

AGENDA ITEM xx

**REPORT TO
SCHOOLS
FORUM**

**5th OCTOBER
2021**

**SCHOOLS FUNDING ARRANGEMENTS 2022/23 & OTHER FUNDING
UPDATES**

SUMMARY

1. This paper is intended to inform the Schools Forum of the latest information regarding the 2022/23 national funding formula for schools and High Needs which was published by the DfE in July 2021.

RECOMMENDATION

2. That the Schools Forum note the report.

National Increases

3. The Government have announced that nationally 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, including significant additional funding for children with special educational needs and disabilities.
4. School funding is increasing by 3.2% overall. The national funding formula (NFF) continues to distribute this based on the needs of schools and their pupil cohorts. The NFF is levelling up school funding: increasing core factors of the formula by 3%, while ensuring that every school is allocated at least 2% more funding per pupil.
5. In 2022-23 DfE are also significantly increasing the extra support the NFF provides for small and remote schools. The maximum amount of sparsity funding schools can attract through the NFF is increasing by £10,000, to £55,000 for primary schools.
6. DfE are also introducing further changes to improve the operation of the schools NFF. These include:
 - Decreasing the funding lag for the “FSM6” deprivation funding factor by 9 months, by moving from using the previous year’s January census to the October census for measuring eligibility. This increases the amount of funding allocated for deprivation in the NFF through this factor to £1,369 million in 2022-23.

- Centralising the business rates payment system for schools, so that ESFA will pay billing authorities directly on behalf of state funded schools. This will simplify the process and decrease administrative burdens for schools.
7. High needs funding is increasing by £780m, or 9.6%, in 2022-23 – following the £1.5 billion increase over the last two years. This brings the total high needs budget to £8.88 billion. The high needs NFF will ensure that every local authority receives at least an 8% increase per head of population, and up to 11%.
 8. Following the responses to the high needs formula consultation DfE have made technical changes to the historic spend factor within the high needs national funding formula. The factor has been updated to use 50% of local authorities' actual spend data in 2017-18 rather than their planned spend.
 9. The Central Schools Services Block will continue to fund local authorities for the ongoing responsibilities they have a statutory duty to deliver for all pupils in maintained schools and academies. The total funding for ongoing responsibilities is £284m in 2022-23 (£257m in 2021/22).
 10. The DfE will publish final dedicated schools grant allocations for LA's in December 2021.

The National Funding Formula for Schools

11. The basic structure of the schools national funding formula (NFF) is not changing for 2022-23. However, they are changing some existing features of the formula as detailed below:
 - a. The core factors in the NFF - The basic per pupil funding factor (AWPU), additional needs factors and lump sum will increase by 3%,
 - b. The minimum per pupil levels are increasing by 2% for 2022-22. This means that for a primary school the minimum per pupil funding rate will be £4,265 and for a secondary school with year groups 7 to 11, the minimum per pupil funding rate will be £5,525.
 - c. In 2022-23, local authorities will remain responsible for determining final allocations to schools, in consultation with the Schools Forum.
 - d. The 2022-23 NFF funding floor is increasing by 2.0%. This means that every school will attract an increase in their pupil-led funding of at least 2.0% per pupil, compared to their funding floor baseline.
 - e. The free school meals factor will also increase by 2.0%, as the factor value is based on an estimate of the actual cost of providing school meals.

- f. For the low prior attainment (LPA) factor in the NFF, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) assessments have been used as a proxy for the 2020 assessments, following the cancellation of these assessments due to the pandemic. This is consistent with how the LPA factor was calculated in local formulae in 2021-22.
 - g. Schools sparsity distances will be calculated by road journeys, replacing the previous straight-line distance methodology.
 - h. Local authorities will continue to set a Minimum Funding Guarantee in their local formulae, which in 2022-23 must be between +0.5% and +2.0%.
 - i. Local authorities will continue to be able to transfer up to 0.5% of their schools block to other blocks of the Dedicated Schools Grant (DSG), with schools forum approval. A disapplication will be required for transfers above 0.5%, or for any amount without schools forum approval.
12. As in previous years it is Stockton intention to consult with schools on the transfer of up to 0.5% of the schools block into the high needs block.
13. For Stockton the indicative Schools Block allocation for 2022/23 (excluding growth factor) is £148.643m (2021/22 £143.542m).
14. Until the DfE publishes much more detailed information it is difficult to gauge precisely the implications locally.

The National Funding Formula for High Needs

15. It is anticipated that Stockton's share of the national increase as noted in paragraph 7 will be £2.789m for 2022/23.
16. The funding floor ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2022-23 the funding floor will be kept at 8.0%.
17. The limit on gains will be 11.0% per head of population compared to the baseline, so that authorities due to gain under the formula see an increase of up to 11.0% before their gains are capped.
18. The historic spend factor has been updated to use 50% of local authorities' actual spend data from 2017-18. In previous years the historic spend factor had been calculated using local authorities' planned spend in 2017-18 rather than their actual spend. The factor has been held at a cash-flat level since its introduction in the 2018-19 high needs NFF. Therefore, the increase in the total high needs quantum means that, even though authorities' total actual spend is more than the original baseline used in this factor, the proportion of total funding going through the historic

spend factor will reduce from 34% of the 2021-22 formula allocations to 32% in 2022-23.

National Funding Formula for Early Years

19. At the date of the meeting the guidance for 2022-22 is due to be published in the autumn. The schools Forum will be updated on any changes once the information is published.

The National Funding Formula for Central Schools Services

20. The ongoing responsibilities element of the CSSB is calculated using a simple per-pupil formula, the structure of which is unchanged. 90% of the funding will be distributed through a basic per-pupil factor, and 10% of funding through a deprivation factor based on the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools. The FSM6 factor will move to being based on the October census, rather than the January census. Both elements will be adjusted for area costs.
21. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 5.6%.
22. In 2022-23, the historic commitments element will continue to reduce by 20% on 2021-22 allocations, the same rate as the reduction in 2021-22.
23. For Stockton the indicative allocation for 2022/23 is £966k (2021/22 £891k)

Other Updates

24. Pupil Premium will continue in 2022-23 and will be based on the October 2021 census.

Timeframes

25. An extract of the DfE's timetable as published in the Schools revenue funding 2022/23 operational guide is attached as an Appendix A.

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Appendix A

Local Authority Activity - Timetable

07 October 2021

- School census day.

11 October 2021

- Deadline for submitting disapplication requests (for response by December) for:
 - MFG exclusions
 - exceptional circumstances
 - sparsity factors
 - lump sum variations for amalgamating schools
 - pupil number reductions

Mid-November 2021

- Closing date for submission of the 2022 to 2023 high needs place change workbooks.

19 November 2021

- Deadline for submitting disapplication requests (for response by the APT deadline) for:
 - MFG exclusions
 - exceptional circumstances
 - sparsity factors
 - lump sum variations for amalgamating schools
 - pupil number reductions
- Deadline for submitting disapplication requests if the local authority wishes to move more than 0.5% of the schools block.
- A request must also be submitted if the schools forum has turned down a proposal from the local authority to move funding out of the schools block, but the local authority wishes to proceed with the transfer. The department aims to issue decisions before the APT deadline.

November 2021

- School census database closed.
- Check and validate school census.

Mid-January 2022

- Schools forum consultation and political approval required for final 2022 to 2023 funding formula.
- 16 January schools block disapplication submission amendment date.

21 January 2022

- Deadline for submission of final 2022 to 2023 APT to ESFA.

28 February 2022

- Deadline for confirmation of schools budget shares to mainstream maintained schools