



SCHOOLS' FORUM MEETING

9th December 2021

SCHOOLS FUNDING UPDATE

1 INTRODUCTION

1.1 The purpose of Schools' Forum is to advise local authorities on the operation of the local Schools' Budget and its distribution among schools and other bodies. This paper updates the Forum on the Schools' Funding Position and asks for a decision in two areas:

- Transfer 0.5% from Schools Block to High Needs Block for 2022/23
- Inflationary increase to the rates paid to mainstream schools from the high needs block

2 SCHOOLS FUNDING 2021/22

2.1 The table below summarises the forecast position on the Dedicated Schools Grant for 2021/22 as of 30th November.

	Schools £000	High Needs £000	Early Years £000	Central Schools £000	Total £000
Surplus/(Deficit) Carry Forwards from 2020/21	19	(576)	118	51	(388)
DSG Allocations prior to recoupment	27,579	4,579	1,833	174	34,165
Transfer between blocks	(132)	132			0
Academy Recoupment	(25,523)	(262)			(25,785)
Expenditure in Year					
Schools' allocations	(1,940)				(1,940)
Nationally Agreed School Licences				(39)	(39)
Admissions Service- staffing costs				(69)	(69)
Statutory & Retained Duties				(65)	(65)
Education for under 5's			(95)		(95)
3- & 4-Year-Old Funding			(1,613)		(1,613)
2-Year-Old Funding			(128)		(128)
SEN Placements		(4,352)			(4,352)
Recovery Plan Expenditure		(264)			(264)
Education Otherwise		(169)			(169)
Special Needs Teaching		(91)			(91)

Early Years Inclusion		(49)			(49)
Under/(Over) spends in 2021/22	(15)	(476)	(3)	1	(494)
Surplus/(Deficit) Carried Forward to 2022/23	4	(1,052)	115	52	(882)
Percentage of DSG	0.00%	3.08%	0.34%	0.15%	

2.2 The main uncertainty for the DSG is linked to two main areas:

- The High Needs Block – The main reason the High Needs budget is overspending is due to the level of demand for the service. The Council has seen an increase of 14 Education, Health and Care Plans (EHCP) since the start April. In addition to this the Council have 9 cases currently undergoing assessment and a further 10 cases referred to Panel. The forecast does include an estimate for these cases.
- Early Years Funding – Funding for the Summer and Autumn Terms is normally based on the January 2021; however, the position has changed to be based on specific numbers for the term(s), collected from local authorities and from the school census. The spring 2022 term will be based on the January 2022 census as normal. The spring term 2021 term will be based on the January 2021 Census but the DfE will fund up to 85% of January 2020 if numbers fall below this. This budget is showing a slight deficit in year, but as funding returns to pre-pandemic methodology, this is likely to change.

3 HIGH NEEDS FUNDING INCREASE IN RATES

3.1 Background

- 3.1.1 The rates paid for mainstream element 3 funding have not been subject to an inflationary rate increase for a number of years. As part of the High Needs Funding Working Group an action was to present how much an inflationary uplift would cost the high needs block.
- 3.1.2 As can be seen from the table in 2.1 there is no funding available for the uplift so any decision to increase the rates would further add to the deficit position.
- 3.1.3 It is unlikely that there will be increases in funding in the future that will cover any increase and recover the existing deficit.
- 3.1.4 If the deficit continues to rise it could result in the Council requesting delegation of more than 0.5% transfer from the schools to meet growing costs
- 3.1.5 As per the High Needs Operational Guide the Local Authority bear the ultimate responsibility for decisions on top up funding. The Council are consulting with Schools' Forum on what schools feel is the best option taking into all factors (available funding, fairness of rate and impact on schools funding).

3.2 Inflationary Methodology

- 3.2.1 Consumer Price Inflation (CPI) has been used to calculate the inflation. The ONS index has been used to understand the amount of Inflation to apply.

3.2.2 Consumer Price Inflation (CPI) is the speed at which the prices of the goods and services bought by households rise or fall. Consumer price inflation is estimated by using price indices. One way to understand a price index is to think of a very large shopping basket containing all the goods and services bought by households. The price index estimates changes to the total cost of this basket. Most of our price indices are published monthly.

3.2.3 The inflation index as of April 2015 was 99.9 and as of April 2021 this has increased to 110.1. The table below shows the impact of this increase on general rates

Rate Type	Current rate Payable	Revised Rate (after inflationary Increase)	Increase
Nursery Rate	£10.00	£11.02	£1.02
Teaching Assisting Rate	£11.16	£12.30	£1.14
Teacher Rate	£38.80	£42.76	£3.96

3.2.4 The inflationary uplift will also be applied to top ups on the following provisions

- Catmose College DSP
- Oakham DSP
- The Parks

3.2.5 The mainstream provisions that have recently opened (Uppingham ERP and the Nurture Provision) have not been included as they have only recently agreed the level of funding with the Council.

3.2.6 The total cost of the increase if this was backdated to 1st April 2021 would be c£170k. This is not included within the forecast in 2.1.

3.2.7 Schools' Forum do have options as to how to proceed. These options are

- Not to apply any increase and continue with the current rates due to the position on the High Needs Block.
- Apply the new rates from the start of Term 3
- Agree alternative increases
- Apply new rates from the 1st April 2021

3.2.8 The High Needs Working Group is looking at revised banding model going forward so rates beyond 31st March 2022 have not been reviewed.

4 RECOMMENDATIONS

4.1 Agree to transfer 0.5% from the schools' block to the High Needs Block in financial year 2021/22.

4.2 Recommend to the Local Authority an option on inflationary increases on Mainstream Funding Rates (0-16) from the High Needs Block