

Primary School Budget Shares 2020/21

Explanatory Notes

These notes should be read in conjunction with your budget share pack for 2020/21 to ensure that you fully understand the funding information provided for your school.

Foreword

This guidance is aimed at providing School Business Managers, Head Teachers and Governors with an understanding of 2020/21 school budget shares. It also includes additional information on funding changes and cost pressures that schools should be aware of when planning their budget for 2020/21.

Covered in this guidance note:

- [Schools funding formula approach in 2020/21](#)
- [Key changes for 2020/21](#)
- [Cost pressures: pay and price inflation](#)
- [The budget share pack – a sheet by sheet explanation](#)
- [Early years funding](#)
- [The growth fund](#)
- [Top-up funding for pupils with high needs](#)
- [Pupil premium grant](#)
- [Other grants paid by the LA](#)
- [The fair funding scheme of delegation](#)

I would also like to draw your attention to the Fair Funding Scheme of Delegation¹ to which all schools must adhere; it sets out the financial relationship between the Local Authority and the schools it maintains.

I hope this guidance provides all the information you need, but please contact our funding team if you have any further questions about your budget share or grant funding. You can also contact your School Finance Officer or the Schools Helpdesk on 024 7683 3500.

I would like to take this opportunity to wish you every success for the year ahead.

Yours faithfully

Christopher Whiteley

**Lead Accountant
Schools Finance Team**

¹ www.coventry.gov.uk/FFSD

1 Schools funding formula approach in 2020/21

The National Funding Formula (NFF) is currently in a 'soft' phase, meaning that the Department for Education (DFE) will run the NFF for each school, and then the total of the Coventry schools' allocations will become the Schools Block DSG allocation for Coventry to use in its own formula.

As set out in the 2020/21 Fair Funding Consultation² and following dialogue with Head Teacher groups and the Schools Forum, the LA has taken the decision to continue to mirror the NFF allocation levels and protection arrangements as closely as possible. This aims to ensure that all schools receive at least a 1.84% per pupil increase in their pupil led funding compared with 2019/20 funding levels (in line with the 1.84% 'funding floor'). It also ensures that the £3,750 minimum per pupil funding level is delivered, as well as higher levels of increase for schools who were on or near to the pure-NFF funding level.

The Minimum Funding Guarantee (MFG), a mechanism that protects a school's funding (per pupil) against its previous year's allocation has been set at 1.84% to ensure the +1.84% funding floor can be delivered. This is an increase for 2020/21 as previously it could only be set as high as +0.5%.

For many schools the level of protection built into 2020/21 budget shares remains very significant. We wish to highlight that a pure national funding formula (without protection) would deliver significantly less funding to Coventry schools than in previous years – we strongly encourage you to identify your school's level of Minimum Funding Guarantee protection from the 'Budget Share Statement' sheet in order to understand the *potential* future impact on your school if the protection was to be reduced.

To be clear, there is no detail yet on how, or how much, of the additional £2.2b of funding announced by the DFE will be distributed to schools for 2020/21. This means that there is also no detail on the level of protection that will be applied to school budgets post 2020/21; as any decisions related to this are closely linked to how the DFE utilises the future funding awarded to schools, including the mainstreaming of grants for teachers' pay award and pensions. All the intelligence that we have received, however, is that a level of protection arrangements will continue post March 2021.

The DFE have also restated the ministerial commitment to move to a 'hard' NFF "as soon as possible" which would remove most/all local flexibilities on schools budget setting. This will be a complex piece of work due to the number of local complexities in play across the country.

We will of course update you as further information on becomes available.

² www.coventry.gov.uk/fairfundingconsultation

2 Key changes for 2020/21

The main changes that will affect primary school funding for 2020/21 are:

School funding formula

There are a number of formula changes set out below, however it is important to understand that for schools on the funding floor, the overriding mechanism for determining their 2020/21 funding level is the Minimum Funding Guarantee. This is because their protection level is higher than their pure formula allocation, and so changes to the formula factors or unit rates are unlikely to alter their protected allocation level.

You can identify if your school is on the funding floor as you will have a positive value on 'MFG Protection' line on your Budget Share Statement sheet. Schools who are not on the funding floor will have seen per pupil funding increases in excess of MFG level.

