

NORTH YORKSHIRE COUNTY COUNCIL**EXECUTIVE****12 JANUARY 2021****SCHOOLS BUDGET****Report of the Corporate Director – Children and Young People’s Services****1.0 PURPOSE OF THE REPORT**

- 1.1 This report asks the Executive to agree a number of recommendations relating to school funding for 2021-22, as required by guidance issued by the Department for Education (DfE).
- 1.2 These recommendations include:
- Applying a Minimum Funding Guarantee (MFG) of 2.0% in the calculation of school budgets for the 2021/22 financial year.
 - To use the lump sum as the methodology for the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using National Funding Formula (NFF) values.
- 1.3 These recommendations have been endorsed by schools during a county-wide consultation and agreed by the North Yorkshire Schools Forum.
- 1.4 The report also asks the Executive to agree to continue to lobby central government for a fairer and more equitable funding settlement for schools in North Yorkshire.

2.0 BACKGROUND

- 2.1 In July 2020, the DfE provided information in relation to National Funding Formula (NFF) developments for the 2021-22 financial year. The key NFF updates for the next financial year are as follows:
- The key factors in the NFF will increase by 3%,
 - The minimum per pupil funding levels will ensure that every primary school receives at least £4,000 per pupil, and every secondary school at least £5,150 per pupil. In addition, primary schools will receive an additional £180 per pupil and secondary schools £265 per pupil respectively to cover additional teachers’ pay and pension costs previously funded through the separate grants. The minimum per pupil funding levels, at the levels provided in the NFF, are mandatory in 2021/2022.
 - Every school will be allocated at least 2% more pupil-led funding per pupil compared to its 2020-21 NFF baseline.
 - Local authorities are able to continue to set a Minimum Funding Guarantee in local formulae, which in 2021-22 must be between +0.5% and +2.0%. This allows the protection in the NFF to be matched, and the DfE expect local authorities to do this where possible.
 - Funding from the teachers’ pay grant and the teachers’ pension employer contribution grant, including the supplementary fund, has been added to schools’ NFF allocations from 2021-22. The funding has been added to the basic per pupil entitlement, to the

minimum per pupil funding levels, and to schools' baselines so that it is protected through the funding floor.

- Additional funding for small and remote schools will increase in 2021-22, with an increase in the maximum sparsity value for primary schools from £26,000 to £45,000. However, the associated increase for secondary schools is much smaller with the maximum value increasing from £67,600 to £70,000. The DfE have identified these increases as "a first step towards expanding the support the NFF provides for such schools from 2022-23".
- The 2019 update to the Income Deprivation Affecting Children Index has been incorporated so that deprivation funding allocated through the formulae is based on the latest data.
- Following the cancellation of assessments in summer 2020 due to COVID-19, local authorities are unable to use this data as part of setting a low prior attainment factor in local funding formulae. Instead, the 2019 assessment data will be used as a proxy for the 2020 reception and year 6 cohort, and this will be reflected in the data received by local authorities from the DfE.
- Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the Dedicated Schools Grant (DSG), with school's forum approval. In 2021-22, the total schools block available for such transfers must exclude the additional funding local authorities have been allocated for the teachers' pay and pension grant, thereby guaranteeing that all of this funding remains with schools. A disapplication request is required for transfers above 0.5%, or for any amount without school's forum approval.

2.2 The DfE have stated that they remain committed to completing NFF reforms by moving to a 'hard' NFF in the future where schools will receive the funding generated through the national NFF rather than a local authority funding formula. They indicate that shortly they will put forward proposals to move to a 'hard' NFF in future and will be undertaking consultation in this respect.

2.3 North Yorkshire County Council is not requesting a transfer of funding from the Schools Block to the High Needs budget for the 2021/22 financial year.

2.4 In practical terms and if required, the Council will adjust the NFF formula factors values as issued by the DfE in published notional budgets to calculate school budgets within the constraints of the final agreed funding envelope.

2.5 A local funding consultation requested the views of schools and academies on 8 options related to the level of the Minimum Funding Guarantee (MFG) and the methodology to be used for allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using NFF values. The consultation results are detailed in the table below:

Option	MFG %	Methodology for the Allocation of Any Surplus Funding	No. Responses Received Supporting Option	No. Schools Represented in Responses Supporting Option
1	0.5%	Age Weighted Pupil Unit (AWPU) values increased	5	10
3	0.5%	Pupil Led Formula Factor values increased	3	3
5	0.5%	Lump Sum Formula Factor value increased	8	25
7	0.5%	All Formula Factor values increased	1	1
			17	39
2	2%	Age Weighted Pupil Unit (AWPU) values increased	21	21
4	2%	Pupil Led Formula Factor values increased	5	8
6	2%	Lump Sum Formula Factor Value increased	3	6
8	2%	All Formula Factor values increased	2	4
			31	39

1 response stated no preference.

