
Schools Funding Formula Consultation 2022/23

Report being considered by: Schools Forum on 18th October 2021

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Item for: Decision **By:** All Schools Members and PVI representative

1. Purpose of the Report

- 1.1 To set out the requirements and changes for setting the primary and secondary school funding formula for 2022/23 and to approve West Berkshire Council's funding proposals to go out to consultation with all schools.

2. Recommendations

- 2.1 To recommend that the consultation be undertaken with all schools on:
- (1) West Berkshire Council's proposed school funding formula for 2022/23
 - (2) An up to 0.5% transfer from the Schools Block to other funding blocks
 - (3) The criteria to be used to allocate additional funds
 - (4) The proposed services to be de-delegated.

Will the recommendation require the matter to be referred to the Council or the Executive for final determination?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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3. Introduction

- 3.1 2022/23 is the fifth year of the National Funding Formula (NFF) and, as in previous years, each local authority needs to set a local funding formula in consultation with schools. The government has confirmed its intention to move to a single 'hard' NFF to determine school's budgets directly, and have consulted on proposals for completing reforms to the funding system. There is no fixed target date by which a hard NFF will be fully in place, and it is suggested that this will be a gradual process.
- 3.2 For 2022/23, each LA will continue to have discretion over their schools funding formulae, in consultation with local schools. The LA is responsible for making the final decisions on the formula. Political ratification must be obtained before the 21 January 2022 deadline.
- 3.3 The Government has produced a number of policy and operational documents relating to the funding. These documents can be found on this webpages:

<https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

4. National Funding Formula

4.1 The basic structure of the NFF is not changing in 2022/23, however there are a number of differences to 2021/22 NFF:

- (1) The Sparsity Factor distances are now based on road distances, instead of straight-line distances, and a sparsity distance taper has been introduced, in addition to the existing year group size taper. In 2021/22, seven West Berkshire schools were eligible for sparsity. Under the NFF 2022/23, 22 schools would be eligible. The maximum amount of sparsity funding that schools can attract in the NFF has increased to £55,000 for primaries and £80,000 for all other schools.

Various options for adoption of the sparsity factor have been modelled and shown in the consultation.

- (2) Data on pupils who have been eligible for free school meals at any time in the last six years (FSM6) is from the most recent October census (2020) school census instead of the preceding January (2020) census.
- (3) In calculating low prior attainment proportions, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests is used as proxy for the 2020 assessments.

4.2 School funding is increasing by 3.2% overall in 2022/23, and by 2.8% per pupil. This is the final year of the three year funding settlement that was announced in 2019.

- (1) The core factors in the NFF (such as basic per-pupil funding, funding for FSM, lower prior attainment and the lump sum) are increasing by 3%.
- (2) The funding floor ensures that every school is allocated at least 2% more pupil-led funding per pupil compared to their 2021/22 NFF allocation.
- (3) The minimum per pupil level ensures that every primary school receives at least £4,265 per pupil, and every secondary school at least £5,525.
- (4) Funding through the sparsity factor includes an increase in the ceiling of £10,000 to the maximum sparsity values (£55,000 for primary schools, and up to £80,000 for secondary schools).
- (5) LAs will continue to set a Minimum Funding Guarantee (MFG) which must be between +0.5% and +2%.
- (6) LAs continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval.

4.3 High needs funding is increasing by £780m, or 9.6%, in 2022/23. The high needs NFF will ensure that every local authority receives an increase of at least 8% per head of population, and up to 11% before gains are capped.

- 4.4 Central schools services funding in 2022/23 is £284m, an increase of 10%, to fund the ongoing responsibilities that LAs deliver for all pupils.

5. Schools funding allocation

- 5.1 Based on the October 2020 census data, our funding available to allocate is £118m which is an increase of £4.7m (4.1%) on 2021/22. This excludes the growth fund which is allocated separately. The amount of funding we receive will change with the October 2021 census pupil numbers. (Note that the funding will not change as a result of pupil characteristics).

