.

Schools Forum

All formula changes have been approved at Schools Forum and Council Cabinet. For further information please see web site:

<http://www.derby.gov.uk/education-and-learning/schools-and-colleges/schools-forum/>

Next Steps

For school specific queries please email SchoolFinanceTeam@derby.gov.uk and ensure that the title of your email is 'School Funding Query and *School Name*', to ensure that emails are clearly identified.

For general queries please contact:

Sarah Smith on 01332 642693

Chris Holmes on 01332 642687