

2022-23 Schools Block Funding and Local Funding Formula Consultation

1. Purpose of the Report

To provide:

- a summary of the provisional 2022-23 Dedicated Schools Grant funding allocations and changes to the National Funding Formula.
- The proposals for the 2022-23 local funding formula consultation.

2. Provisional Indicative 2022-23 Schools Block Funding Allocation

The indicative local authority (LA) funding allocations for 2022-23 for the Schools Block were announced in July 2021, together with notional allocations for individual schools. The indicative funding allocation is based on pupil numbers for October 2020 and will be updated to reflect the October 2021 pupil numbers in December 2021.

Schools Block Funding Breakdown

	Actual 2021-22			Indicative 2022-23			Increase/ Decrease(-)	
	October 2020 Pupil No.'s	Unit of Funding £	2021-22 £000	October 2020 Pupil No.'s	Unit of Funding £	2022-23 £000	£000	%
Primary	66,628.0	4,467	297,633	66,628	4,592	305,973	8,340	2.80
Secondary	44,105.0	5,650	249,209	44,105	5,817	256,547	7,339	2.94
Premises & Mobility			6,326			6,111	-214	-3.39
Growth Funding			3,562			Not included		
TOTAL SCHOOLS BLOCK	110,733		553,167	110,733		568,631		

The provisional funding for 2022-23 does not include the funding through the growth factor. For 2022 to 2023, it will be calculated using the same methodology as in 2021 to 2022, based on the growth in pupil numbers between the October 2020 and October 2021 censuses.

Comparing 2021-22 and 2022-23 schools block excluding funding through the growth factor there is a £15.4m increase in funding (2.8%).

For the High Needs Block the indicative allocation is £9.8m higher which is 10.54%.

3. Changes to the National Funding Formula (NFF) for 2022-23

The National Funding Formula 2022-23 is similar to the formula in 2021-22. The main changes are summarised.

- 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

Sparsity funding is now based on road distance rather than being measured on straight-line distance from pupils' home to school. For 2022-23 a sparsity distance taper has been introduced, this is in addition to the existing year group size taper.

Data on pupils who have been eligible for free school meals at any time in the last six years (FSM6) is now taken from the October 2020 school census instead of from the January census. This brings it in line with pupil premium funding arrangements.

Due to 2020 assessments being cancelled due to the pandemic, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests is used as a proxy when calculating low prior attainment proportions.

Pupils who joined a school between January and May 2020 attract funding for mobility based on their entry date. The May 2020 census was cancelled due to the pandemic.

The key Changes in the High Needs Block are:

- The historic spend factor has been updated for 2022-23, to use 50% of LAs' actual spend in 2017 to 2018 rather than planned spend as previously used.
- The limit on gains is set at 11%.
- Due to the 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 to 2023 high needs allocations.

4. Operational Guidance – Schools Revenue Funding 2022-23

The operational guidance was issued in July 2021 for LAs to start to plan the local implementation of the funding system for 2022-23.

- There are 14 allowable funding factors in 2022 to 2023 local funding formula (basic entitlement – compulsory; deprivation – compulsory; minimum level of per-pupil funding for primary and secondary schools – compulsory; prior attainment – optional; looked after children (LAC) – optional; English as an additional language (EAL) – optional; pupil mobility – optional; sparsity – optional; lump sum – optional; London fringe (only for eligible authorities) – optional; split sites – optional; rates – optional; private finance initiative (PFI) contracts – optional; exceptional circumstances (with ESFA agreement) – optional)
- LAs must allocate at least 80% of the delegated schools block funding through pupil-led factors.
- Rates will be recorded in the APT data for the final year in 2022-23. Final adjustments will be received by LAs in the 2023-24 NFF allocations, with payments reflected in the DSG from April 2023.
- LAs' are able to transfer up to 0.5% of the schools block to other blocks of the DSG with the agreement of their schools forum.
- Flexible minimum funding guarantee (MFG) to be allowed between +0.5% and +2.00%. LA need to consult on any changes to the level of the MFG, as with the rest of the formula.

- TPG and TPECG are now fully rolled in to the NFF.

5. Implications for the Local Funding Formula (LFF)

The LA aims to continue to mirror the NFF subject to it being affordable. Initial financial modelling for 2022-23, based largely on 2021-22 data, suggests it is just about affordable.

This is after considering the Minimum per Pupil increase for Minster School (see Section 6) and an estimated increase in school rates bills. The illustrative allocations are, however, still based on October 2020 census data, final allocations will be based on affordability once the actual funding settlement is received in December 2021 using October 2021 census and changes to pupil characteristics.

If the NFF was unaffordable in full, perhaps because of data changes, consideration would need to be given as to how the shortfall would be met. The options which could be considered are:

- Setting the MFG at less than 2.00%
- Setting a gains cap.
- Using some of the growth funding as it is part of the Schools Block

6. Minster MPP disapplication request

In June 2020 school forum received a report regarding the application of the NFF Minimum Per Pupil (MPP) methodology for Minster School because it disadvantages the school for not having a standard number of year groups and a disproportionate number of primary and secondary pupils. This had significantly reduced the MPP protection that it would have received as a stand-alone secondary school.

The LA redetermined the 2020-21 budget allocation for Minster School accepting that it was a unique circumstance and submitted a disapplication request to the ESFA which was approved. The report highlighted that this amendment may be needed for the school in future years if no change was made to the NFF MPP methodology.

