

DARLINGTON SCHOOLS FORUM

12th October 2021

ITEM NO 5

FUNDING & SCHOOL BUDGET SHARE 2022/23

Purpose of Report

1. To update Forum regarding the 2022/23 funding arrangements.

Background

2. The Education & Skills Funding Agency (ESFA) announced indicative Dedicated Schools Grant (DSG) funding allocations for the schools, central schools and high needs block, along with the “Schools revenue funding 2022 to 2023 operational guide”, in July 2021.
3. Early years DSG allocations are to be published in December 2021.
4. The following paragraphs highlight the key items relating to the setting of schools budget shares for 2022/23. The full document can be accessed on the ESFA website at [Pre-16 schools funding: local authority guidance for 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/101121/Pre-16_schools_funding_local_authority_guidance_for_2022_to_2023_-_GOV.UK.pdf)
5. ESFA have provided the Local Authority with an updated formula tool, to allow modelling of any proposed changes to the local formula.
6. Final DSG allocations will be received in December 2021, based upon the National Funding Formula (NFF) and the October 2021 school census.

Schools Block DSG/National Funding Formula

7. As in previous years the schools block of the DSG will provide funding for both schools budget shares and the growth allocations.
8. The schools block overall allocation will be calculated with the following changes to previous years,
 - a. The National Funding Formula (NFF) funding units will be updated for the 2022/23 values (see table below).
 - b. The Teachers Pay Grant (TPG) and Teachers Pension Employers Contribution Grant (including supplementary funding) (TPEG) are now fully integrated into the formula and hence there will be no further adjustments.
 - c. The minimum per pupil factor will have a minimum level of funding for primary schools of £4,265 and for secondary schools £5,525. These revised values include both TPG and TPEG allocations.

- d. The Sparsity NFF unit rate will increase to £55,000 for primary schools and £80,000 for secondary schools to improve support for small and remote schools. Sparsity will now be calculated on road distances rather than on as the crow flies.
- e. The dataset for FSM (Ever6) will now be based on the October census rather than the January census to bring this factor in line with the other datasets.
- f. As in 2021/22, there will be no cap on gains in the overall NFF allocation.
- g. Growth funding will be allocated on the same basis as in 2021/22, with protection continuing at -0.5%.
- h. Premises funding will be allocated on the same basis as in 2021/22, however there will be no uplift in funding except for the PFI factor which will increase by RPIx.

Funding Factor	NFF 2021/22 £	NFF 2022/23 £	NFF Change £
AWPU - Primary	3,123	3,217	94
AWPU - Key Stage 3	4,404	4,536	132
AWPU – Key Stage 4	4,963	5,112	149
Minimum Per Pupil – Primary	4,180	4,265	85
Minimum Per Pupil - Secondary	5,415	5,525	110
Deprivation – FSM Current – Primary	460	470	10
Deprivation – FSM Ever 6 – Primary	575	590	15
Deprivation – FSM Current – Secondary	460	470	10
Deprivation – FSM Ever 6 – Secondary	840	865	25
Deprivation – IDACI - Primary Band A	620	640	20
Deprivation – IDACI - Primary Band B	475	490	15
Deprivation – IDACI - Primary Band C	445	460	15
Deprivation – IDACI - Primary Band D	410	420	10
Deprivation – IDACI - Primary Band E	260	270	10
Deprivation – IDACI - Primary Bands F	215	220	5
Deprivation – IDACI – Secondary Band A	865	890	25
Deprivation – IDACI – Secondary Band B	680	700	20
Deprivation – IDACI – Secondary Band C	630	650	20
Deprivation – IDACI – Secondary Band D	580	595	15
Deprivation – IDACI – Secondary Band E	415	425	10
Deprivation – IDACI – Secondary Band F	310	320	10
EAL - Primary	550	565	15
EAL - Secondary	1,485	1,530	45
Mobility – Primary	900	925	25
Mobility - Secondary	1,290	1,330	40
Prior Attainment – Primary	1,095	1,130	35
Prior Attainment – Secondary	1,660	1,710	50
Lump Sum	117,800	121,300	3,500
Sparsity - Primary	45,000	55,000	10,000
Sparsity - Secondary	70,000	80,000	10,000

