



**Report to:** Schools Forum

**Date of Meeting(s):** 20<sup>th</sup> January 2022

**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 DSG allocations for 2022/23 and details of the allocation per school.

**Recommendation(s):** For Schools Forum to sign off the formula and school level allocations for 2022/23.

To agree the total growth fund for 2022/23.

To agree the allocation of the Central School Service Block (CSSB) funding.

**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	School Allocations 2022-23
2	Authority Pro-Forma Tool

## **1.0 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 and to subsequently notify maintained mainstream schools of their budget shares before 28/02/2022. Political ratification means approval in line with the authority’s local scheme of delegation, so this may mean decisions being 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 in subsequent years.

## **2.0 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 final published allocation for 2022/23 is £234,866,958 (inc. Growth) which is an increase of approximately £6.1m on Wigan’s 2021 actual allocation (circa 2.5% increase per pupil). The pupil numbers for funding purposes have increased by 92 (a reduction of 145 pupils in the primary sector, but an increase of 237 pupils in the secondary sector).
- 2.2 The minimum funding guarantee (MFG) for schools continues to provide protection and stability to school budgets, but local authorities have the flexibility to set a local MFG rate between 0.5% and 2.00% per pupil. The mandatory minimum funding levels continue to apply to ensure that all schools receive a minimum amount of funding per pupil (£4,265 per pupil for primary schools and £5,525 for secondary schools) 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 allocation to other blocks (i.e. high needs) with the agreement of their Schools Forum. This equates to £1.174m based on the 2022/23 allocation. At their meeting on the 26/11/2021 Schools Forum members provisionally agreed to a transfer of £0.250m (0.11%) from the Schools Block to the High Needs Block. It was agreed that Head Teacher representatives from Primary & Secondary Schools should consult their colleagues about this proposed transfer and report back to Schools Forum on the 20/01/2022. This is in addition to the transfer of £0.500m from 2020/21 DSG underspends to support the high needs block in 2022/23 as agreed by Schools Forum in May 2021.

### 3.0 BUDGET ALLOCATIONS

3.1 In November 2021 a sub-group of the Forum met and reviewed a range of different funding models with recommendations subsequently being presented at the November Forum meeting. The recommendations from the sub-group were endorsed at the subsequent Forum meeting.

3.2 Provided below is a summary of the key principles agreed at the November Forum meeting:

- The NFF factors and associated values (including the Area Cost Adjustment) should be adopted.
- £0.250m to be transferred to the High Needs Block as highlighted in 2.3 above. (provisional, pending outcome of consultation)
- Affordability within the funding envelope was to be achieved by applying capping and scaling to any gains above 2%. As a result a cap of 2% was set and any gains above this have been scaled back by 12.65% in order to generate a surplus for the contribution of £0.250m

### 3.3 Affordability of the National Funding Formula

Having modelled the 2022/23 funding formula for schools, using the NFF, it has been found that this cannot be met from the core schools block allocation (exc. Growth factor funding). There is currently a shortfall in funding of around £0.273m. This has arisen as the Primary and Secondary units of funding used in the NFF are based on October 2020 pupil characteristics (uplifted by inflationary factors), albeit adjusted to reflect October 2021 pupil numbers. There has been a significant increase in the number of pupils attracting funding through the deprivation factors in the formula over the 12 month period and as a result the overall funding received (exc. growth factor) does not fully meet the application of the NFF.

On top of the core schools block allocation the LA receives additional funding through a growth factor. It is proposed that the shortfall in meeting the NFF is met by using a proportion of the growth factor funding to ensure that schools are still receiving the equivalent of the National Funding Formula factors, before adjustments are made to accommodate the agreed contribution to High Needs. (see section 4 below for further details)

3.4 Included at **Appendix 1** of this report are details of the final school level allocations based on the above principles. The post MFG budget figures for 2022/23 includes the estimated value for business rates for comparison purposes. This element of the budget will however be retained by the ESFA (and not form part of the school budget share), with the LA then billing the ESFA directly.

3.5 Included at **Appendix 2** of this report is a copy of the funding proforma which provides further details of factor values, eligibility proportions and the total funding allocated through each factor.

3.5 The notional SEN percentages and de-delegation values to be applied were agreed at the previous forum meetings in October and November 2021.

