

West Northants Schools forum: 19 October 2021

Agenda Item 7

West Northamptonshire Council Schools Funding Consultation 2022-23

List of Appendices

Appendix A – Proposed Consultation Document

Appendix B – Summary Finance Model based on the Proposed Consultation

Appendix C – Split Site Funding Policy

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Related agenda items

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Agenda item 5a – Central Expenditure

Agenda item 5b – De-delegation for Trade Union Facility Time

Agenda item 5b – De-delegation for School Improvement Grant

Agenda item 5b – De-delegation for redundancy support

1 Purpose of Report

- 1.1 The report is to update West Northamptonshire Schools forum of the provisional Dedicated Schools Grant (DSG) funding settlement for 2022-23 and to present the proposed school funding consultation.
- 1.2 This paper does not include Early Years DSG funding, which will have a separate consultation later in the year following Government publication of the funding settlement.
- 1.3 Table 1 shows the relevant responsibilities in relation to schools funding formula changes which is taken from the Education and Skills Funding Agency's Schools forum Powers and Responsibilities, published in September 2018.

Table 1

	Local Authority	Schools forum	ESFA
Formula change (including redistributions)	Proposes and decides	Must be consulted. Voting is restricted to School Members.	Checks for compliance with regulations.
Movement of up to 0.5% from the schools block to other blocks	Proposes	Decides	Adjudicates where schools forum does not agree LA proposal
De-delegation for mainstream maintained schools	Proposes	Maintained primary and secondary school member representatives will decide for their phase.	Will adjudicate where schools forum does not agree LA proposal

1.4 Table 1 shows that for the optional parts of the formula, the setting of the schools funding formula continues to be a Local Authority decision in 2022-23 (a “soft” national funding formula).

1.5 The Government continue to move towards a “hard” national schools funding formula and have published the National Funding Formula for Local Authorities and Schools to give an indication of what the Government would fund schools under that “hard” formula. Where affordable with the dedicated schools grant (DSG) allocated, West Northamptonshire council (henceforth “the council”) aims to mirror that National Funding Formula.

1.6 As well as the consultation on changes to the schools funding formula, as in prior years schools forum must also be consulted on the items listed below. For these, the council proposes and the schools forum decides:

- changes to the schools funding formula being proposed as compared to prior year’s local formula
- transfers proposed from the Schools Block and High Needs Block
- de-delegations from the maintained individual schools budgets (ISBs)
- Growth fund budget and policy
- Changes to pupil numbers for new and growing schools (weighted numbers)
- Central expenditure from the schools central services block on a line by line basis.

1.7 In addition to the routine consultation topics, the council will also be consulting with the schools on a number of local policies due to a change from previously held NCC policies or simply to confirm their continuation:

- Permanent Exclusion Clawback Policy
- Split Site Funding within the schools funding formula

2 Background

2.1 The Secretary of State for Education announced provisional funding allocations for 2022-23 through the schools, high needs and central school services national funding formulae (NFF) on Monday 19 July 2021. Table 2 shows the provisional allocation for West Northamptonshire Council (WNC). The final allocation will be published in December 2021.

Table 2 – WNC Provisional DSG Funding Allocations £m

	Schools Block	High Needs Block	CSSB	Total
2021/22	301.0	54.2	4.7	359.9
Provisional 2022/23	309.8	58.5	4.3	372.6
Increase / (decrease)	8.8	4.3	(0.4)	12.7
% Increase / (decrease)	2.9%	7.9%	(8.5%)	3.5%

2.2 Early Years announcement for 2020-21 final funding is expected to be announced in November 2021 and further information will be brought to schools forum once the final allocations for 2020-21 are released.

2.3 The key headlines are set out in section 3 below.

3 Financial Overview by DSG Block

3.1 This section of the report provides the key headlines on the 2022-23 DSG funding announcements on the funding received by the LA by funding block.

3.2 Schools Block Funding

3.3 2022-23 is the final year of the three-year school funding settlement that the Secretary of State for Education announced to Parliament on 3 September 2019. Core school funding increased by £2.6bn in 2020-21, and is increasing by £4.8bn and £7.1bn in 2021-22 and 2022-23 respectively, compared to 2019-20.

3.4 These allocations are part of the annual funding cycle. They are separate to the education support for recovery in response to the COVID-19 pandemic.

3.5 Funding through the schools NFF is increasing by 3.2% overall in 2022-23, and by 2.8% per pupil. The NFF will distribute this funding based on schools' and pupils' needs and characteristics. The main features in 2022-23 are:

3.6 The core factors in the NFF (such as basic per-pupil funding, and funding for additional needs such as deprivation) will increase by 3%.

