

# Schools Forum

18<sup>th</sup> November 2021

# Fair Funding Consultation

# Summary

- Has been running since 22<sup>nd</sup> Oct, closes Fri 19<sup>th</sup> Nov
- Most of it discussed today at other points on the agenda
  - Cost pressures and funding
  - Funding Formula options (sub-group feedback)
  - De-delegation Options (agenda item)
  - Minimum Funding Guarantee (sub-group feedback)
  - Fair Funding Scheme of Delegation (next)
  - Results of the consultation go to Cabinet in January
- Can capture a Schools Forum response today?

# Change to Fair Funding scheme of delegation (maintained schools)

- Frequency of Instalments (Section 3.1.2)
  - This section has been updated to reflect the DfE statutory guidance where budget share advances are required to prevent being overdrawn, this is to be treated as a cash advance, not a loan
  - This is not a change for Coventry, where a budget share advance has always been considered a cash advance

# Budget Update

# Spending Review 21

- As always lacking clarity in what is really 'new money' and what is will all be used for. Best understanding:
- £4.7Bn for core schools budget
  - £1Bn – Extension of existing recovery premium (22/23 & 23/24)
  - £0.3Bn – Additional pot-16 learning hours

# What's new?

- October 2021 census – *draft*
- Awaiting publication of *final* Schools Block allocation – expected December 2021
- Awaiting publication of *final* Central School Services Block allocation – expected December 2021
- Awaiting publication of *revised* High Needs Block allocation – expected December 2021
- Early Years – No update for 2022/23 yet (*next week?*)
  - Actual 22/23 based on termly census figures
  - 2020/21 not finalised yet
- High Needs – changes to commissioned places for FE and special academies submitted

# Pupil Numbers

- Draft Pupil Number Increase (Oct-21 Census)
  - Additional circa 357 pupils (-387 Primary +744 Secondary)
  - Additional ca. £2.8M to be offset against costs of funding additional pupils
- Growing school pupils / estimates
  - No longer any growing schools in the city
- Other adjustments...
  - Pupil number changes (2, 3 and 4 year olds) still awaiting DSG update in relation to Sum-21 term
  - High Needs – 50% historic (fixed), October 21 census pre-16, ILR for post 16, alternative provision census ISP and NMSS, adj for import / export January and February 2022



# Historic Factors

- The historic factors are: NNDR, split site, PFI,
  - Previously included Mobility
- DfE to provide money for historic factors
  - £3.6m based on 21/22 spend (plus some inflation for PFI)
- Dependent on level of cost in 22/23 this may impact on what we can afford in terms of funding formula per pupil options
  - Early estimated cost is similar to allocation
- From 22/23 a change to how business rates is paid
  - The LA will be paid directly by the ESFA
  - Previously, school would receive funding then pay it back to the LA

- Much publicised energy price increases
- Currently 70 schools procure their energy using the LA's procurement processes
  - 4 year contract for both gas (expires 2023) & electricity (expires 2024) with an annual price update
  - Electricity price updated in Oct, gas in Apr
  - It is possible to join the contract before expiry
  - Have to stay on current rate until next annual price update
- Procurement can help move to corporate contract
  - [Procurement.services@Coventry.gov.uk](mailto:Procurement.services@Coventry.gov.uk)
- Energy management can help with surveys & energy advice
  - [energymanagement@Coventry.gov.uk](mailto:energymanagement@Coventry.gov.uk)

- Analysing the schools using the LA contract:

	Total Increase	Increase excluding usage increase
Max Increase (%)	69%	53%
Max Increase (£)	£42,190.18	£25,954.73
Min Increase (%)	8%	-6%
Min Increase (£)	£483.04	-£540.65
Average Increase (%)	34%	18%
Average Increase (£)	£7,706.93	£4,065.86

\*Market rate increase ca 76% on average

- Energy prices significantly reduced (10%-15%) in 2020/21 due to the reduced demand as a result of the pandemic
  - Means the baseline for these comparisons is low
  - LA made the decision to buy enough energy for almost 2 years while the prices were low
- School Finance Officers can help with the budget implications

# Growth Fund

- Growth Allocation calculated on a formulaic basis
  - Recognises net growth in areas only
- 2019/20: Significant piece of work undertaken to ensure the future affordability of the growth fund locally
  - Some elements to be scaled down according to rank if unaffordable
  - Implicit Growth > Sec. Growth > In-year Admissions > Class Size
- Based on very early data, growth fund looks set to increase by ca. £0.7m in 22/23 to £1.9m
  - DFE will confirm actual position in Dec DSG settlement
- Will need to understand full affordability for Jan SF
  - Increase in fund size could be offset by increase in demand