The LA submitted a disapplication for the 2021-22 funding for Minster School which was approved.

The forum are advised that no change has been made to the NFF MPP methodology therefore the amendment will be required for the school's 2022-23 funding and a disapplication request will need to be made again.

7. Consultation Proposals – Schools Block

The aim of the consultation is to mirror the National Funding Formula based on the indicative 2022-23 funding allocation for Nottinghamshire. The local authority is required to consult on any changes to the LFF.

1. Changes to the Unit Values Attributed to each Factor

The unit values for all the NFF factors have been increased by 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. There has been an increase of 2% to the and free school meals (FSM). To continue with the principle to mirror the NFF as closely as possible these increases will need to be reflected in the LFF. The unit values for 2021-22 and those proposed for 2022-23 are shown in the Table 1 in the Appendix.

Question 1

In order to continue with the principle to mirror the NFF as far as possible the local authority would need to increase the unit values for each factor as detailed in Table 1

Are you in agreement with this proposal? Yes/No

2. Minimum Funding Guarantee/Funding Floor (MFG)

For 2022-23 the MFG must be between +0.5% and +2.00%. The current MFG in the LFF is 2%. A positive MFG protects schools from any reduction in per pupil funding as a result of a change in pupil characteristics or unit values.

Question 2

To continue with the principle to mirror the NFF as closely as possible the local authority would continue to set the MFG at 2.00% (subject to affordability).

Are you in agreement with this proposal? Yes/No

3. De-delegation

The DfE requires any funding that was subject to de-delegation in 2021-22 to be re-approved by Schools Forum if the de-delegation is to continue in 2022-23. The services to be de-delegated haven't changed nor have the proposed per pupil amounts.

Question 3 (to be answered by maintained schools only)

Do you agree to the de-delegation of the following in 2022-23?

- *Free school meals eligibility assessment?*
- *Support to underperforming ethnic minority groups and bilingual learners?*
- *Contingency for crisis communications?*
- *Trade Union Facilities?*

	Primary per pupil de-delegation	Secondary per pupil de-delegation
Free school meal eligibility assessment	£0.75	£0.75
Support to underperforming ethnic minority groups and bilingual learners	£5.03	£5.03
Contingency for crisis communications	£0.90	Nil
Trade Union Facilities	£1.56	£1.69

8. Consultation timetable

- 11th November Schools Forum meeting – decide content of consultation.
- Week commencing 15th November consultation period
- 7th December – circulation of consultation responses and proposed 2022-23 local funding formula.
- 9th December Schools Forum meeting – recommendation of local funding formula.

- Mid December 2022-23 final Schools Block funding allocation announced
- 21st January 2022 APT submission to ESFA
- 10th February 2022 – agreement of local funding formula at Policy Committee.
- 24th February 2022 – update to the Schools Forum on final 2022-23 local funding formula
- 28th February 2022- deadline for confirmation of schools’ budget shares to mainstream maintained schools

9. Recommendation

That the Schools Forum:

- Offers its views on the options for addressing an affordability gap
- Agrees with the LA submitting a disapplication request for Minster School MPP calculation
- Consider and agree the proposed timetable for the schools funding consultation.

For any enquiries about this report please contact:

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Appendix- Table 1

	Nottinghamshire Local Funding Formula 2021-22			National Funding Formula 2022-23		
	Primary	Secondary	Secondary KS3 Only	Primary	Secondary	Secondary KS3 Only
	Unit Value £	Unit Value £	Unit Value £	Unit Value £	Unit Value £	Unit Value £
Minimum Per Pupil	4,180	5,215	5,715	4,265	5,321	5,831
Basic Entitlement - per pupil						
Primary	3,131.62			3,225.91		
KS3		4,416.16			4,548.56	
KS4		4,976.70			5,126.16	
Deprivation - per eligible pupil						
FSM Current	461.27	461.27		471.30	471.30	
FSM6	576.59	842.32		591.63	867.40	
IDACI Band A	621.71	867.39		641.77	892.47	
IDACI Band B	476.31	681.88		491.36	701.94	
IDACI Band C	446.23	631.74		461.27	651.80	
IDACI Band D	411.13	581.60		421.16	596.65	
IDACI Band E	260.72	416.15		270.75	426.18	
IDACI Band F	215.59	310.86		220.61	320.89	
Low Prior Attainment - per eligible pupil	1,098.02	1,664.58		1,133.13	1,714.74	
English as an Additional Language - per eligible pupil	551.52	1,489.10		566.57	1,534.24	
Lump Sum - per school	118,125.13	118,125.13		121,636.00	121,636.00	
Sparsity - per eligible school	45,124.20	70,193.20		55,152.35	80,221.60	
Pupil Mobility - per eligible pupil	902.48	1,293.56		927.56	1,333.68	
Split Sites			School specific unit values			
Rental			School specific unit values			
Rates			School specific unit values			
Joint Use			School specific unit values			
Minimum Funding Guarantee	2.00%			0.50% - 2.00%		
Gains Cap	0.00%			N/A		

Note: The National Funding Formula unit values have been increased to reflect the Area Cost Adjustment for Nottinghamshire. For 2021-22 this is 1.00276 and for 2022-23 this is 1.00277