

## **Schools Forum**

**8<sup>th</sup> November 2021**

### **Schools Revenue Funding 2022/23 Consultation**

**This report is for decision**

#### **1. Recommendations:**

That school forum members approve:

- 1.1 The Schools Revenue Funding 2022/23 Consultation document to be issued to schools and academies and other interested stakeholders.
- 1.2 The submission of a disapplication request to the Education and Skills Agency for Bleakhouse Primary school to receive a second year of lump sum protection which equates to £180,680.

#### **2. Purpose**

- 2.1 To present and get approval of the Schools Revenue Funding 2022/23 Consultation document to be issued to schools and academies.

#### **3. Links to School Improvement Priorities**

- 3.1 Sandwell has an ambition to ensure that all schools and academies in the borough are rated as Good or Better by Ofsted. To achieve this during times of austerity will require astute and prudent usage of finite, and reducing, resources.
- 3.2 There remain significant financial challenges in the education sector at present. It is clear that, despite recent funding announcements, proposed schools funding arrangements will not fully offset the effects over the last 10 years of inflation, the national pay awards, the apprenticeship levy and changes to employers pay

contributions. Equally, schools will also have to source many services once provided free by the council.

3.3 Given that these factors have impacted, over time, detrimentally on local budgets, the decisions taken by the current School Forum need to consider how the factors contained within the schools budget formula deliver an equitable spread of resources to all schools, which targets areas of need whilst protecting those that are most financially vulnerable.

3.4 Schools Forum will need to consider the impact of a “hard” National Funding Formula, if and when implemented, and the continued steps the borough should take to move towards this; taking in to account minimum funding guarantees to allow schools time to prepare for, and manage, future changes in funding.

#### 4. Report Details

4.1 At the end of August 2019, the government announced that funding for schools and high needs would increase by £2.6 billion for 2020/21, £4.8 billion for 2021/22, and £7.1 billion for 2022/23, compared to 2019/20.

4.2 The government has published provisional schools and high need funding allocations for 2022/23, which is the third year of the three year funding increase. The table below details the provisional allocations released to date.

<b>National Funding Formula 2022/23 - Provisional Allocations</b>			
<b>Description</b>	<b>Schools Block</b>	<b>High Needs</b>	<b>Central Schools Services Block</b>
	<b>£</b>	<b>£</b>	<b>£</b>
2022/23 - Provisional NFF Allocations	303,269,139	60,638,720	2,263,500
2021/22 - Initial Allocations December 2020	297,545,210	55,737,931	2,249,075
<b>Increase</b>	<b>5,723,929</b>	<b>4,900,789</b>	<b>14,425</b>
<b>Note</b>			
The funding for both years are based on Pupil numbers in the October 2020 census of 55,511 pupils			

4.3 The Dedicated Schools Grant consists of 4 blocks; schools, high needs, early years and the new central schools services block Each of the blocks of the (DSG) has been determined by a separate national funding formula (NFF). The Early Years Block allocations will be released at a later date.

- 4.4 Schools block funding is based on notional allocations for each school, which will be aggregated to arrive at the schools block funding for each local authority.
- 4.5 Local authorities will continue to have the responsibility to set a local formula to distribute the funding allocated to them to schools in their area in 2022/23.
- 4.6 The government have stated in their consultation “Fair school funding for all: completing our reforms to the National Funding Formula” issued on the 8th July 2021 with a closing date of 30th September 2021; that their intention since the introduction of the NFF has always been to move to a funding system in which all individual schools’ funding allocations will be set directly by the national formula without substantive further local adjustment. The government refer to this as the “hard” NFF.
- 4.7 The consultation is part 1 of a 2 stage consultation process. The government expect to issue a response to the first stage in Autumn 2021.
- 4.8 The following items are a list of key changes to the schools NFF in 2022/23:
- The NFF factor values have been increased 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 by virtue of the May school census being their first census at the current school (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 to 2023 onwards.
- The minimum per-pupil levels will be set at £4,180 for primary schools and £5,215 for KS3 and £5,715 for KS4. This means a standard secondary school with 5 year groups receive at least £5,415 per pupil. (These rates is a reflection of the TPG and TPECG being rolling into the NFF).
- The funding floor will be set at 2.0%, which is broadly in line with the current inflation.
- Schools will benefit from an increase of 4% to the formula's core factors. Exceptions to this are that the free school meals factor, will be increased at inflation and premises funding will continue to be allocated at local authority level on the basis of actual spend in the 2019 to 2020 APT, with an RPIX increase for the PFI factor only.
- Growth funding will be based on the same methodology as last year, and will have the same transitional protection. There will be no capping or scaling of gains from the growth factor.