- 3.7 The funding floor (i.e. minimum funding guarantee) will ensure that every school is allocated at least 2% more pupil-led funding per pupil compared to its indicative 2021-22 NFF allocation (not actual allocation received in 2021-22).
- 3.8 The minimum per pupil funding levels will increase by 2%, compared to 2021-22. This will mean that, next year, every primary school will receive at least £4,265 per pupil, and every secondary school at least £5,525.
- 3.9 Support for small and remote schools (through the "sparsity" factor) will receive a further increase. In 2022-23 the additional funding that such schools can attract is rising to up to £55,000 for primary schools, and up to £80,000 for secondary schools – in both cases, a £10,000 increase from 2021-22. Government are also moving to using road distances instead of straight line distances when measuring a school's remoteness. This will significantly increase the number of schools attracting this funding. As a result, the funding allocated nationally through the sparsity factor in the NFF is increasing from £42 million in 2021-22 to £95 million in 2022-23.
- 3.10 The primary unit of funding (PUF) increases from £4,400.43 in 2021-22 to £4,537.50 in 2022-23. The secondary unit of funding (SUF) increases from £5,626.35 in 2021-22 to £5,768.90 in 2022-23. These rates are final and will be multiplied by the total number of primary and secondary pupils recorded on the October Census.
- 3.11 The final Schools Block allocation will comprise the total allocation from pupil numbers multiplied by the relevant units of funding plus the growth fund and the premises allocations.
- 3.12 Table 3 shows the increase in the value of the primary unit of funding and the secondary unit funding for 2022-23.

Table 3

	2021-22	2022-23	2022-23	2022-23
	£	£	Uplift £	Uplift %
Primary Unit Funding (PUF)	4,400.43	4,537.50	137.07	3.12%
Secondary Unit Funding (SUF)	5,626.35	5,768.90	142.55	2.53%

- 3.13 In addition to the PUF and SUF funding approximately 5% of the schools block funding provided is for premises factors (PFI, rates, split sites) and approximately 0.8% is growth. The NFF uses the 2021-22 rates for its calculations and we have done the same for the modelling work included in this consultation. The NFF does not include the growth part of the funding whereas we have made an estimate of what this will be and have included our known growth requirement for 2022-23 in our modelling. Both the PFI and the growth figure will be confirmed in the final December 2021 DSG announcement. The figures shown in our modelling are therefore indicative and subject to change.

3.14 **High Needs Block**

3.15 The provisional increase in the High Needs Block represents the authority's share of the £780 million national increase for 2022-23. WNC's High Needs Block is increasing by £4.3 million from 2021-22 which is the minimum guaranteed increase per head of population (8%) with some authorities seeing gains of up to 11%. Given the uplift and high needs pressures, the authority will not be seeking to continue to jointly fund the early years SEND children in nursery provision. WNC will not be requesting a block transfer from high needs to early years in 2022-23.

3.16 As discussed in agenda item 8, the council will not be seeking to transfer 0.5% from the schools block to high needs block as it has done so in previous years but instead seeks a top slice to fund specialist support services. However, if schools forum does not agree to the proposal then the council must pursue to the 0.5% top slice to fund the over spend as a result is included in the consultation as option 3. Please see details in the related agenda item and related consultation questions in appendix B.

3.17 **Central Schools Services Block (CSSB)**

3.18 Central school services block funds local authorities for the ongoing responsibilities they continue to have for all schools. The national funding for ongoing responsibilities is £284 million in 2022-23. The Central School Services Block (CSSB) comprises two elements, ongoing responsibilities and historic commitments. Ongoing responsibilities include the former retained duties element of the Education Services Grant and is funded on a per pupil allocation and deprivation factor.

3.19 The ongoing responsibilities element for WNC is provisionally increasing by £0.11m to £2.08m million as the formula used to calculate the funding allocation.

3.20 The historical responsibilities element for WNC is provisionally decreasing by £0.55m to £2.18m. This Government started to reduce this funding in 2020-21 to withdraw this funding, over time with 20% reduction per year, based on the historic commitments local authorities entered into before 2013-14.

3.21 This reduction leaves a funding gap of £0.44m against the expenditure requirement even after a review of service efficiencies and disinvestments in 2021-22 which will be met through the WNC general fund £0.4m (proposal in budget).

3.22 The ongoing reductions total £0.4m in 23-24 and £0.3m in 24-25 which are also currently forecast in the WNC general fund medium term financial plan.

3.23 **Key Changes 2022-23**

3.24 Key change to the schools National Funding Formula in 2022 to 2023 are:

3.25 NFF factor values have increased by:

- £10,000 to the maximum sparsity values
- 3% to basic entitlement, free school meals at any time in the last 6 years (FSM6), income deprivation affecting children index (IDACI), lower prior attainment (LPA), English as an additional language (EAL) and the lump sum

- 2% to the floor, the minimum per pupil levels and free school meals (FSM);
- 0% on the premises factors, except for PFI which has increased by RPIX of 3.17%

3.26 Sparsity formula factor also has two other changes aimed to increase support for small and rural schools. The 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.