- 2.6 The majority of the responses received to the local consultation indicated support for a MFG of 2%. However, the actual number of schools represented by the responses received supporting each MFG option is the same. In terms of the methodology to be used for the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using NFF value, AWPU was the preferred option under a 2% MFG; lump sum was the preferred option under a 0.5% MFG. The setting of the MFG level is the prime decision, with the surplus funding allocation methodology decision representing a secondary consideration, which will only need to be actioned in the event of surplus funding being available.
- 2.7 In 2018/19, the decision was made by the North Yorkshire Education Partnership (now Schools Forum) to implement a funding formula that reflects the NFF principles and the associated transitional arrangements. Option 2 (2% MFG, any surplus funding allocated by AWPU) best reflects the DfE 'direction of travel' providing formula factor values closest to the national NFF values and provides a 2% guaranteed per pupil funding increase through the MFG.
- 2.8 The North Yorkshire Schools Forum considered the results of the 2021/22 School Funding Consultation at their meeting on the 12th November 2020. The Schools Forum supported a MFG of 2% for 2021/22 and their preference was to use the lump sum as the methodology for the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using NFF values.

3.0 FINANCIAL IMPLICATIONS

- 3.1 All funding discussed in this paper is part of the Dedicated Schools Grant (DSG). There is no direct impact on the Council's budget as a result of the recommendations in relation to the level of the Minimum Funding Guarantee or the methodology for the allocation of any surplus funding available within the Schools Block DSG

- 3.2 There is an impact on individual schools in terms of how the funding will be allocated. No school will receive less than the mandatory Minimum Per Pupil Level of funding. A comparison of the impact on schools for each of the proposed options was shown at school level as part of the consultation.
- 3.3 The proposed school funding arrangements will provide the maximum funding guarantee for 2021/22 permitted within the parameters established by the Department for Education. The funding outlook remains challenging for a number of schools, particularly small, rural secondary schools. LA maintained cumulative school balances have reduced in recent years as schools either use their reserves or circumstances have meant that they have fallen into an accumulated deficit position. The local authority continues to lobby for a fairer funding deal for schools in North Yorkshire, particularly those rural schools who cannot achieve the economies of scale of their more urban counterparts, whilst delivering a broad curriculum. The local authority continues to support, challenge and, where necessary, intervene in schools to ensure the continued delivery of good quality education in financially sustainable schools.

4.0 LEGAL IMPLICATIONS

- 4.1 No specific legal implications are identified as a result of the recommendations contained within this report. The DfE have a deadline of 21st January 2021 for the submission of school budgets (following political approval).

5.0 EQUALITIES IMPLICATIONS

- 5.1 An Equality Impact Assessment (EIA) has been completed – see Appendix A. It is anticipated that there will be no impact on any persons with protected characteristics as defined by the Equality Act 2010.
- 5.2 The Equality Impact Assessment has assessed the impact of the proposal namely
- The level of the MFG to be applied in the calculation of school budgets for the 2021/22 financial year.
 - The methodology for the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using National Funding Formula (NFF) values.
 - To hold consultation with all schools and academies in North Yorkshire over these proposals
 - To report findings, conclusions and recommendations to the School Forum
- 5.3 At this stage of the EIA there is no evidence to suggest that the proposal made will significantly disadvantage one or more protected characteristics.
- 5.4 The EIA was presented to the meeting of the Schools Forum on the 12th November 2020. No comments were received on the EIA.

6.0 CONSULTATION UNDERTAKEN AND RESPONSES

- 6.1 A consultation was undertaken with all schools and academies in North Yorkshire, following discussions with the North Yorkshire Schools Forum.
- 6.2 This consultation lasted from Wednesday 23rd September 2020 until Friday 23rd October 2020. There were 49 school responses (an increase of 10 compared with 2019), as shown below:

LA Maintained Primary	27
LA Maintained Secondary	3
LA Federation - Primary	3
Primary Academy	6
Secondary Academy	5
Academy Trust	5
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	49
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6.3 Response Rate - 78 schools and academies are represented in the responses received providing an overall response rate of 22.83% (15.81% LA maintained schools, 37.50% academies).

7.0 RECOMMENDATIONS

7.1 The Council's Executive is asked to agree that the Council:

- i. Applies a Minimum Funding Guarantee (MFG) of 2.0% in the calculation of school budgets for the 2021/22 financial year.
- ii. Uses the lump sum as the methodology for the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using National Funding Formula (NFF) values.
- iii. Continues to push for a fairer and more equitable funding settlement for schools in North Yorkshire, and continues to lobby for a fairer settlement of High Needs resources.