School Budget Shares (Local Formula)

9. As in previous years the Local Authority will continue to set a local schools formula using national regulations in consultation with schools.
10. The Government consulted over the summer regarding future years changes to the formula (see agenda item 4).
11. The minimum funding guarantee (MFG) will be set locally between +0.5% and +2.00%. Any proposed value outside of this will require a disapplication request to the Secretary of State.
12. Local Authorities will continue to be able to transfer up to 0.5% of the schools block to another block with agreement of the Schools Forum. All other transfers between blocks will not have limits (excluding the pass through requirement for the early year block) in the amount of funds that can be moved.
13. A disapplication request to the Secretary of State will be required for a transfer above 0.5% (from the schools block), or should a School Forum not approve a transfer.
14. Local Authorities will need to consult with all maintained and academy schools as well as their School Forum on any proposed changes to the local formula. Any changes will need to show the effect of the changes on a school by school basis.
15. The Local Authority remains responsible for setting the local funding formula, which will need to be submitted to ESFA by 22nd January 2022.
16. The formula factors that can be used in the local formula in 2022/23 are as follows,
 - Basic Entitlement (AWPU) – Compulsory
 - Deprivation – Compulsory
 - Minimum per pupil funding – Compulsory
 - Prior Attainment – Optional
 - Looked After Children – Optional
 - English as an additional language – Optional
 - Pupil Mobility – Optional
 - Sparsity – Optional
 - Lump Sum – Optional
 - Split Sites – Optional
 - Rates – Optional
 - PFI – Optional
 - Exceptional Premises – Optional
17. There remains the requirement to ensure at least 80% of the funding is allocated through pupil led factors.
18. The funding formula will continue to be set using school dataset blocks from the October census provided by ESFA.

19. Most of the factors continue to use the same criteria in 2022/23 as in 2021/22. The only changes are detailed as follows all other elements remain the same;
 - a. Minimum per pupil values are increased to £4,265 at primary and £5,525 at secondary respectively. Minimum per pupil funding excludes premises factors or growth funding.
 - b. Low Prior Attainment, the dataset uses a weighting which has been rolled forward for another year. Where tests were not carried out in summer 2020 (due to COVID) 2019/20 data has been used in the formula tool for EYSP and KS2 tests.
 - c. LAC, remains optional, but is still not funded via the NFF.
 - d. Sparsity, the maximum funding allowed to be allocated through this factor have increased in line with paragraph 8
 - e. Mobility pupils starting between January 2020 and May 2020 will attract funding for mobility as the May 2020 census did not take place.
 - f. Business rates will be paid direct by ESFA for all state funded schools from 2022/23, further details will be produced on this change by ESFA.
20. There remains the option within the local formula to cap and scale back gains to ensure that the overall formula is affordable.
21. School Forums are required to agree the criteria and amounts of budget set for growth.

Darlington's Formula 2022/23

22. ESFA use the updated NFF rates (for 2022/23) to recalculate the 2021/22 schools block allocations, using the 2021/22 number of pupils in each factor. These overall allocations are then divided by the number of primary and secondary pupils to give a primary and secondary unit of funding per pupil. These units of funding are then used to calculate the actual schools block allocation that will be received in 2022/23.
23. The indicative allocations received in July show that Schools Block will increase by £1.986 million in 2022/23 compared to 2021/22 (this excludes growth) using the same pupil numbers as in the October 2020 census.
24. The final allocation received in December will be based upon the October 2021 census.
25. Darlington Schools Forum agreed for 2022/23 to move in full to the NFF. At this stage it is proposed Darlington will still follow the NFF in full in 2022/23, providing it is affordable within the actual funding received through schools block for 2022/23.
26. If the full implementation of NFF is not affordable in 2022/23, modelling will be undertaken to see which unit values or factors need to be changed. The results of this will be consulted with School Forum and schools.
27. As there is scope to continue to transfer funding from the schools block into another block in 2022/23, the Local Authority will explore this option again. Although there has been increases in funding for the high needs block in the last two years and there are

proposed increases for 2022/23 there remains due to demand, a significant challenge to balance high needs budgets within year. In addition, the high needs block is currently overspent by nearly £6.0 million which will need to be recovered in line with ESFA's requirements. Any decision to request a transfer of funding will be consulted with all schools.