Funding factor changes

- The Minimum Per Pupil funding level increased by £250 to £3,750.
- Most formula factors values increased by 4% against 2019/20 level
- Introduction of a national mobility factor
- The minimum funding guarantee (MFG) protection rate has been set at +1.84% per pupil (an increase from the +0.5% in 2019/20)

Growth Fund changes

The growth fund underwent a significant review during 2019 as a result of the DFE's move to allocate growth to LAs on a formulaic basis rather than based on previous spend. The details of these changes were consulted on as part of the fair funding consultation and were ratified through the Schools Forum. The current operation of the growth fund is set out in the growth fund section below. Full details of the changes are in the Schools Forum report³.

Fair Funding Scheme of Delegation (FFSD) changes

The FFSD is a contract setting out the financial relationship between the Local Authority and the schools it maintains. Following consultation with all schools, updates/additions to the scheme for were made for 2020/21 to:

- Section 2.14 (Capital spending from budget shares)
- Section 2.15 (Devolved Capital)
- Section 4.9 (Licenses Deficits)

Full details of the changes are set out in the Schools Forum report³

Pay & price increases

There are also further pay and price inflationary pressures on school costs for the 2020/21 financial year. Details are set out in the cost pressures section.

³ https://www.coventry.gov.uk/meetings/meeting/507/schools_forum

3 Cost pressures: pay & price inflation

Teachers' Pay & Pensions

The 2020 Teachers' Pay Award is still being determined, however the DFE has recently submitted its evidence to the School Teachers Review Body (STRB)⁴. This recommends that a pay award which increases total teacher pay by 3% is appropriate (although the % increase will vary for each scale point. On this basis we recommend that all schools should be budgeting for a 3% teachers' pay award in September 2020.

It is important to note, that although the Teacher Pay Grant will continue in 2020/21, we do not expect that the allocation per pupil will increase to cover any additional September 2020 Pay Award. Schools will therefore have to budget to meet this additional cost through their budget share funding.

There is no anticipated increase to the Teachers' Pension Scheme contribution rate for 2020/21. The Teachers' Pension Employer's Contribution Grant (TPECG) will continue in 2020/21 to support the costs of the previous 7.12% increase. See more details on TPECG within section 9.

Officers' Pay and Pensions

The 2020 Officer's Pay Award for has not yet been finalised, however we anticipate this will be ca. 2%, as in previous years. We recommend all schools should be budgeting for a 2% increase from April 2020.

The Local Government Pension Scheme (LGPS) has undergone a recent revaluation. The result of this are a reduction in the employer contribution rate of 4.4% with effect from April 2020. Looking at all maintained schools we expect this will result in an annual cost reduction of approximately £19,000 per school (on average) and will obviously vary depending on the number of 'officer' staff you employ.

Non-pay inflation

The largest part of a school's expenditure is staffing, so changes within that area of expenditure are by far the most significant, however the general inflation level will also affect other areas of expenditure within schools. For your information please note that the Retail Price Index All Items Excluding Mortgage Interest (RPIX) is currently running at 2.2%.

Please also note that the increases to teachers pay and pension costs will also affect other providers and services that are staffed/delivered by teachers; this is likely to result in higher fees for these services.

4

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/859208/STRB_Written_Evidence_2020.pdf

4 The budget share pack

The budget share pack aims to set out your school's share of Coventry's Dedicated Schools Grant allocation for the forthcoming 2020/21 year. The pack consists of several sheets that provide details about how your share is calculated, along with some funding information about other grant funding provided by the Local Authority.

It is important to note that some of the figures within the budget share pack are shown as 'indicative' because they are expected to change during the year, mainly as a result of activity (i.e. delivery of Early Years entitlements, High Needs Top-up etc). These figures will be updated during the year as new data is available – a email will be sent to schools to inform of any changes.

The Summary of Funding sheet

This sheet brings together all the funding information within the other sheets in the pack (see below) as well as including additional information about expected grant funding. Not all grant allocations can be included here, but you will find the most significant ones as well as some provided directly by the LA (i.e. Growth Fund).

Budget Share Statement sheet

This sheet is the representation of the Fair Funding Formula which the LA uses to generate your funding allocation. The formula consists of 15 factors (such as Free School Meal Eligibility, Prior Attainment, IDACI etc) which have a set £ unit rate for all Coventry Schools for the financial year.

Your school's allocation for each factor is determined by multiplying the unit rate by the number of units your schools had at the previous October census. i.e. 197 pupils eligible for Free School Meals x £450. In the case of factors with no unit rate (such as Lump Sum, Rates etc) your school's allocation will shown. All of these elements are summed to give the school's 'total formula factor funding'.

