

North Northamptonshire Schools Forum: 4 November 2021

Agenda Item 4

2022-23 North Northamptonshire Council Schools Funding Consultation

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1 Purpose of Report

- 1.1 The report is to update North 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 March 2020.

Table 1

Schools forum powers and responsibilities

A summary of the powers and responsibilities of schools forums.

Function	Local authority	Schools forum	DfE role
Formula change (including redistributions)	Proposes and decides	Must be consulted [voting restrictions apply - see schools forum structure document] and informs the governing bodies of all consultations	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

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, NNC 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 LA 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 School Central Services Block on a line by line basis

1.7 In addition to the routine consultation topics, we 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 North Northamptonshire Council (NNC). The final allocation will be published in December 2021.

Table 2 – North Northamptonshire Council Provisional DSG Funding Allocations

	2021-22 DSG Allocation	Provisional 2022-23 NFF Allocation	Change	% Change
	£	£	£	%
Schools Block	244,805,438	250,375,503	5,570,065	2.28%
Central School Services Block	3,908,081	3,550,399	-357,682	-9.15%
High Needs Block	45,504,413	49,363,187	3,858,774	8.48%
Total DSG Allocation	294,217,932	303,289,088	9,071,156	3.08%

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.

Schools Block Funding

3.2 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 increased by £4.8bn in 2021-22 and will be increasing by £7.1bn in 2022-23 respectively, compared to 2019-20.

3.3 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.

3.4 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:

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

3.6 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).

3.7 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.

- 3.8 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. The DFE is also moving to use 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.
- 3.9 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.
- 3.10 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.
- 3.11 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 Uplift £	2022-23 Uplift %
Primary Unit Funding (PUF)	4,405.29	4,526.11	120.82	2.74%
Secondary Unit Funding (SUF)	5,693.88	5,857.68	163.80	2.88%

- 3.13 In addition to the PUF and SUF funding approximately 0.72% of the schools block funding provided is for premises factors (PFI, rates, split sites). The NFF uses the 2021-22 rates for its calculations and the same is used for the modelling the two options for consultation. The NFF does not include the growth part of the funding whereas an assumed estimate of what growth funding will be received and NNC’s growth requirement for 2022-23 in modelling the two options. The growth figure will be confirmed in the final December 2021 DSG announcement. The figures shown in the two modelled options are therefore indicative and subject to change.

High Needs Block Funding

- 3.14 The provisional increase in the High Needs Block represents the authority’s share of the £780 million national increase for 2022-23. NNC’s High Needs Block is increasing by £3.85 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 minimum uplift and increasing high needs pressures, NNC will not be seeking to continue to jointly fund the early years SEND children in nursery provision. A block transfer from high needs to early years will not be requested in 2022-23 as in 2021-22.

- 3.15 As discussed in Appendix A NNC's preferred proposal is to transfer 1.31% Option B from the Schools Block to High Needs Block to address the current existing High Needs Block deficit as well as being able to continue to provide specialist support services and sensory impairment services.
- 3.16 However if Schools Forum does not agree to the proposed consultation, then NNC will have no choice but to propose a transfer of 0.5% (Option A) from Schools Block to High Needs Block to address the existing High Needs Block overspend. In addition NNC may have to either cease to provide the current Specialist Support Services and Sensory Impairment Services or charge schools for the provision of these services in 2022-23. Please see details in the appendix C and related consultation questions in appendix B.

Central Schools Services Block (CSSB) Funding

- 3.17 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.
- 3.18 The ongoing responsibilities element for NNC is provisionally increasing by £0.09M to £1.75M million as the formula is used to calculate the funding allocation.
- 3.19 The historical responsibilities element for NNC is provisionally decreasing by £0.45m to £1.80M. 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.
- 3.20 This reduction leaves a funding gap of £0.35M against the expenditure requirement. After a review of service efficiencies and disinvestments in 2021-22 the Contribution to Combined Services have been revised as set out in the 2022-23 Central School Services Block report on the agenda.

Key Changes 2022-23

- 3.21 Key change to the schools National Funding Formula in 2022 to 2023 are:
- 3.18 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%
- 3.19 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

4.14 Table 2 above shows the provisional 2022-23 National Funding of £303.28M, an increase of £9.07M (3.08%) from 2021-22.

4.15 Appendix A shows the proposed consultation document and Appendix B shows the school level financial modelling based on the consultation proposals for the schools formula funding. Within Appendix B is also a comparison of the existing 2021-22 School budget share, the two options modelled using the ESFA provided “Authority Proforma Tool” (APT) as well as the published NFF. Both option models have applied assumptions based on:

- Growth funding for 2022-23 remains the same as 2021-22 i.e. £1.339M
- All schools are guaranteed the minimum per pupil funding of :

Primary minimum per pupil funding level	Secondary (KS3 only) minimum per pupil funding level	Secondary (KS4 only) minimum per pupil funding level	Secondary minimum per pupil funding level
£4,265.00	£5,321.00	£5,831.00	£5,525.00

- Minimum funding guarantee of 2%
- Two different modelled options:

ASSUMPTIONS USED:	OPTION A	OPTION B
1. 2022-23 GROWTH FUNDING RECEIVED	£1.339M	£1.339M
2a. TRANSFER % SCHOOLS BLOCK TO HIGH NEEDS BLOCK	0.50%	1.31%
2b. TRANSFER AMOUNT SCHOOLS BLOCK TO HIGH NEEDS BLOCK	£1.258M	£3.297M
3. MFG SET AT	2.00%	2.00%
4. INCREASES CAP AT	100.00%	2.00%
5. ALL CAPPED INCREASES SCALE BY	100%	100%
6. GROWTH FUND BUDGET FOR 2022-23	£0.892M	£0.717M

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

4.17 The differences in the indicative budgets of both options modelled are apparent when comparing with the published NFF allocations for schools.

4.18 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.

4.19 Although complex, the comparison between national NFF and local NFF is useful. Within Appendix B is also a comparison of the individual schools 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 differences from 2021-22 Budget	NNC Schools and Academies		
	Notional NFF Budget	Option A Budget	Option B Budget
Under 0%	1	1	1
0% to 0.99%	1	2	3
1% to 1.99%	25	19	97
2% to 2.99%	57	90	24
3% to 3.99%	28	6	6
4% to 4.99%	4	7	0
5% to 5.99%	2	2	0
6% to 6.99%	0	1	0
7% to 7.99%	1	1	0
8% to 8.99%	1	2	0
9% to 9.99%	4	0	0
10% to 10.99%	2	0	0
11% to 11.99%	3	0	0
12% to 12.99%	1	0	0
13% to 13.99%	0	0	0
14% to 14.99%	1	0	0
Total	131	131	131

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 on 5th November 2021, for return on 3rd December 2021. The consultation links to the other appendices noted at the start of this paper.

6 Legal implications

6.14 Option B will require NNC to submit a disapplication request to the DFE for Secretary of State approval to transfer 1.31% from School Block to High Needs Block if Schools Forum are in agreement for Option B to be consulted on.

7 Risks

7.14 This report is drawing Schools Forum attention to the risks of a spiralling DSG High Needs Block budget deficit should Schools Forum choose not agree to the consultation of Option B.

8 Recommendations for Schools Forum

8.14 That Schools Forum note the provisional funding settlement for 2022-23.

8.15 **For Decision:** Schools Forum is requested to agree the school funding consultation document for 2022-23.

9 Next Steps

9.14 Consultation with schools will be held for a period of four weeks between 5 November - 3 December 2021 inclusive

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

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