Stuart Carlton
Corporate Director – Children and Young People's Service
County Hall
Northallerton

January 2021

Author of report – Howard Emmett, Assistant Director – Strategic Resources

Appendix A – EIA

Background Documents:

Reports to the North Yorkshire Schools Forum:

- 12th March 2020
- 21st May 2020
- 17th September 2020
- 12th November 2020

<http://cyps.northyorks.gov.uk/nyep-meetings-and-agendas>

Equality impact assessment (EIA) form: evidencing paying due regard to protected characteristics

(Form updated April 2019)

School Funding 2021-22 (School & High Needs Block Funding)

If you would like this information in another language or format such as Braille, large print or audio, please contact the Communications Unit on 01609 53 2013 or email communications@northyorks.gov.uk.



যদি আপনি এই ডকুমেন্ট অন্য ভাষায় বা ফরমেটে চান, তাহলে দয়া করে আমাদেরকে বলুন।

如欲索取以另一語文印製或另一格式製作的資料，請與我們聯絡。

اگر آپ کو معلومات کسی دیگر زبان یا دیگر شکل میں درکار ہوں تو برائے مہربانی ہم سے پوچھئے۔

Equality Impact Assessments (EIAs) are public documents. EIAs accompanying reports going to County Councillors for decisions are published with the committee papers on our website and are available in hard copy at the relevant meeting. To help people to find completed EIAs we also publish them in the Equality and Diversity section of our website. This will help people to see for themselves how we have paid due regard in order to meet statutory requirements.

Name of Directorate and Service Area	North Yorkshire County Council: Central Services
Lead Officer and contact details	Howard Emmett - Assistant Director – Strategic Resources
Names and roles of other people involved in carrying out the EIA	Sally Dunn – Head of Finance (Schools & Early Years)
How will you pay due regard? e.g. working group, individual officer	The proposal has been subject to a school wide consultation process from 23 rd September 2020 ending 23 rd October 2020 and this EIA will be updated during and following the consultation responses. The item was discussed at the North Yorkshire Schools Forum meeting on 12th November 2020.

When did the due regard process start?	In setting School Funding each year, it is necessary to consider the level at which the Minimum Funding Guarantee (MFG) is set within the parameters determined by the DfE. This EIA considers this issue in respect of 2021-22 School Funding.
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Section 1. Please describe briefly what this EIA is about. (e.g. are you starting a new service, changing how you do something, stopping doing something?)

The EIA considers the review of the level of the MFG to be used in determining school budgets for the 2021/22 financial year.

The MFG is a protection mechanism which determines the minimum funding uplift which every school will receive in terms of funding per pupil between the 2020/21 financial year and the 2021/22 financial year.

The DfE school funding guidance for 2021/22 allows local authorities to continue to be able to set a MFG in local formulae, which in 2021/22 must be between +0.5% and +2.0%. This allows every school, dependent on the local decision on the level of the MFG, the opportunity to benefit from the 2% more pupil-led funding per pupil compared to its 2020/21 National Funding Formula (NFF) baseline.

The EIA also considers the methodology which will be used to allocate to school budgets any surplus funding remaining in the Schools Block Dedicated Schools Grant (DSG) after the school funding formula allocations have been calculated using the NFF values as determined by the DfE.

Section 2. Why is this being proposed? What are the aims? What does the authority hope to achieve by it? (e.g. to save money, meet increased demand, do things in a better way.)

The DfE require each local authority to determine the level of the MFG to be used within their local school funding formula each financial year.

In order to ensure that schools receive optimum benefit from the Schools Block DSG funding consideration needs to be given to the methodology for the allocation of any surplus funding remaining after the calculation of school funding formula allocations using the NFF values as determined by the DfE.

Section 3. What will change? What will be different for customers and/or staff?

The impact on individual schools may vary in relation to the proposed level of the Minimum Funding Guarantee (MFG) to be implemented in 2021/22 and the methodology used to allocate any surplus funding remaining in the Schools Block DSG after the calculation of school funding formula allocations using the NFF values as determined by the DfE.

Section 4. Involvement and consultation (What involvement and consultation has been done regarding the proposal and what are the results? What consultation will be needed and how will it be done?)

The DfE released their 2021/22 funding announcement and the associated detailed funding information required to model funding formula options for the next financial year in July 2020. The North Yorkshire Schools Forum will be updated on the 2021/22 funding arrangements and notified on the intention to consult with schools at its meeting the 17th September 2020.

A consultation will be undertaken with schools and academies will be undertaken between 23rd September 2020 and 23rd October 2020.

The responses and results from the consultation exercise will be presented at the Schools Forum on 12th November 2020. This EIA will be updated during and following the consultation responses. Schools will be notified of the outcome of this process before the end of November.