Once this total formula factor funding is known, two protection mechanisms are applied; 'minimum funding level' and the 'minimum funding guarantee' and then 'de-delegation' is removed (see below). This gives the School's 'Budget Share' funding allocation.

Minimum Funding Level sheet

The 'minimum per pupil (MPP) funding level factor' ensures that the school's total funding is at least £3,750 per pupil. Where it is calculated that the school's formula factor funding is less than this, an additional level of funding is provided to the school to fund the minimum funding level MFL shortfall.

Minimum Funding Guarantee sheet

The Minimum Funding Guarantee (MFG) is a protection mechanism which ensures a school's per pupil funding is protected (on a % basis) from one year to the next. As this protection is per pupil, schools with falling/rising pupil numbers may still see overall decreases/increases in funding level. The MFG can also act to reduce a school's budget share where they have seen an increase in funding and some of this needs to be top-sliced to afford the MFG protection of other schools.

For the past couple of years the MFG% has been a positive figure, meaning that schools must see at least that set % increase in per pupil funding. Previous to this there have been negative MFG% rates, which meant schools did not see decreases in per pupil funding by more than a set %.

The MFG sheet sets out the calculation that is performed to identify whether the school's per pupil funding has changed by less than the specified 'minimum funding guarantee protection level'. Where the schools per pupil funding is too low the value of additional funding is shown on the MFG Protection line (a positive figure). If a school has seen their increase top-sliced to support other schools, this is also shown on the MFG Protection line (a negative figure – which is shown in brackets).

De-delegation sheet

All maintained schools have the ability to pass back-some of their delegated budget share to the Local Authority in order for them to provide a service centrally on behalf of all maintained schools. This pooling of funds is called de-delegation, and the decision on whether to do this is made each year by maintained representatives of the Schools Forum who vote on this. This decision applies to all maintained schools.

This sheet shows the funding that your school is contributing to de-delegated budgets, and shows the service that the delegation is for, as well as the basis for the deduction (i.e. £4 per pupil).

Further delegation info sheet

This sheet shows the total value of the budgets originally delegated to schools from the LA's central budget in 2013-14, as well as the current total value of the de-delegation decisions agreed for this financial year.

EYSFF statement sheet

Where applicable, this sheet estimates the total Early Years funding that your school may receive during the year. The statement is a representation of the Early Years Single Funding Formula which calculates funding based on universal funding rates and the number of children and hours provided.

As Early Years funding is based on actual delivery the budget can never be finalised until the end of the financial year. This sheet is updated continually throughout the year once new take-up data is available. Your School Finance Officer will support you in making provision for any estimated increase or decrease in funding as the year progresses.

5 Early years funding

Your indicative Early Years budget has initially been calculated based on the January census information from the previous calendar year. This will be updated in March to reflect the current January census data as well as the Funding rates for the new financial year.

The indicative budget assumes the number of 3 & 4 year old children attending your nursery classes for the Summer, Autumn and Spring terms is the same as the January figure, and that all children take up the full 15 hour entitlement.

Your actual early years funding level will be based on the census count in each of these terms and schools will be notified of their updated early years budget once each termly count is finalised. This means that for schools with nursery provision, your overall budget share is likely to change during the year and will not be finalised until the end of the financial year.

Your School Finance Officer will support you in making provision for any estimated increase or decrease in funding as the year progresses.

The split in the number of term weeks for each financial year is calculated in line with term dates. There is no change to the number of funded weeks for the 2020/21 financial year.

	Summer	Autumn	Spring
2019/20	12	14	12
2020/21	12	14	12

We are currently working on the early years budget setting process for 2020/21 so cannot publish the new year hourly funding rates for providers until this has been completed and been approved at Schools Forum. We anticipate being able to announce these rates in the first half of March 2020.

The DFE have announced that LAs' early years DSG funding rates for 2020/21 are set to increase by 8p per hour. Some of this additional funding will make up part of the 5% of early years DSG that LAs can retain centrally. The remaining amount will be used to raise the hourly funding rates for providers whilst maintaining the proportional split of deprivation to base rate funding for 3 & 4 year olds (as recommended by the 2018/19 Early Years review).

6 The growth fund

The Growth Fund is a portion of the Dedicated Schools Grant (DSG) Schools Block which enables local authorities (LAs) to support schools with significant pupil growth which is not otherwise immediately recognised by the lagged funding system.

In Coventry the Schools Forum have chosen to use the Growth Fund to support schools to:

- Provide additional classes needed to meet the infant class size regulation. (i.e. Class Size funding)
- Provide additional classes in agreement with the LA to meet pre-16 basic need growth. (i.e. Increasing Forms of Entry & Secondary Growth)
- Take significant numbers of new pupils outside the usual admissions window process (i.e. In-year Admissions).