#### 4.9 The key features of local authority formulae arrangements in 2022/23 are:

- The minimum per-pupil levels will be set at £4,265 for primary schools and £5,321 for KS3 and £5,831 for KS4. This means a standard secondary school with 5 year groups receive at least £5,525 per pupil.

- Local authorities will continue to be able to set a Minimum Funding Guarantee in local formulae, which must be between +0.5% and +2.0%.
- Teachers' pay grant (TPG) and Teachers pension employers contribution grant (TPECG) are now fully rolled in to the NFF; no separate adjustments are needed in the local formulae, beyond what was already done in 2021/22 to account for these grants in 2022/23.
- Following the cancellation of assessments in summer 2020 due to COVID-19, local authorities will use 2019 assessment data as a proxy for the 2020 reception and year 6 cohort, which will be reflected in the data received from the DfE.
- Local authorities will 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 the authority were to consider such a transfer it would equate to a maximum of £1.516m. A disapplication is required for transfers above 0.5%, or for any amount without schools forum approval.
- The authority will not be requesting a movement of funding from the Schools block to another DSG funding block, as we recognise the significant budget pressures schools have been facing in recent years and it does not anticipate a budget pressure on the High Needs block for 2022/23 given the increases in funding from the Government.

### **Central School Services Block**

- 4.10 The central schools services block provides funding for local authorities to carry out central functions on behalf of maintained schools and academies. The block comprises two distinct elements; one for ongoing responsibilities and a cash sum for historic commitments.
- 4.11 The DfE undertook an exercise a few years ago at a national level to re-baseline historic commitments. This included:
- Schools Forum – classified as an ongoing responsibility

- Admissions Service – classified as an ongoing responsibility.
  - Pensions Administration – classified as an historic Commitment.
- 4.12 The DfE has cut historic commitment funding by 20% to £0.146m with the expectation that funding would continue to reduce and ultimately end over time; and therefore any commitment will also reduce and end over time.

### **Consultation Proposals**

4.13 The consultation on the formula funding for schools for 2022/23 includes proposals on the following:

4.14 The funding formula to use for allocating schools budgets;

1. Option 1 – Stepped change in the ratio - LA Formula (change in AWPU/MFG) with a ratio of 1:1.25 in year 1, 1:1.27 in year 2; and 1:1.29 in year 3. This will be the third year of the stepped change.

2. Option 2 – Secondary Schools receive 1% more above the overall increase in funding.

3. Option 3 – National Funding Formula Factor Values

- **Pupil Number Growth Contingency Fund;** two options have been proposed for consideration:

- Option 1 to continue with the current criteria of funding LA agreed PAN/Bulge class increases, new and growing schools and mid year admissions; with a fund of £1.850m being proposed.

- Option 2 to amend the criteria to fund PAN/Bulge class increases, new and growing schools, but cease funding of mid year admissions. It is estimated this would require a fund of £1.300m.

- **De-delegation proposals;** there are 5 de-delegated proposals to be considered by maintained schools.

- **Education Functions;** there are 3 Education function proposals to be considered by maintained schools.

- **Minimum funding guarantee and capping of gains;** this is to ensure the costs of providing the minimum funding guarantee protection are covered.
- **Central Schools Services Block;** there are 4 proposals to be considered by all schools, maintained schools and academies.

4.15 This consultation is applicable for one year only (2022/23).

4.16 The draft Schools Funding 2022/23 Consultation document is attached. The deadline for stakeholders to respond is **noon on Wednesday 1st December 2021.**

## 5. Recommendations

That school forum members approve:

- 5.1 The Schools Funding 2022/23 Consultation document to be issued to schools and academies and other interested stakeholders.
- 5.2 The submission of a disapplication request to the Education and Skills Agency for Bleakhouse Primary school to receive a second year of lump sum protection which equates to £180,680.

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Date: 04/11/2021

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