High Needs

28. High needs guidance was issued by ESFA on 19th August 2021. The NFF and operational processes for high needs remain largely unchanged in 2022/23 from 2021/22. However clarity has been provided in the guidance on the following,
 - a. Teachers pay and pension funding
 - b. Top up funding, clearer guidance on expectations and obligations at a local level
 - c. Additional information on unregistered independent provision
 - d. Updated guidance on special schools minimum funding guarantee
 - e. Clarification on children moving between authorities.
29. The above changes are on the whole non financial, however if the guidance requires any changes to the existing Darlington high needs funding system, this will be reported back to Forum.
30. The high needs block is calculated for each Local Authority area based on a formula. For 2022/23 the formula funding floor will be set at 8%, taking account of changes in the 2 to 18 population. Gains will be capped at 11% per head of population.
31. Based upon the provisional allocations received in July the high needs block will increase by in 2022/23 approximately £1.5million (this assumes that the import/export allocation remains constant, see agenda item 3).
32. Final allocations for 2022/23 will be received in December and Forum will be provided details of the actual budget allocations at their January meeting.

Early Years

33. At the time of writing no guidance or allocations have been issued for the early years block in 2022/23

Central Schools Block

34. Along with the schools and high needs block, provisional allocations for the 2022/23 central schools block were received in July 2021.
35. The central schools block remains split into two allocations, a formula based element and the historic element.
36. As Forum members will recall the historic element of the central schools block was reduced by 20% for the last two years. As expected the historic block will again decrease

by a further 20% (£125,000). This may require some changes to the elements funded through this resource, which will be reported to Forum in January.

37. ESFA will provide further details in due course regarding any further reduction in future years.
38. ESFA are not changing the regulations that the Authority spend no more on historic commitments than they did in the previous year, therefore on approval of School Forum budgeted spend in 2022/23 can be maintained using funding from other sources.
39. The formula based element is based upon an amount of per pupil for 2022/23, the indicative allocation increases by £25,000. The amount of funding received in 2022/23 is based on pupils in the October census and therefore although the unit rate has increased the actual funding received can decrease if there are less pupils on the census. Until the October census is complete it will not be known if all the elements funded through this resource can continue to be so in 2022/23. Forum will be updated at their January meeting.

Budget Deficits

40. An increasing number of Local Authorities have been incurring deficits on their overall DSG, mainly due to high needs pressures. The DfE made changes to the School and Early Years regulations requiring the Local Authority to carry forward deficits to be set against the next years DSG or the future years DSG. Local Authorities are no longer allowed to offset DSG deficits against their own general fund without the approval of the Secretary of State. These regulations are continuing in 2022/23.
41. The DfE recognises that there may well be some authorities which, despite their best efforts, will still not be able to pay off their historic deficit from the DSG over the next few years. In these cases, DfE expects to work together with the local authority to agree a plan of action to enable the local authority to pay off its deficit over time.
42. In 2019/20 the DfE required all Local Authorities with a deficit of 1% or more on their DSG to submit a recovery plan to the department to show the deficit would be recovered. The requirement to submit a plan was removed at the end on 2019/20, however the conditions of the DSG grant require any authority with a deficit to have a plan for managing its DSG account, which School Forum are required to be updated upon. In addition, DfE can require details of progress against the plan or further information regarding high needs planning at their request.
43. In all cases the DfE expects that the Local Authority's management plans will focus on how they will bring spending in-year, in line within the resources for that year.
44. Agenda Item 7 covers the high needs recovery plan requirements.

Recommendations

45. That Forum notes the changes nationally to the school funding formula.

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