## 4.0 GROWTH FUND

4.1 Growth funding is allocated to local authorities using a formulaic method based on lagged growth data. The allocations are based on pupil data from the October 2021 census. **The total growth funding allocation for 2022/23 is £895,368.**

4.2 In October 2019 was presented to schools forum on Growth Funding and it was agreed that our local method of allocation should be maintained until any changes are directed by the DfE. To summarise, Wigan's methodology is as follows:

*'A school or academy can submit a business case where it has agreed with the authority to provide an extra class in order to meet basic need or where a school has increased its PAN in agreement with the authority. The business case will detail the additional costs to the school for this extra provision, and this will be cross referenced against an amount based on an additional per pupil AWPU increase reflecting the proportion of the year which is not funded within the school's budget share. (The amount paid includes not just the AWPU but all funding factors less the fixed sum)'*

4.3 As the growth allocation is within the schools block, the establishment of the growth fund is not treated as a transfer between blocks, however, the Schools Forum are required to agree the total value of the growth fund. In view of the information in paragraph 3.3 above it is recommended that a growth fund of **£621,551** is established. The remaining funding through the growth factor, £273,817, will support the application of the National Funding Formula. We have historically had an underspend on our growth fund with Forum consulted on the use of the remaining funds at year end. In May 2021 Forum agreed to use some of the underspend from 2020/21 to support potential future growth and therefore there is £0.500m ear marked in central DSG reserves.

4.4 Any unspent growth funding remaining at year end will be reported to Schools Forum. Any such underspends will be carried forward to the following funding period and Forum will be consulted on the use of the funding. Any overspends on the growth fund will form part of the overall DSG surplus or deficit balance.

## 5.0 CENTRAL SCHOOL SERVICES BLOCK

5.1 The central school services block (CSSB) is the fourth block of funding within the DSG framework.

5.2 This block funds local authorities for the statutory duties that they hold for both maintained schools and academies and brings together 3 former funding streams as detailed below:

- Funding previous allocated through the retained duties element of the Education Services Grant (ESG) functions including education welfare and asset management;
- Funding previously top-sliced from the schools block for ongoing responsibilities (i.e. Admissions/Schools Forum); and
- Residual funding for historic commitments, previously top-sliced from the schools block

The CSSB also now incorporates an element of funding for the teacher's pension grant for centrally employed teachers, which was previously allocated through a separate grant payment.

5.3 The CSSB block for 2022/23 is £865,849.

5.4 Schools Forum approval is required each year to confirm the amounts for activities within the CSSB and when using centrally held funding, local authorities must treat maintained schools and academies on an equivalent basis.

## **6.0 SCHOOL SUPPLEMENTARY GRANT**

6.1 At the time that the final DSG allocations were published the DfE also provided further information on an additional supplementary grant which will be provided to schools next year.

In the October spending review the DfE confirmed that an extra £1.6billion nationally would be made available in 2022/23 for schools (including High Needs). An indicative local authority level allocation for Wigan's mainstream schools of £7m has been published. School level allocations have not yet been released, however, the DfE have advised that this will follow later in the spring term.

Schools will have the flexibility to prioritise their spending of the schools supplementary grant to best support the needs of their pupils and staff and address cost pressures, including those associated with the Health and Social Care Levy.

Whilst in 2022/23 this will be paid as a separate grant, from 2023/24 onwards this extra funding will be rolled into the National Funding Formula.

The funding rates which will inform school level allocations are as follows:

### Rate for early years

The base per-pupil funding rate for early years provision in schools, and for maintained nursery schools, will be £24 per pupil.

### Rates for 5 to 16 schools

The base funding rates for 5-16 schools will be:

- basic per-pupil rate of £97 for primary pupils
- basic per-pupil rate of £137 for key stage 3 pupils
- basic per-pupil rate of £155 for key stage 4 pupils
- lump sum of £3,680
- FSM6 per-pupil rate of £85 per eligible primary pupil
- FSM6 per-pupil rate of £124 per eligible secondary pupil

### Rates for post-16

The base per-student funding rate for 16-19 provision in schools, including 16 to 19 schools and academies, will be £35 per student.

## **7.0 ACTIONS**

- 7.1 To agree the funding formula and school block allocations as set out in Appendix 1 and 2 for 2022/23.
- 7.2 To agree the total growth fund for 2022/23.
- 7.3 To agree to the allocation of the Central Schools Services Block (CSSB) for Local Authority statutory duties.
- 7.4 To note the information regarding the supplementary grant in 2022/23.