# 2022/23 DSG Resources

## Coventry City Council DSG PPR - 2022/23

	Early Years Block (£000)	Schools Block & Growth (£000)	Central Sch.Serv Block (£000)	High Needs Block (£000)	Total (£000)
<b>1 <u>21/22 Total resources (at budget setting)</u></b>	21,368	264,208	3,454	52,988	342,019
1.1 Removal of one-off reserve funding 21/22		(450)			(450)
1.2 Pupil number adjustment (Jan-21)					0
1.3 Pupil number changes (Jan-22)					0
<b>21/22 DSG (current)</b>	<b>21,368</b>	<b>263,758</b>	<b>3,454</b>	<b>52,988</b>	<b>341,569</b>
<b>2 <u>Changes to forecast DSG resource</u></b>					
2.1 Pupil number changes (Oct-21 & Jan-22)		2,795			2,795
2.2 National funding formula increase		6,007	(313)	4,474	10,167
2.3 Formulaic growth fund allocation change		723			723
<b>22/23 DSG (estimated)</b>	<b>21,368</b>	<b>273,282</b>	<b>3,141</b>	<b>57,462</b>	<b>355,254</b>
<b>3 <u>Additional non-DSG resource</u></b>					
3.1 22/23 Contribution from DSG reserves*					0
<b>22/23 Total resources (estimated)</b>	<b>21,368</b>	<b>273,282</b>	<b>3,141</b>	<b>57,462</b>	<b>355,254</b>

## Coventry City Council DSG PPR - 2022/23

	Early Years Block (£000)	Schools Block (£000)	Central Sch.Serv Block (£000)	High Needs Block (£000)	Total (£000)
Total increase in resources (estimated)	0	9,074	(313)	4,474	13,235
<b>3 Adjustments to Base Budget/Technical Adjustments</b>					
3.1 Remove 21/22 expenditure supported by reserves		(450)			(450)
3.2 Reduced expenditure - historic commitments; Imp/exp			(313)		(313)
3.3 Pay related central staff					0
3.4 National Funding Formula increase		5,985		67	6,052
3.5 Pupil number changes (Oct-21 & Jan-22)		2,795			2,795
3.6 Pupil data changes					0
3.7 Historic Factors (NNDR)		21			21
3.8 School Licences					0
3.9 Explicit Growth Fund reduction		723			723
3.10 Full year effect of 21/22 HN commissioned places				518	518
3.11 High needs commissioned places from Sept 22 (7/12ths)					0
<b>Remaining resources for Budget Proposals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,889</b>	<b>3,889</b>

## Coventry City Council DSG PPR - 2022/23

Early Years Block (£000)	Schools Block (£000)	Central Sch.Serv Block (£000)	High Needs Block (£000)	Total (£000)
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### 4 Budget Proposals

4.1 Remaining Resource				3,889	3,889
4.2 Coventry Education Improvement Commissioning Pot					0

### Resource Underallocated/(Overallocated)

0	0	0	0	0
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### 5 DSG (Not Earmarked)

5.1 (Headroom)/Efficiency Savings	0	0	0	0	0
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### 6 (Under allocated)/Overallocated

0	0	0	0	0
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0	0	0	0	0
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# School Improvement Funding Reform



# Consultation

- DFE consultation: Reviewing how LA school improvement functions are funded
  - Launched 29<sup>th</sup> Oct, Closes 26<sup>th</sup> Nov (4 weeks)
- 2 proposals:
  - Remove the School Improvement Monitoring & Brokering Grant, 50% in 22/23, 100% in 23/24 (£220k total)
  - Allow LAs to funding school improvement activity via de-delegation from school budget shares
- Response
  - LA intends to make a strong response to this (more next)
  - Individual Schools and School Forum may wish to respond?

# Response

- Our response focuses on the threat to Coventry's very successful Coventry Education Partnership model
- We share a collective moral purpose and system accountability; a responsibility for providing education and support for all children and young people in the city.
- The partnership approach also works holistically;
  - Helping to manage the city's High Needs position & demand
  - Deliver safeguarding responsibilities for children and young people
  - Providing intelligence for intervention and to prevent school failure.

