

Date: 22 February 2021

Headteachers and Chairs of Governors

**Finance Service
County Hall
New Road
OXFORD
OX1 1ND**

Lorna Baxter
Director of Finance

Dear Headteacher and Chair of Governors

Re: Formula Funding 2021-22 and Three-Year Budget Planning

I am pleased to confirm that Individual Schools' Budget information for 2021-22 has been published on the Local Authority's Intranet on the Schools Budgets and Financial Planning page. Please follow the path below to access this information.

[Finance>Budgets & Financial Planning – Formula Funding Allocations 2021-22](#)

Oxfordshire continues to implement the National Funding Formula.

Compared to 2020-21, the national changes to formula factors for 2021-22 are as follows:

- a) Uplift of Pupil Related Factors by 3% except the Free School Meals factor which is increased by inflation
- b) The Teachers and Pensions Grants have now been rolled into the Formula. Funding will increase to reflect these grants, so there will no longer be separate funding.
- c) The Minimum per-pupil Level of Funding (MPPL), a compulsory factor, is adjusted to reflect the impact of the pay & pension grants. The MPPL rates are:

Primary £4,180 including grants
Secondary £5,415 including grants. KS3 is £5,215 with grants. KS4 is £5,715 with grants.
- d) Deprivation funding allocated on Income Deprivation Affecting Children Index (IDACI) data is now based on the updated 2019 dataset and this impacts on funding for schools.
- e) Funding Floor / Minimum Funding Guarantee (MFG) – the MFG can be set between +0.5% and +2% dependant on affordability. The Oxfordshire formula has been set at 2%, in line with the NFF.

- f) Continuation of the removal of the cap (ceiling) on any gains so full funding can flow to schools subject to affordability.
- g) Sparsity - Small and remote schools (meeting specified criteria) get an increase in the NFF from a maximum of £26,600 (2020-21) to a maximum of £45,000 (2021-22) for Primary, and from a maximum of £67,600 (2020-21) to a maximum of £70,000 for Secondary.

Further details about the development of the funding formula can be found in the Schools Forum papers, which are published on our public site and can be located by following the link below:

<https://www.oxfordshire.gov.uk/cms/content/oxfordshire-schools-forum>

Transfer to High Needs

The Local Authority consulted with all schools in Autumn 2020 to agree a transfer of up to 0.5% (£2m) of the Schools Dedicated Schools (DSG) block to support the High Needs DSG block. Although Schools rejected this suggestion in the consultation, the increasing cost pressures in High Needs meant that the Local Authority applied to the Secretary of State for Education for permission to make the transfer.

At the meeting of Schools Forum on 12 January 2021, Forum were presented with the proposed Schools Funding Formula. School Forum considered and agreed an option that delivered the National Funding Formula to schools in full and agreed a transfer from the Schools block to the High Needs block of approximately £1m to contribute to the continuation of the one-off enhancement to High Needs Top-Up rates agreed for 2020-21. This is made up of £0.4m that is the residual funding after allocating the National Funding Formula in full to all schools and reversing the £0.66m contribution to the Growth Fund.

The Secretary of State rejected the Local Authority's request to transfer funds, so the proposal agreed by Schools Forum on 12 January 2021 has been implemented.

Schools have been funded at the NFF formula factor values for 2021-22 at their full rates, including the Area Cost Adjustment (ACA) for Oxfordshire.

Formula funding figures for your school are based on data supplied by the ESFA as at the October 2020 census count. The October 2020 pupil numbers for your school will be included in the data uploaded to the budget planning tool, but you will need to review numbers for future years and update accordingly.

In order to complete your budget plan for 2021-22 to 2023-24 you will need information about other sources of funding, and some of this information is not yet available. The information will be posted on the intranet schools budget page as soon as it is available.

Pupil Premium continues to be paid by a specific grant, and the 2021-22 rates are unchanged from 2020-21. From April 2021, pupil premium allocations for mainstream and

special schools will be calculated based on the number of eligible pupils recorded by schools in their census in October 2020. This is a change from previous years that used the January census.

Planning for Future Years

The local authority school budget planning process covers the three-year period 2021-22 to 2023-24. The first year's information is in accordance with the DSG settlement announced by the DfE.

For future years, there have been headlines of the funding that maybe available. For the modelling tool, we have assumed a minimum increase for future years of 2.0%

Changes in pupil numbers remain the key driver of change for funding levels. Other sources of funding such as Pupil Premium should be assumed to remain at the same level unless schools are aware of changes in those pupils who qualify for this funding. It is important, however, that schools consider a number of "what if" scenarios in budget modelling for future years. For example, it would not be advisable to use one-off additional funding to pay for additional permanent staffing, as this could potentially be unsustainable in future years. Further information will be issued about future years as it becomes available.

Submission of Budget

In accordance with the Scheme for Financing Schools, schools are required to submit a balanced or in surplus budget plan covering the three-year period 2021-22 to 2023-24 to the local authority. The statutory deadline to submit your school's Governing Body approved budget to the local authority via Education Financial Services (EFS) is 7 May 2021 (for Special schools 14 May 2021), as agreed with Schools Forum. Where a school believes it is not able to submit a balanced budget, it must contact and submit a draft budget plan to EFS by 31 March 2021, or earlier if possible. The local authority will work with those schools in seeking a balanced budget.

May I remind schools that there is no right to a deficit budget under the above Scheme. A deficit is only allowed with the permission of the Director for Children's Services and the Chief Finance Officer. Conditions relating to the approval of a deficit budget are set out in the Scheme for Financing Schools, Section 4.

Schools with existing deficits and still forecasting a deficit at March 2021 must continue to work closely with their EFS contact officer in order to set an agreed budget for 2021-22.

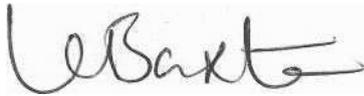
EFS will be contacting schools with details of budget surgeries. In order to make the most of the surgeries it is important that you have completed as much work as possible.

Please bring the content of this letter to the attention of all those involved in the construction of the school's budget plans.

I hope the above and links to the Intranet are useful to you, but if you require any further help or guidance on budget construction, please contact your EFS Finance Adviser directly.

We look forward to receiving your governor approved budget.

Yours sincerely



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