



**Report to:** Schools Forum

**Date of Meeting(s):** 26<sup>th</sup> November 2021

**Subject:** School Funding Formula 2022/23– Schools Block

**Report of:** Colette Dutton - Director for Children and Families

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**Summary:** To provide details of the indicative DSG allocations for 2022/23 and proposed formulas for allocating

**Recommendation(s):** For Schools Forum to note the contents of the report and

- to consider the funding models presented and to agree the principles to be adopted.
- To agree what contribution, if any, is to be made from Schools Block to High Needs.

**Implications:**

*What are the **financial** implications?* Contained within report

*What are the **staffing** implications?* n/a

**Risks:** n/a

Please list any appendices:-

Appendix number or letter	Description
1	Indicative Funding Models
2	NFF Factor Values

## 1 SCHOOL FUNDING FORMULA 2022/23

- 1.1 The LA will remain responsible for determining the local schools funding formula model to be used to distribute final delegated budget allocations to individual schools (referred to by the DfE as the NFF “soft” approach). Each authority’s process must ensure that there is sufficient time to gain political approval before the APT (authority pro forma tool) deadline in January 2022. Political ratification means approval in line with the authority’s local scheme of delegation, so this may be decisions made by the council cabinet, cabinet member or full council; the Schools Forum does not decide on the formula.
- 1.2 The government has highlighted its intention to move to a ‘hard’ national funding formula at the earliest opportunity. Schools Forum agreed in 2018/19 that the local formula should mirror the rates within the national funding formula which has continued since.

## 2. SCHOOLS BLOCK

- 2.1 The NFF model for the schools block calculates an “indicative” budget for each individual school in their host Local Authority and the aggregated total of such forms the 2022/23 LA baseline schools block allocation. The schools block allocation is expressed as separate per pupil primary and secondary rates for each LA and includes funding for premises based on historic spend and growth on a formulaic basis. The published provisional allocation for 2022/23 is **£233,247,212** which is an increase of approx. £5.6 million on our 2021/22 actual allocation (c. 2.5% increase per pupil).
- 2.2 The minimum funding guarantee (MFG) for schools will continue to provide protection and stability to school budgets, but local authorities will have the flexibility to set a local MFG rate between 0.5% and 2.00% per pupil. The mandatory minimum funding levels also will continue to apply to ensure that all schools receive a minimum amount of funding per pupil and any funding arrangement agreed by the Local Authority must ensure that this is protected.
- 2.3 The schools block is ring-fenced, but the LA is permitted to transfer up to 0.5% of the schools block funding allocated to other blocks (i.e. high needs) with the agreement of their Schools Forum. This equates to just over £1.1m based on the 2022/23 allocation. In 2021/22 forum agreed to a block transfer to High Needs of £0.45m, with a further £0.3m committed from DSG underspends in 2019/20, therefore total contribution was £0.75m.

In May 2021, forum agreed that £0.500m from DSG underspends in 2020/21 could be utilised to support the high needs block in 2022/23.

- 2.4 The schools forum sub-group for the funding formula met on 2<sup>nd</sup> November to consider a range of different options which had been modelled in relation to the funding formula. This included consideration of any potential contribution from Schools Block to High Needs in 2022/23. Further feedback on this is provided in section 4 of this report.

Representatives of the sub-group were asked to consult with schools in their sector on the proposals.

### **3. NATIONAL FUNDING FORMULA (NFF)**

#### **3.1 Formula Factors**

Provided below is a summary of the formula factors in the NFF together with relevant information on their local application.

##### **Pupil led funding**

- **A basic per pupil entitlement (mandatory)**

The age weighted pupil unit is the fundamental building block of the formula. The NFF rates (post Area Cost Adjustment) for 2022/23 are:

Primary: £3,235

Key Stage 3: £4,561

Key Stage 4: £5,140

This represents a 3% increase on 2021/22 basic entitlement rates.

- **Minimum Funding Levels for Pupils**

The mandatory minimum per pupil funding levels have been increased for both primary and secondary schools by 2%. Provided below are details of the 2021/22 and 2022/23 minimum funding levels:

Primary: £4,180 (2021/22), £4,265 (2022/23)

Secondary: £5,415 (2021/22), £5,525 (2022/23)

- **Minimum Funding Guarantee (MFG)**

MFG provides protection to ensure that schools receive a minimum percentage increase per pupil on the pupil led factors of the formula. Under the 2022/23 funding formula the Local Authority can set the MFG between 0.5% and 2%.