# Response

- Perfect Storm of issues
  - Consultation to remove School Improvement funding
  - Recovery from Covid (and catch-up)
  - Erosion of school funding through NFF (2% funding floor)
  - Removal of central DSG (historic commitments)
  - Pressure from DFE on use of £450k DSG reserve and exit strategy
  - Delayed SEN Review - in response to unintended policy impact
- All of these reviews are being done in isolation without regard to the education system as a whole and the wider role of the LA across this system.

# Threats to Coventry's approach

- Erosion of partnership model
- Less resource to support school improvement
- Pressure on schools to fund SI from eroded budgets
- Reduced strategic capability & capacity across system (enabling infrastructure, school intelligence etc)
- Nationally driven school status differentiated model which will erode ability to champion support for all Coventry C&YP
- A model driven by failure demand with less ability to mitigate impact on quality of education for our C&YP
- Threat of forced academisation where schools outcomes suffer as a result of the changes
- Lack of understanding of pivotal role LAs played during pandemic for all schools regardless of status

# **Feedback from Schools Forum Funding Review Sub-group**

# Refer to Report

Schools Forum Sub-group met on the 4<sup>th</sup> November 2021 to consider:

- Central expenditure (on today's agenda)
- Funding Formula options – NFF versus local
- Minimum Funding Guarantee Disapplication

# Central Expenditure Review

- Schools Forum requested that sub-group completed a review of the central services expenditure items for approval in 2022/23
  - Some central expenditure items are historic i.e. Termination of employment costs, equal pay settlement, contribution to SEN transport, Statutory and Regulatory duties
  - Some areas are closely aligned to services that schools interact with regularly, these services are the ones SF has focussed its reviews
- It was requested that reports focussed primarily on the service's plans for the next 12 months, rather than detailing what the service has always done / pre-covid

# Central Expenditure review

- Areas covered in the review:
  - Family Hubs
  - Admissions
  - Virtual School
  - Attendance
  - School Improvement
  - Capital Strategy
  - EMAS
- The sub group welcomed the new shorter format reports provided
  - Particularly the focus on the next 12 months
- Each report was considered in turn with LA officers on stand-by to answer any questions.
- The Sub Group unanimously voted to recommend to the Schools Forum that all central expenditure items be approved at the requested levels for 22/23



# Funding Formula: Background?

- National Funding Formula continues to be DFE approach
  - Total SB allocation based on sum of NFF for each school
- Pure NFF delivers significantly less funding for schools
  - School allocations include 'funding floor' protection of ca. £3.2M (1.2%)
  - Majority of Coventry schools on this funding floor level (current forecasts suggest 58 schools on funding floor & 49 above it)
- 'Soft' formula for Schools Block
  - LA still decides on funding formula to set school budget shares
  - Consultation on 'Hard NFF' this term, timescale 2023/24?
    - How to 'transition' to hard NFF
    - Hardening individual factors between now and 2023-24
    - Arrangements for particular funding streams (CSSB, Growth)

# Where are we now?

- Data Point Changes
  - FSM Ever 6 data is now based on the October census instead of January in order to bring it into line with other NFF factors
    - Impact hopefully less significant than that of PPG in 21/22 as we are now 12 months on from that change & schools know the importance of the October census for FSM eligibility checks
  - Low prior attainment uses data from the Early Years Foundation Stage profile & KS2 assessments
    - Not conducted in 2020 so use a second year of the 2019 data as a proxy.
  - Mobility funding is based on a pupils 'entry date' between Jan 20 & May 20 as the May 20 census did not take place.

# Formula Options: Introduction

- Why are we still doing this? Doesn't NFF decide for us??
- None of the legislation is in place for the government to introduce a hard NFF – nor to allow it to be allocated out
- Legally this means that Coventry is required to continue to run a funding formula and abide by the rules in place
- This creates tension with school expectations of the NFF allocations that have been published
- Affordability!

# Funding Formula: Recommended Option

- Replicate the National Funding Formula allocations\*
  - This will require some technical disapplications (see later)
  - MFG = +2.00%\*
- Impact
  - The majority of schools (58) would see a 2.00% per pupil increase in like for like funding in 22/23 vs 21/22.
  - 49 other schools would see an increase of up to 4.11% (these schools would no longer be on the floor but on the NFF)

\* As far as possible

- » Cost of historic factors
- » Update based on October census
- » Won't match DFE school level allocations
- » If 2.00% unaffordable, scale down allocations equally

