

**Schools Forum**

**27<sup>th</sup> September 2021**

**Schools and High Needs Operational Guidance for Financial year  
2022/23**

**This report is for information**

**1. Recommendations:**

That Schools Forum members:

- 1.1 note the contents of the report based on the “Schools revenue funding 2022/23 - Operational guide” and “The High Needs Funding 2022/23 operational Guide.

**2. Purpose**

- 2.1 To provide school forum with an overview on the “Schools Revenue Funding – Operational guidance” and “The and high needs funding 2022/23 policy document which allows the planning of the local schools funding formula for that year.
- 2.2 The Department for Education (DfE) have acknowledged the essential role that local authorities have played to support education as the country deals with the COVID-19 pandemic. The DfE have stated they have made limited changes to the funding arrangements in order to ensure that funding is delivered as smoothly as possible to schools.

**3. Report Details**

- 3.1 The DfE have published provisional National Funding Formula (NFF) allocations at local authority level for the schools, high needs and central schools services funding blocks for 2022/23. The DfE will use the NFF to calculate the blocks within the dedicated schools grant (DSG), which will be issued to authorities in December 2021.

**Table 1: National Funding Formula - Summary**

<b>Block Description</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Change</b>
<b>Pupil Numbers</b>	<b>54,669</b>	<b>55,511</b>	<b>842</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Schools funding block (Exc Growth fund)	290.101	303.269	13.168
High Needs Block	55.526	60.639	5.113
Central School Service Block	2.079	2.264	0.185
<b>Total Funding</b>	<b>347.706</b>	<b>366.172</b>	<b>18.466</b>

3.2 The DfE intend to publish the early years national funding formula (EYNFF) operational guide for 2022/23 in the autumn and provisional allocations will be issued to authorities in December 2021.

3.3 The key changes to the schools NFF in 2021/22 are:

- 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.
- Data on pupils who have been eligible for FSM6 is now taken from the October 2020 school census instead of the January 2020 census, to make the factor more up to date and bring it in

line with arrangements for other NFF factors as well as the pupil premium.

- 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 a proxy for the 2020 tests, following the cancellation of assessment due to coronavirus (COVID-19).
- Pupils who joined a school between January 2020 and May 2020 attract funding for mobility based on their entry date, rather than the May school census. (The May 2020 census did not take place due to coronavirus (COVID-19)).
- Further to the consultation on changes to the payment process of schools business rates, schools business rates will be paid by ESFA to billing authorities directly on behalf of all state funded schools from 2022/2023 onwards.
- The department has confirmed the following aspects of the high needs NFF:
  - the funding floor is set at 8% so each local authority will see an increase of at least 8% per head of their 2 to 18 population (as estimated by the Office of National Statistics)
  - the gains cap is set at 11%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on a per head basis of their 2 to 18 population.
- Following the consultation on changing the dedicated schools grant, the following requirements have been removed as they no longer need schools forum approval:
  - any deficit from the previous funding period that is being brought forward and is to be funded from the new financial year's schools budget.
  - any brought forward deficit on de-delegated services which is to be met by the overall schools budget.
  - In 2022/2023, as in previous years, each local authority will continue to set a local schools funding formula, in consultation with local schools. In July 2021, the department published a consultation on proposals for completing reforms of the funding

system, whereby individual schools budgets would be set directly through one single national formula, rather than local funding formulae. This consultation proposes that, from 2023/2024, local authorities will be required to bring their own formulae closer to the schools NFF, to smooth the transition. These requirements do not apply in 2022/2023, but local authorities may choose to move their local formulae closer to the NFF in advance of these requirements.

3.4 Key features of local authority formulae arrangements in 2022/2023 are:

- TPG and TPECG are now fully rolled in to the NFF; no separate adjustments are needed in the local formulae, beyond what was already done in 2021/2022, to account for these grants in 2022/2023.
- The MPPLs will remain mandatory, at the new NFF values.
- Local authorities have the freedom to set the MFG in local formulae between +0.5% and +2% per pupil
- DSG Transfers - 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.
- A disapplication is required for transfers above 0.5%, or any amount without schools forum approval; this applies to any transfers even if the minister agreed an amount in previous years.
- Following the cancellation of assessments in summer 2020 due to coronavirus (COVID-19), local authorities will use 2019 assessment data as a proxy in the low prior attainment factor in local funding formulae for the 2020 reception and year 6 cohort.

**Rates**

- This is an optional factor used by all local authorities. Rates will be paid by the ESFA directly to billing authorities on behalf of all maintained schools and academies from 2022 to 2023 onwards. Local authorities no longer need to fund rates at their estimate of the actual cost and will no longer allocate rates payments to schools. This is new for 2022/2023 (and a change from previous years).

- Therefore, local authorities also no longer need to adjust rates with additional allocations to schools during the financial year (outside of the funding formula).

### **School improvement**

- 3.5 The DfE recently changed the terms of the school improvement monitoring and brokering grant so that it is used to support educational recovery priorities; and confirmed their plans to adjust the overall value of the grant from October 2021. The DfE state “This keeps school funding levels in line with those when the grant was first introduced, given the increasing number of schools for which local authorities are no longer responsible”. As set out in the government’s response to this consultation, the DfE are now ring-fencing and bringing the conditions of payment into force from the 1 July 2021. We will keep the performance of the grant and its future beyond March 2022 under continual review.