Statutorily the Growth Fund also funds any schools that are classes as 'new & growing' schools, whose funding allocations are then calculated based on estimated pupil numbers rather than actual pupil numbers on the previous October census.

The growth allocations shown on your Summary of Funding sheet for 2020/21 are final and will not change in year. Please note that for **2020/21 only** a level of protection has been given to schools who have reduced growth allocations as a result of the changes to the operation of the growth fund. The protection has been set at 50% of the growth fund allocation a school would have received in 2020/21 if the methodology changes had not been implemented.

There are three elements of Growth Fund that are relevant for primary schools:

- 1) Increasing Form of Entry** funding is designed to support a school or academy that has agreed with the LA to provide an extra class from the next September to support basic need (either as a bulge class or as an on-going commitment). This funding is used in the primary sector to fund Reception & Key Stage 1 only, ensuring compliance with the Admissions (Infant Class Sizes) Regulations⁵.

Funding is allocated based on the costs of a Teacher and a Teaching Assistant from the point that the new class is required, until the school's next budget share comes into effect.

⁵ http://www.legislation.gov.uk/ukxi/2012/10/pdfs/ukxi_20120010_en.pdf

- 2) Class Size** funding is provided to a school or academy where overall pupil numbers in Reception and Key Stage 1 (as at the previous October Census) attract less funding through the budget share than is needed to notionally fund the number of classes required.

This is to ensure that schools can adhere to the Admissions (Infant Class Sizes) Regulations.

- 3) In-year Admissions** funding is provided to a school or academy where it has received in-year admissions (admissions due to basic need pressure in the previous calendar year) in excess of 16.7% of its number of YR-Y11 pupils (as recorded on the most recent October census). Pupils admitted to schools through the intake of new year group classes in September shall not be classified as in-year admissions for the purposes of this fund

Funding will be provided for each in-year admission in excess of the 16.7% threshold as defined above. This allocation covers the whole financial year.

It is important to note that the operation of the individual elements of the growth fund is not guaranteed from year to year. The LA receives an allocation of growth funding from the DFE based on a formulaic approach that looks at pupil number growth in the previous year. As a result it is possible in any year that the allocation given will not be sufficient to meet the demand.

In this case an approach has been agreed to reduce various elements of the growth fund, in a specific order, so that priority is given to those elements of growth that are statutory, or where that type of growth drives the LA's growth allocation from the DFE.

The detailed operation of each element of the growth fund, including the affordability methodology, is set out in the Schools Forum – Growth Fund report and its appendix⁶.

⁶ https://www.coventry.gov.uk/meetings/meeting/507/schools_forum

7 Top-up funding for pupils with high needs

High Needs pupils are funded on a “Place-Plus” methodology. Under this approach schools are expected to fund the first £10k of the costs for high needs pupils from their budget share allocations – this is classed as the “Place” funding.

The Local Authority is required to fund the amount above the £10k from a centrally retained budget – this is classed as the “Plus” funding; it is referred to as High Needs top-up funding on your ‘Summary of Funding’ sheet.

This funding is currently delivered through a simple banded model that reflects 2 levels of need. Pupils with an EHCP equivalent to a band 5 or 6 statement are used as a proxy to delegate top-up funding to schools. The top-up funding rate for band 5 is £3,500 and for band 6 is £7,000.

Our aspiration remains to move the mainstream funding model to a more sophisticated banded model. We will provide updates in relation to the development and timescale for any revised funding model.

Top-up funding must follow real time pupil movements therefore the school’s indicative allocations will change if these pupils join/leave a school during the financial year.

The school’s indicative high needs top-up allocation is included in the Summary of Funding sheet for your reference. This is based on the number of band 5 and 6 pupils at each school at the end of the previous autumn term. This budget will be updated at the end of each term during 2020/21 to reflect actual pupil movements during that term.

8 Pupil premium grant

Pupil Premium Grant (PPG) is separate government grant funding and is not part of the Coventry's Dedicated Schools Grant which provides the majority of your funding. PPG allocations are based on the national 2020/21 allocation rates set out below, and apply to pupils in years R to 11.