4 Financial implications

Table 4: Funding comparison between 2021-22 DSG and 2022-23 NFF

WNC Funding	£m
NFF DSG 2022-23 for WNC*	369.9
2021-22 DSG Grant*	385.5
less premises	10.1
less growth	2.5
less early years block	25.6
2021-22 comparative funding	347.3
Increase in 2022-23 £m	22.6
% Increase	6.1%

* before November/December 2021 update to early years block, premises and growth

* NFF 2022-23 funding is based on the same census data as 2021-22 grant, October 2020

4.1 Appendix A discusses the proposed consultation with mainstream primary and secondary schools and academies and Appendix B provides the school level financial modelling based on the consultation proposals for the schools formula funding. Within this appendix is also a comparison between our local modelling using the ESFA provided "Authority Proforma Tool" (APT) and the published NFF. This is modelled before any balancing or top slice is applied.

4.2 The comparison is an important one, as there are significant differences between the two models that use the same national funding formula and the same pupil data set (October 2020 census) and schools should be aware that both are indicative and based on historical data sets that are subject to potentially significant changes before the final budgets are set and published in February 2022.

4.3 The indicative nature of these budgets is apparent in comparing our modelling with the published NFF allocations for schools. For example, there are 75 schools with more funding under the indicative nationally published NFF compared to the indicative local modelling of the NFF. The range of differences are shown in table 5 below.

Table 5: Range of variances between National NFF and local NFF modelling (negative values where National values are higher than local modelling):

Range of differences	School Count
<-5.9%	19
-5% to -5.9%	2
-4% to -4.9%	3
-3% to -3.9%	5
-2% to -2.9%	0
-1% to -1.9%	12
-0.5% to -0.9%	7
-0.01% to -0.49%	27
0	10
0.01% to 0.49%	60
0.5% to 0.9%	14
1% to 1.9%	6
2% to 2.9%	1
3% to 3.9%	1
4% to 4.9%	0
5% to 5.9%	1
>6%	2
Total Schools	170

4.4 Many of the differences are due to the change to the sparsity data set and the way in which the tapering is applied. There are also differences due to the change in the FSM data moving from a January census basis to an October census basis. As in previous years the minimum funding guarantee which looks at per pupil increases from year to year, also results in differences. This is because the prior year comparison in the NFF uses the indicative 2021-22 NFF published data as the baseline, not the actual funding received by schools and academies.

4.5 Although complex, the comparison between national NFF and local NFF is useful. Where the NFF is higher due to the sparsity and FSM changes in calculation, this is likely to indicate a true change that is not being picked up within our modelling and this has been factored into the modelling for the three options we present in the consultation.

4.6 Within Appendix B is also a comparison of the individual school's budgets actually received within 2021-22 and the indicative increase that schools would receive through the 2022-23 funding formula (if data sets remained unchanged). Table 6 shows the range of changes that we are forecasting for schools, if all schools were on the full NFF.

Table 6: Range of change in individual budgets as compared to 2021-22 in the local NFF model

Range of increases	School Count
0% to 0.9%	0
1% to 1.9%	29
2% to 2.9%	90
3% to 3.9%	29
4 to 4.9%	8
5% to 5.9%	4
>6%	10
Total Schools	170

- 4.7 The schools with higher increases above 3% are mainly the small rural primary schools where a 10 or 20 thousand increase in sparsity funding can significantly increase their budget % or new and growing schools.
- 4.8 There are 29 schools with less than a 2% increase as announced by the Government for the floor when releasing the NFF funding for 2022-23. This partly because the NFF is comparing to its own indicative funding for the 2021-22 prior year baseline and also because the floor only protects the pupil driven parts of the formula and not the premises factors.
- 4.9 In Appendix B columns T to W, we show the increase to the locally modelled national funding formula if we distributed all schools block funding except the £990k committed growth funding (not keeping any “contingency” growth funding in reserve). This is presented for information. We are not presenting this as an option within the consultation as this would mean funding above the national funding formula and leaves no capacity for additional growth in year. However, we have contributed £440k of this growth fund to the available pot in the modelling of options 1 to 3 to reduce the impact to schools as far as possible. This means the actual effect of the £2.1m is £160k more than the usual £1.5m top slice, rather than the full £600k difference.

Table 7: For information only: Range of variances for distribution of all but the committed £990k growth fund, distribution shown through addition to AWPU of Primary £37.80 and Secondary £48.27

Range of differences	School Count
0	50
0.01% to 0.49%	6
0.5% to 1%	114
Total Schools	170

5 Next stages

5.1 Please see the Appendix A to this paper which is the proposed consultation document for discussion in schools forum ahead of its release in October, for return by 30 November 2021. The consultation will then also link to the other appendices noted at the start of this paper.

6 Legal implications

6.1 There are no legal implications arising from the proposals.

7 Recommendations for schools forum

7.1 That schools forum note the provisional funding settlement for 2022-23.

7.2 To agree the school funding consultation document for 2022-23.

8 Next Steps

8.1 Consultation with schools will be held for a period of six weeks between 20 October-30 November 2021 inclusive

8.2 The consultation feedback will be shared with School Forum at the December 2021 meeting.

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