



Report to CYP&F Scrutiny & Policy Development Committee 2 March 2020

Report of: Executive Director, People Services

Subject: School Funding: National Funding Formula Update

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Summary:

This report is being presented as an information brief at the request of the Committee to provide an overview on the 2020/21 schools funding settlement and implementation of the National Funding Formula (NFF).

The report gives an update on Dedicated Schools Grant (DSG) funding for 2020/21 – highlighting the increased allocation and transition towards the NFF; set against a backdrop of continued pressures, particularly for special school places.

Type of item: The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	✓
Other	

The Scrutiny Committee is being asked to:

Note the schools funding arrangements for 2020/21 and the continued under-funding for our High Needs Block, and rising demand for Special Educational Needs and Disabilities (SEND) places. In addition, to note the under-funding for Early Years in comparison to other core cities.

Background Papers:

Appendix 1 - Early Years Core Cities Benchmarking

Category of Report: OPEN/CLOSED (please specify)

Report of the Director of People's Services – School Funding: National Funding Formula Update

1. Introduction/Context

- 1.1 This report aims to give a brief update to the Committee on the Dedicated Schools Grant (DSG) funding for 2020/21 in the context of continued transition towards implementation of the National Funding Formula (NFF); and draw attention to the continued pressures Sheffield faces, in particular around special school places.

The overall projected DSG settlement for 2020/21 is £464m (as per the table below) compared to £432m in 2019/20. The increase of £32m in the main relates to the continued transition towards implementation of the NFF which has benefitted Sheffield, plus an increase in pupil numbers.

Funding Blocks	19/20	20/21	Variance
Schools Block	£332.47m	£354.68m	+£22.2m
Central School Services Block	£8.05m	£6.93m	-£1.12m
Early Years Block (provisional)	£33.68m	£35.43m	+£1.75m
High Needs Block (provisional)	£57.23	£66.74m	+£9.51m
Total	£431.55m	£463.78m	+£32.23m

The NFF was introduced by the Government to redress the balance of historical funding allocations across local authorities, and to ensure fairness and stability across the school system. We are now in our third year of transition towards fully implementing this.

2. Dedicated Schools Grant (DSG) Funding Allocation for 2020/21

2.1 Schools Block Funding

Further to the 2019 Comprehensive Spending Review, Sheffield is set to receive a £22m increase in Schools Block funding for 2020/21.

It is planned to use the increased funding allocation to transition further towards full implementation of the NFF, focussing on what is important to Sheffield and avoiding any negative impact for schools, now or in the future.

The Sheffield Schools Forum reviewed the transition principles and allocation of the additional funds; and engagement has been undertaken across the sector via Localities and Governors meetings.

Sheffield's planned model moves us significantly towards the NFF, proportionately, as part of a two-year plan (assuming full implementation in 2021/22 upon receipt of full allocation).

To continue our transition to full implementation in 2020/21, we will:

- Provide an increase in funding to all schools to recognise increasing costs and to ensure stability.
- Target more funding at secondary schools whilst continuing to protect primary.
- Ensure we fund schools at the minimum levels for all pupils (of £3,750 in primary and £5,000 in secondary).
- Realign and increase our funding for factors affecting social deprivation, including ensuring more support for 'just managing' families.

Following publication of the October 2019 Census data, final individual school budgets have now been approved by the February 2020 Schools Forum.

All schools should receive an increase in their funding per pupil and an overall cash increase, as long as their pupil numbers have not decreased below 2018/19 levels.

2.2. High Needs Block Funding

There is an increase in demand for special school places for children with Special Educational Needs and Disabilities (SEND). In addition, the rate of permanent exclusions in Sheffield has remained high. The funding provided by the Education and Skills Funding Agency (ESFA) to support these activities over the years has not kept pace with the increase in demand.

The transition to the National Funding Formula has brought additional High Needs funding into Sheffield of £9.5m for 2020/21 – a total of £66.7m. However, the allocation to each local authority has been capped at 17% against 2019/20 baselines. This means that Sheffield will not receive the full £72m that we would be allocated if the NFF was fully implemented – we are therefore £5.3m short of our full allocation.

While the long-term outlook is that our high needs income should increase, the challenge remains that we have very significant pressures now with an increasing demand for SEND places.

2.3. Early Years Block Funding

The provisional Early Years Block funding for Sheffield for 2020/21 totals £35.43m. This includes an increase of 8p per hour for both 2-year old Free Early Learning (FEL) and 3 and 4-year old FEL places.

Further to recommendations from the Early Years Working Group (a sub-group of the Schools Forum), the February 2020 Schools Forum agreed to pass this increase on directly to Early Years providers, as of April 2020.

The Early Years Group has highlighted the issue of Sheffield's

underfunding, in comparison to other core cities to the Schools Forum. There is a view that the funding increase being offered nationally is insufficient to meet the additional costs of the Minimum Living Wage which is to be implemented April 2020.

3 What does this mean for the children and young people of Sheffield?

- Increased income for all maintained schools - the increase in Schools Block funding is good news and recognition of our historical under-funding. This increase should enable schools to continue to provide appropriate levels of learning support and reduce some pressure on budgets.
- Rising demand and therefore availability of SEND places in the city.
- Overall, additional funding is available to the Early Years sector – the increased income will help childcare providers continue to enable readiness for school.

4. Recommendation

4.1 The Committee is asked to note:

- The increased funding allocations to Sheffield for the Schools Block, High Needs Block and Early Years Block, and our continued transition to the National Funding Formula.
- The demand on special school places.
- The pressure on Early Years providers to meet additional costs.