6. Local Formula

- 6.1 West Berkshire Council replicates the NFF as far as possible. However, after pupil characteristic changes and any transfers of funding, the formula will need to be altered to ensure we remain within the total funding available. There are a number of options for ensuring affordability, as detailed in the consultation.
- 6.2 All schools and the Schools Forum will be consulted on the formula but it remains a Local Authority decision on how the funding is allocated to schools through the formula factors. There is no requirement to stick to the NFF rates, or to use all the factors other than the mandatory minimum per pupil funding factor, basic entitlement and deprivation factors.
- 6.3 The DfE recognises that some authorities still cannot afford to pay off the historic deficit from the DSG over the next few years. In these cases, the DfE expects to work together with local authorities to agree a plan of action to enable the authority to pay off its deficit over time. The DfE has provided a template to assist all local authorities report their plans for managing the DSG. The DfE will continue to approach selected local authorities to begin discussions with them during 2021, and expects to expand the discussions to other local authorities in later years.

7. Block Transfers

- 7.1 Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval. As the TPG and TPECG are now fully incorporated into the NFF – unlike last year – no adjustment needs to be made from the total schools block to account for these grants when calculating the funding to be transferred. If approved, this would enable a transfer of up to £590k, leaving £117.4m to be allocated to schools.
- 7.2 Setting a balanced budget on the High Needs Block continues to be a significant challenge and the forecast overspend on this block is set to reach £3.6m by the end of 2021/22. Consideration should therefore be given as to whether to support a block transfer for 2022/23. Block transfers need to be approved annually.
- 7.3 There are also pressures on both the Early Years Block and the Central Schools Services Block which could potentially be supported by a block transfer.
- 7.4 Block transfers need to be approved annually. Transfers have previously been approved in 2020/21 0.25% (£263k) and 2021/22 0.5% (£549k) to support the High Needs Block. For 2022/23, a block transfer of 0.5% would amount to £590k, and a transfer of 0.25% would amount to £295k.

8. Additional funds outside the School Formula

8.1 School funding regulations allow a few exceptional circumstances to be funded outside the formula and be top sliced from the DSG. The funds are:

- (a) Growth funding
- (b) Funding for schools in financial difficulty
- (c) Funding from the high needs block to allocate to schools which have a disproportionate number of high needs pupils.
- (d) A falling rolls fund.

Criteria for allocating these need to be agreed and are included in the consultation document at Appendix B, C and D.

9. De-delegations, Education Functions and Health & Safety Service (maintained schools)

9.1 De-delegated services are for maintained schools only. Funding for these services must be allocated through the formula but can be passed back, or 'de-delegated' for maintained primary and secondary schools with schools forum approval.

9.2 Education responsibilities held by local authorities for all schools are funded from the Central Schools Services Block of the DSG. Education responsibilities held by local authorities for maintained schools only, are funded from maintained schools budgets, with agreement of the maintained schools members of schools forums.

9.3 In order to meet the requirements of the employer under the Health and Safety at Work etc. Act 1974 and the Management of Health and Safety at Work Regulations and other related legislation, a full schools health and safety service will be provided to all maintained schools. All maintained schools will need to agree to be part of this collective agreement to equitably fund the service.

10. Proposals

10.1 To approve the attached consultation to go out to schools asking the following questions:

1. Do you agree that, subject to final affordability, West Berkshire should mirror the DfE's 2022/23 NFF as closely as possible and that this formula should be used to calculate funding allocations? Yes/No

2. Do you support using a Sparsity Factor? A) NFF full sparsity, B) A reduced sparsity factor, C) No sparsity factor. Note: the Heads Funding Group would recommend which reduced factor to use.

3. Do you agree that any shortfall or surplus in funding is addressed by adjusting the AWPU values? Yes/No

4. What percentage transfer of funding would you support from the Schools Block to the High Needs block? A) 0%, B) 0.25%, C) 0.5%.

5. Would you support any of this transfer supporting any of the other funding blocks?
Yes/No

6. Do you agree with the criteria set to access additional funds outside the school formula? Yes/No

7. Do you agree with the proposed De-delegated Services, Education Functions and Health and Safety Service for all maintained schools? Yes/No

11. Next Steps

11.1 The consultation will last for 3 weeks from 20 October 2021 to 10 November 2021.

12. Conclusion

12.1 Since the government intends to move towards a “hard” NFF formula it is logical for West Berkshire to continue to replicate these rates as far as possible.

12.2 When the actual allocation is received in December the formula will be allocated according to the principles above with political ratification being made in January 2022.

13. Appendices

- Appendix A: Briefing and Consultation document for schools.
- Appendix B: Criteria for allocating Growth Fund
- Appendix C: Criteria for allocating the Schools in Financial Difficulty Fund
- Appendix D: Criteria for allocating the Additional High Needs Fund
- Appendix E: Equalities Impact Assessment