- i) £1,345 per primary pupil in year groups reception to year 6 recorded as Ever 6 FSM. (Increased from £1,320.)
- ii) £955 per secondary pupil in years 7 to 11 recorded as Ever 6 FSM. (Increased from £935.)
- iii) £310 per pupil recorded in the in year groups reception to year 11 recorded as Ever 6 service child or in receipt of a child pension from the Ministry of Defence. (Increased from £300.)
- iv) £2,345 per Looked after child (LAC) defined in the Children Act 1989 as one who is in the care of, or provided with accommodation by, an English local authority. (Increased from £2,300.)
- v) £2,345 per child Children who have ceased to be looked after by a local authority in England and Wales because of adoption, a special guardianship order, a child arrangements order or a residence order. (Increased from £2,300)

The indicative Pupil Premium allocation on your 'Summary of Funding' sheet includes allocations for the FSM Ever 6, Service Child and Adopted from Care PPG elements at 2020/21 unit rates, but uses January 2019 data published by the ESFA as part of your 2019/20 allocation.

No funding estimation has been made for the 'looked after children' element of the Pupil Premium (see point iv above) as this funding is provided directly to you by the Looked After Children's Education Service (LACES).

Final allocations are likely to be different from the indicative figure given in your budget share pack and will be based on 2020/21 data once it has been checked and finalised by the DfE.

We will update the PPG allocations as soon as these are communicated to us during 2020/21.

Further information can be found on the DfE's PPG guidance webpage⁷.

⁷ <https://www.gov.uk/government/publications/pupil-premium/pupil-premium>

9 Other grants paid by the local authority

- **Early Years Pupil Premium Grant**
 - The early year's pupil premium (EYPP) is additional funding for early years providers to improve the education they provide for disadvantaged 3 and 4 year olds.
 - Further information can be found on the [EYPP Guidance](#) .

- **Universal Infant Free School Meal Grant**
 - The grant is designed to support schools in delivering the legal requirement to offer free school meals, meeting the school food standards, to all their pupils in year groups' reception, year 1 and year 2.
 - Further information can be found on the [UIFSM Guidance](#) .

- **Teacher's Pay Grant (TPG)**
 - The grant funding is to support schools to meet the cost of the 2018/19 and 2019/20 academic year pay awards. The grant will continue until the end of March 2021 but the allocation per pupil for 20/21 has not yet been announced.
 - We anticipate this grant will become part of the DSG from 2021/22 and be delivered through budget shares rather than as a separate grant.
 - Further information can be found on the [Teachers' Pay Grant Guidance Page](#)

- **Teachers' Pension Employer Contribution Grant (TPECG)**
 - The grant provides funding for schools to support the increase in the employer contribution to the Teachers' Pension Scheme that came into effect on the 1st September 2019.
 - The grant will continue until the end of March 2021 but the allocation per pupil for 2020/21 has not yet been announced. Similarly there are no details published yet about any Supplementary Fund process for 2020/21.
 - Further information can be found on the [TPECG & Supplementary Fund Guidance](#).

- **PE & Sports Funding**

- The grant funding is to fund additional and sustainable improvements to the provision of PE and sport, for the benefit of primary-aged pupils, to encourage the development of healthy, active lifestyles.
- Further information can be found on the [PE & Sport guidance page](#).

- **Year 7 Literacy & Numeracy Catch-up Premium**

- The literacy and numeracy catch-up premium gives schools additional funding to support year 7 pupils who did not achieve at least level 4 in reading or maths at the end of key stage 2 (KS2).
- Further information can be found on the [Y7 Catch-up guidance page](#).

- **16-19 Bursary Fund**

- This grant is to provide financial support to help students overcome specific barriers to participation, so they can remain in education.
Further information can be found on the [16-19 Bursary guidance page](#).

- **Schools Direct**

- This funding is provided to schools by the National College of Teaching and Learning (NCTL) to contribute towards the costs of training teachers on Schools Direct (salaried) courses.
- Further information can be found on the [Schools Direct guidance page](#).

10 The fair funding scheme of delegation

The fair funding scheme of delegation (FFSD) is a contract document setting out the financial relationship between the Local Authority and the schools it maintains.

It sets out the financial management requirements and responsibilities of Governing Bodies and their powers to delegate some of these responsibilities to the Head Teacher or to a governors sub-committee. It also sets out rules and arrangements that schools must abide by i.e. when agreeing contracts; planning changes to the school buildings; operation of community facilities etc.

It is important that Governors and schools are aware of the contents and requirements set out in the fair funding scheme of delegation. Any proposed changes to the scheme will be set out in the annual fair funding consultation before being ratified at Schools Forum in early Spring.

A copy of the scheme can be found at www.coventry.gov.uk/FFSD