Section 5. What impact will this proposal have on council budgets? Will it be cost neutral, have increased cost or reduce costs?

Please explain briefly why this will be the result.

The specific proposal in the EIA is cost neutral as all costs will be contained within the ring-fence of the 2021/22 Schools Block DSG

Section 6. How will this proposal affect people with protected characteristics?	No impact	Make things better	Make things worse	Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.
Age	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic. The proposal will be applied to both primary and secondary schools.
Disability	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic.
Sex	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic.
Race	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic
Gender reassignment	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic
Sexual orientation	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic
Religion or belief	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic
Pregnancy or maternity	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic
Marriage or civil partnership	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic

Section 7. How will this proposal affect people who...	No impact	Make things better	Make things worse	Why will it have this effect? Provide evidence from engagement, consultation and/or service user data or demographic information etc.
..live in a rural area?	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic
...have a low income?	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic
...are carers (unpaid family or friend)?	✓			It is anticipated there would be no identifiable impact as a result of this proposal for this characteristic

Section 8. Geographic impact – Please detail where the impact will be (please tick all that apply)	
North Yorkshire wide	✓
Craven district	
Hambleton district	
Harrogate district	
Richmondshire district	
Ryedale district	
Scarborough district	
Selby district	
If you have ticked one or more districts, will specific town(s)/village(s) be particularly impacted? If so, please specify below.	

Section 9. Will the proposal affect anyone more because of a combination of protected characteristics? (e.g. older women or young gay men) State what you think the effect may be and why, providing evidence from engagement, consultation and/or service user data or demographic information etc.
None identified

Section 10. Next steps to address the anticipated impact. Select one of the following options and explain why this has been chosen. (Remember: we have an anticipatory duty to make reasonable adjustments so that disabled people can access services and work for us)	Tick option chosen
1. No adverse impact - no major change needed to the proposal. There is no potential for discrimination or adverse impact identified.	✓
2. Adverse impact - adjust the proposal - The EIA identifies potential problems or missed opportunities. We will change our proposal to reduce or remove these adverse impacts, or we will achieve our aim in another way which will not make things worse for people.	
3. Adverse impact - continue the proposal - The EIA identifies potential problems or missed opportunities. We cannot change our proposal to reduce or remove these adverse impacts, nor can we achieve our aim in another way which will not make things worse for people. (There must be compelling reasons for continuing with proposals which will have the most adverse impacts. Get advice from Legal Services)	

<p>4. Actual or potential unlawful discrimination - stop and remove the proposal – The EIA identifies actual or potential unlawful discrimination. It must be stopped.</p>	
<p>Explanation of why option has been chosen. (Include any advice given by Legal Services.)</p> <p>No significant adverse impacts have been identified from the EIA affecting one or more protected characteristic.</p> <p>The consultation with schools concluded on the 23rd October 2020. This EIA will be updated during and following the consultation responses should this be required.</p>	

<p>Section 11. If the proposal is to be implemented how will you find out how it is really affecting people? (How will you monitor and review the changes?)</p> <p>The school financial governance processes operating within the LA monitor the position of school budgets and the associated impact on the operations of schools.</p>
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<p>Section 12. Action plan. List any actions you need to take which have been identified in this EIA, including post implementation review to find out how the outcomes have been achieved in practice and what impacts there have actually been on people with protected characteristics.</p>				
Action	Lead	By when	Progress	Monitoring arrangements
1. To undertake a formal consultation with schools	Howard Emmett – Asst. Director	23 rd October 2020		
2. To report outcomes to School Forum	Howard Emmett – Asst. Director	12 th November 2020		

<p>Section 13. Summary Summarise the findings of your EIA, including impacts, recommendation in relation to addressing impacts, including any legal advice, and next steps. This summary should be used as part of the report to the decision maker.</p> <p>The Equality Impact Assessment has assessed the impact of the proposal namely</p> <ul style="list-style-type: none"> • To consider MFG levels of 0.5% and 2% for the 2021/22 financial year • To consider the methodology which will be used to allocate to school budgets any surplus funding remaining in the Schools Block Dedicated Schools Grant (DSG) after the school funding formula allocations have been calculated using the NFF values as determined by the DfE. • To hold consultation with all schools and academies in North Yorkshire over these proposals • To report findings, conclusions and recommendations to the School Forum <p>At this stage of the EIA there is no evidence to suggest that the proposal made will significantly disadvantage one or more protected characteristics</p>
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Section 14. Sign off section

This full EIA was completed by:

Name: Sally Dunn

Job title: Head of Finance – Schools, Early Years & High Needs

Directorate: Central Services

Signature: *Sally Dunn*

Completion date: 3rd September 2020

Authorised by relevant Assistant Director (signature): Howard Emmett

Date: 18th December 2020