- **Deprivation**

This is a compulsory factor and is identified through 2 measures –eligibility for FSM where this will be current and historic through the EVER6 measure and the level of deprivation in the postcode the student lives (IDACI). The EVER6 factor is now based on October census data rather than January. The IDACI factor uses 6 bands each of which attracts a different value to reflect varying levels of deprivation. The IDACI data was updated in 2019 and it is this data which is to be used in 2022/23.

- **Low Prior Attainment**

This measure is an important tool for schools to identify pupils who are likely to require more support.

A pupil who does not achieve the expected level in Early Years Foundation Stage Profile on entry to primary school will attract an additional £1,136 (based on 2022/23 values) a year throughout their time in that school. A pupil who does not

achieve the expected level at KS2 will attract an additional £1,719 (2022/23 values) while in secondary education.

The Low Prior Attainment pupil numbers are weighted to reflect the fact that the proportion of pupils reaching the expected standard in key stage 2 tests has changed over time.

- **English as an Additional Language (EAL)**

EAL pupils will attract funding for a maximum of 3 years after the pupil enters the statutory age school system. The EAL formula values are £568 (primary) and £1,538 (secondary). We apply EAL for the maximum 3 years in line with the National Funding Formula.

- **Pupil Mobility**

The approach for this factor tracks census data over a three year period to identify any pupils who have joined the school on a 'non-typical' start date. Only a small proportion of our school population attract funding under this factor.

### **School Led Funding**

- **Lump Sum**

This is a lump sum provided to all Primary and Secondary schools. The value of this factor for 2022/23 after area cost adjustment is £0.122m per school.

- **Rates**

These must be funded at the authority's estimate of the actual cost. Information is obtained from the LA's NNDR team to support these estimates. For academies information is provided by the ESFA on the rates to include.

As previously reported the rates will no longer form part of a maintained schools delegated budget. In 2022/23, the LA will be required to report to the ESFA details of the estimated rates value per school, however, this value will be retained by the ESFA from our DSG and then the LA will bill the ESFA directly.

- **Private Finance Initiative (PFI) contracts**

This will not apply for Wigan.

- **Split Sites**

This will not apply for Wigan as we do not currently have any schools on split sites.

- **Sparsity**

This factor targets extra funding for schools that are both small and remote. No school in Wigan currently meets the criteria.

### 3.2 Growth Fund

Growth funding is allocated to local authorities using a formulaic method based on lagged growth data. The allocations will be based on pupil data from the October 2021 census. It is not reflected in current allocations and will be issued alongside the final DSG allocation in December. Growth Funding received in 2021/22 totalled £1.121m. The process for distributing the Growth Funding to schools is determined locally as set out in the reports previously presented to forum.

We will only know the final growth funding allocation for the January 2022 Forum meeting.

### 3.3 Notional SEND

Within the proforma to be submitted to the ESFA outlining our local funding arrangements it is necessary to identify those factors which make up the notional SEND allocations for schools. Outlined below are the factors and the percentages of each which made up the notional SEND funding in 2021/22:

Basic Entitlement: 3%

Deprivation: 7%

Lower Prior Attainment: 100%

It is proposed that the same factors and percentages are adopted in 2022/23.

It is anticipated that the principles of Notional SEND will be reviewed as part of the wider SEND review and subsequent review of SEND funding by the DfE

### 3.4 De-delegations

A report was presented at the October 2021 schools forum meeting at which the de-delegations for 2022/23 were agreed, inclusive of a 1.75% inflationary increase for some de-delegations.

## 4. FUNDING MODELS

4.1 In order to support Schools Forum in determining the most appropriate values and formula in allocating the Schools Block funding, several different models were presented to the forum sub-group for consideration.

The sub-group subsequently made recommendations which are set out below. These are supported with school level modelling which is included in Appendix 1 of the report and a summary of the key points relating to each model are set out below.

**Please note, the allocations shown are only indicative and will change following receipt of the final funding allocations based on the October 2021 census data.** For the purposes of the modelling presented, the October 2020 census data has been used. Although the quantum of funding will be revised to reflect changes in pupil numbers in our final DSG allocation, the PUF and SUF values per pupil remain the same and therefore changes in pupil demographics in the October 2021 census will impact on the final school level allocations.