# Funding Formula: Recommended Option

- Sub group discussed;
  - NFF is generally better for larger & worse for smaller non deprived schools
  - CCC is a higher-funded LA where out schools would lose out under NFF
  - Mix of schools of floor & NFF, but schools on the floor are considered well funded by DfE
  - NFF is the direction of travel and taking this option will avoid cliff edges when the hard NFF is implemented
  - Helpful to see alternative but it doesn't make sense to move away from the NFF and introduce turbulence

FFC

# Central Expenditure

# Central Services Block

- How is CSSB allocation determined?
- Breaks down into 2 parts:
  - Ongoing Responsibilities – National formula driven (£ per pupil)
  - Historic Commitments – Historic allocation
- Historic element to reduce by a further 20% in 22/23
  - Further £259k impact (£324k in 21/22, £404k in 20/21)
- Ongoing Responsibilities reduced by 2.5% (£54k) in 22/23
  - Due to way DFE has baselined TPG allocation in CSSB
  - Making representation against this
- Education Service working to see how this reduction will be managed:
  - Resource switching, service reduction, Core resource
  - Means we don't yet know the final split of DSG required for approval – what we have brought today is based on current year, and will be the upper limit, as we work to manage the reduction for 22/23.

# Central Expenditure Block

	2019/20	2020/21	2021/22	21/22 inc/dec
	£000	£000	£000	£000
<b>Centrally Retained Services</b>				
1.4.1 Contribution to combined budgets	2,764	1,110	786	-324
1.4.2 School admissions	582	600	625	25
1.4.3 Servicing of schools forums	3	3	3	0
1.4.4 Termination of employment costs	323	323	323	0
1.4.5 Falling Rolls Fund	0	0	0	0
1.4.6 Capital expenditure from revenue (CERA)	0	0	0	0
1.4.7 Prudential borrowing costs	0	0	0	0
1.4.8 Fees to independent schools without SEN	0	0	0	0
1.4.9 Equal pay - back pay	182	182	182	0
1.4.11 SEN transport	310	310	310	0
1.5.1 Education welfare service	306	299	313	14
1.5.2 Asset management	177	175	175	0
1.5.3 Statutory/ Regulatory duties	312	312	319	7
<b>Total</b>	<b>4,959</b>	<b>3,314</b>	<b>3,036</b>	<b>-278</b>

- Table doesn't include:
  - Growth Fund – subject to separate Schools Forum approval process
  - Licenses and Central TPS 'Grant' allocation – no approval needed



# Breakdown: 1.4.1 contribution to combined

	£000
<b>1.4.1 Breakdown contribution to combined budgets</b>	
Ethnic Minority Achievement Service (EMAS)	131
Virtual School	366
Outdoor Education Coordinator*	40
Family Hubs	25
Primary Education Capital Strategy	118
Education Standards	106
<b>Total</b>	<b>786</b>

\*Now traded from Sept-21

# Approval

- The Schools Forum are required on an annual basis to approve the level of budget for centrally provided services
  - this includes expenditure for admissions, servicing of School Forums, contribution to combined budgets, termination of employment costs, former education services grant costs for all schools
  - Reminder: The Schools Forum Sub-group reviewed these central areas in detail and unanimously recommend that the Schools Forum votes today to approve these for 2022/23

# Approval / Ratification

- **The Schools Forum should approve the proposed 2022/23 central budgets**

**Voting: All**

# De-delegated services

# De-delegation

- Maintained schools can opt to 'pool' resources for a number of services for the LA to manage on their behalf:

2021/22 De-delegated Amounts	
	Primary
Free school meal eligibility	14,866
Licences/subscriptions	0
Maternity	455,949
Trade Union facility	77,880
School Improvement	0
EMAS (new arrivals fund)	268,352
Behaviour support services	0
<b>Total</b>	<b>817,047</b>

\* Maternity (see next slide)

# Maternity

- Maternity de-del rate was last adjusted in April 2018
- Since then additional staffing costs exceed 15%
  - Pay awards of ca. 8.5% across Sept 18-20
  - TPS employer contribution increase of 7.2%
- For 2021/22 forecast that maternity costs will exceeded the de-delegated amount by £50k
  - Anticipate similar in 22/23 if we don't increase rates
- The per pupil rate needs to increase by £2.92 (12%)
  - New rate £26.16 (previously £23.24)
  - Still believe this is 'market leading' value for money
  - Total maternity budget ca. £500k

# Approval / Ratification

- **The Schools Forum should agree the de-delegation areas for mainstream schools**

**Voting: primary maintained representatives only**