### **DSG Deficit Management**

- 3.6 The department recognises that there may well be some local authorities which, despite their best efforts and the increased funding for the high needs block, will still not be able to pay off their historic deficit from the DSG over the next few years. In these cases, the department expects to work together with the local authority to agree a plan of action to enable the local authority to pay off its deficit over time. The department will need convincing evidence from the local authority that it would be impracticable to pay off a historic deficit from the DSG it would expect to receive in future years. The department will discuss the evidence requirement with selected local authorities and has provided a template to assist all local authorities report their plans for managing the DSG.
- 3.7 The department approached selected local authorities to begin discussions with them during 2020 and reached five agreements. The department expects to expand the discussions to other local authorities during 2021/2022 and subsequent years.
- 3.8 The government response also acknowledged that local authorities could experience cash flow difficulties in financing in-year spending because of a DSG deficit. By this, the department means that the local authority has actual difficulty in accessing cash, not that it has incurred loss of interest because it has had to make use of the

cash. If a local authority can prove that it is facing such cash flow problems, specifically because of the DSG deficit, the department will consider providing funding which would then be subtracted from future years' DSG allocations.

### **Central School Services Block (CSSB)**

- 3.9 The CSSB provides funding for local authorities to undertake central functions on behalf of maintained schools and academies, made up of two elements:
- Ongoing responsibilities
  - Historic commitments
- 3.10 The DfE state that “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%.”
- 3.11 The department has reduced the element of funding within CSSB that some local authorities receive for historic commitments made prior to 2013/2014.
- 3.12 In 2022/2023, for those local authorities that receive it, historic commitments funding has been reduced by 20%.

### **Grants for 2022/23**

- 3.13 School Improvement monitoring and brokering grant - Local authorities currently receive the school improvement monitoring and brokering grant covering their statutory intervention functions and monitoring and commissioning of school improvement support. The DfE will keep the performance of the grant and its future beyond March 2022 under continual review.
- 3.14 Pupil Premium - The pupil premium will continue in the 2022/2023 financial year.
- 3.15 For the financial year 2022/2023, October 2021 school census data will be used to allocate the pupil premium, just as the October 2020 census was used for the 2021/2022 pupil premium allocations.
- 3.16 Other non-DSG grants - Information about other grants for 2022/2023 will be issued during 2022.

## High Needs Funding

- 3.17 The high needs block supports provision for pupils and students with SEND, from ages 0 to 25, and alternative provision for pupils who, because of exclusion, illness, or other reasons, cannot receive their education in mainstream schools.
- 3.18 The national increase in high needs funding from 2021/22 to 2022/23 will be £780m; a £50m increase on the previous year.
- 3.19 Local authorities will see increase of a minimum of 8% and gains were capped at 11%; taking into account changes in the 2 to 18 year old population (as estimated by the ONS).
- 3.20 The hospital education factor amount will also be uplifted in line with the 8% funding floor factor.
- 3.21 The basic structure of the high needs NFF for 2022/2023 is not changing; however, there have been some more technical changes made, following responses to a consultation in early 2021:
- the historic spend factor has been updated for 2022/2023, to use 50% of local authorities' actual spend in 2017/2018 rather than planned spend as previously used. The proportion of total funding going through the historic spend factor will reduce from 34% of the 2021/2022 formula allocations to 32% in 2022/2023
  - due to the coronavirus (COVID-19) pandemic there is no appropriate 2020 attainment data to use for the 2 low attainment factors; therefore, 2019 data has been used in place of 2020 data for the 2022/2023 high needs allocations. This aligns with the approach taken in the schools NFF.
- 3.22 Local authorities must allocate teachers' pay and pensions employer contribution grant funding to maintained special schools, pupil referral units, special and alternative provision (AP) academies and maintained and academy hospital schools, on a per place basis according to the agreed number of funded places in the financial year 2022/2023. This is as a separate high needs funding stream (that is, neither place funding nor top-up funding), as follows:
- minimum of 40 places per school must be funded

- no recoupment for academies, so local authorities must fund academies directly
  - this funding must be excluded from any special schools minimum funding guarantee (MFG) calculation
- 3.23 The MFG for mainstream school covers their core budget, but it does not cover the high needs top-up funding. That element is not protected because it can change significantly when a single pupil with high needs leaves the school.
- 3.24 The MFG protection for maintained special schools and special academies in financial year 2022/2023 will be set by a condition of grant that applies to local authorities' dedicated schools grant (DSG) and protects schools from seeing a reduction in funding from year to year, assuming that the number and type of places remains the same between the 2021/2022 and 2022/2023 financial years.
- 3.25 In 2022/2023, the MFG for special schools/academies will remain at 0% of their core budget (place + top-up funding) on a per pupil basis, that is, the top-up funding must be set at a rate to ensure a school's total budget is no less per pupil than in the previous year.

#### **4. Recommendations**

##### 4.1 That Schools Forum

Note the contents of the report based on the "Schools revenue funding 2022/23 - Operational guide" and "The High Needs Funding 2022/23 operational Guide."

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Date: 20/09/2021

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