Included at Appendix 2 of this report are the NFF values for 2022/23 which have been used for each factor alongside the 2021/22 values.

## **National Funding Formula factors and values**

### **Model 1**

- The sub-group recommended that we should continue to use the National Funding Formula.
- This model uses all NFF factors and area cost adjusted factor values as outlined in Appendix 2.
- The MFG has been set at the maximum 2.00%.
- This model currently leaves surplus funding of £547,259 (as noted above, this will change with the October 2021 census data). Any surplus funding would need to be allocated. This model is included for illustrative purposes only.
- With changes to demographics as a result of the pandemic (i.e. increase in number of pupils attracting deprivation funding) it is anticipated that there will be little to no surplus once October 2021 census data is used.
- The NFF values included here and outlined in Appendix 2 have been used in all subsequent models unless otherwise stated.

**Proposal – Continue to adopt the National Funding Formula and associated factor values.**

## **Allocation of Surplus Funding**

### **Model 2**

- Two different approaches for allocating any potential surplus funding were shared with the sub-group – increasing AWPU and increasing lump sum values.
- Following consideration of the two models, the group recommended that an increase should be applied to the AWPU value in the eventuality of there being surplus funding to allocate. This approach would ensure that any extra funding allocated as a result takes into account the respective size of the school (based on pupil numbers).
- Therefore, in model 2, the AWPU values have been increased to ensure that the surplus funding in model 1 is allocated. This results in an increase in the AWPU of 0.54% for primaries, KS3 and KS4. The table below shows the changes in value:

	<b>NFF AWPU</b>	<b>AWPU used in Model 2</b>
Primary	£3,234.56	£3,252.05
KS3	£4,560.77	£4,585.53
KS4	£5,139.91	£5,167.70

- **Proposal - IF there is surplus funding this will be allocated through increasing the AWPU.**

## **Adjustments for potential Block Transfer**

### **Model 3**

- The sub group were provided with 4 different models demonstrating the impact of 2 different value block transfers and different approaches to making the transfers affordable within the funding envelope. Block transfers of £0.250m and £0.400m were modelled and the formula was adjusted by reducing the minimum funding guarantee (MFG) and by capping and scaling gains to ensure affordability.
- Of the two approaches to adjusting the formula the sub-group agreed that the fairest approach was to cap and scale gains as this ultimately impacted more schools but to a far less extent. When reducing MFG, a small number of school's were impacted but to a much greater extent. Furthermore, the suggested approach results in those schools that are receiving the higher percentage increases, year on year, contributing to the block transfer, and even after this is applied, by and large, they are still receiving the higher increases.
- Model 3 demonstrates the impact of the capping and scaling approach where the block contribution is £0.250m. In this example the cap is set at 2% and scaling is 21% (gains over 2% are reduced by 21%). These values would change in the final allocations in view of updated census and funding data.
- For comparison purposes the surplus funding in model 1 has been removed in this example to better understand the impact of the adjustment.

**Proposal – IF a block transfer is agreed, capping and scaling would be applied to make this affordable.**

## **5. BLOCK TRANSFER**

- 5.1 As noted above, block transfers of £0 (Model 1), £0.250m (Model 3) and £0.400m were presented to the forum sub-group. Following discussions, the group felt that the £0.400m transfer was unpalatable and as such this option has been discarded.
- 5.2 The Local Authority would like to seek the agreement of schools forum for a block transfer of £0.250m. In view of the previously agreed contribution from underspends this would bring the total to £0.750m in line with the previous years total contribution.
- 5.3 It is proposed that the £0.250m contribution would be used to support costs associated with the escalating cost of tutoring for 6<sup>th</sup> day provision or pupils moving into the borough without a place that require full time provision in addition to the growing cost of alternative provision across a number of providers due to demand.
- 5.4 As the contribution is under 0.5% of the Schools Block this block transfer can be actioned with the agreement of schools forum. If forum do not agree to the block transfer, and the Local Authority still wish to action, the approval of the Secretary of State is required through the disapplication process.

## **6. ACTIONS**

- 6.1 To consider and agree the formula factors and rates to be used for schools block allocations in 2022/23.
- 6.2 To consider and agree the key principles as set out in section 4.

- 6.3 To consider and agree any block transfers from Schools Block to High Needs.
- 6.4 To note that growth funding allocations will only be available in December 2021.