



SCHOOLS FORUM

2022/23 School Funding

27 September 2021

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	
		High Needs	

Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report presents the high level detail of Dedicated Schools Grant (DSG) Settlement and the National Funding Formula (NFF) for 2022/23.

Recommendations

2. That Schools Forum note the report, particularly the approach to be taken in the event of an affordability issue to align school budget allocations to the Schools Block DSG.

2022/23 School Funding

3. The 2022/23 provisional Dedicated Schools Grant (DSG) settlement has given information on the Schools, High Needs and Central Services Blocks;

Schools Block

4. The settlement information is based upon the October 2020 census. The primary and secondary unit of funding have increased by 2.4% per pupil, whilst the school formula allocations will be updated for the 2021 October census the DSG allocation will not. As a result, and in line with previous years, the DSG allocation may not be sufficient to meet the costs of delivering the National Funding Formula and individual school allocations may have to be adjusted through either capping or scaling to ensure affordability.
5. It remains a 'soft' funding formula for 2022/23 i.e. local authorities may set their own formula although the use of the NFF factors and values is encouraged. The Leicestershire Funding Formula for 2021/22 fully reflects the NFF. Proposals for 2022/23 include mandatory movement to the NFF for those authorities who have partially moved towards its delivery.
6. For school funding there are increases of:
 - £10,000 to the maximum sparsity values. The detailed data for individual schools isn't yet available but this increase may be responsible for a number of large gains for some small schools.
 - 3% increase to most other factors within the NFF
 - 2% increase to the funding floor, minimum per pupil funding levels and free school meals

Funding for business rates will no longer be included in schools delegated budgets and paid directly to billing authorities by the ESFA for both maintained schools and academies. The response to the consultation that considered this issue has just been released, the link is at the end of this report. One of the considerations of the consultation regarded multi-use of school sites, the ESFA will pay rates directly to the billing authority where buildings on the school site are used to deliver education for pupils at the school. Where buildings are not used to deliver education for the pupils of the school the ESFA are advising that school register as a separate entity on the Valuation Office Agency's rating list which will result in separate bills being issued.

7. Overall schools are guaranteed an increase of 2% per pupil from 2021/22 funding levels and there is no limit on gains within the NFF. The provisional position across schools is shown below;

	2% Minimum per pupil increase	Per Pupil Increase 2% - 5%	Per Pupil Increase Above 5%
Primary	72 (32%)	121 (53%)	33 (15%)
Secondary	7 (16%)	35 (81%)	1 (3%)

72 schools remain at the funding floor, should the DfE not guarantee any specific increase in funding in future years these schools would remain at a cash flat position.

The increase in funding is per pupil, schools with falling rolls will not see increases in cash budgets. 5 secondary schools and 62 primary show overall cash funding decreases as a result. The continued focus on per pupil funding within the NFF will make this a continuing feature of the school funding system.

8. The NFF operates with a number of protections, notably the Minimum per Pupil Funding level (MPPL) the funding floor and Minimum Funding Guarantee (MFG), which makes achieving an equal spread of the impact of a Schools Block Transfer impossible. Whilst an adjustment to the MPPL would enable the impact of the funding reduction in schools from the transfer to be spread more widely and therefore reduce the impact in affected schools it is a mandatory factor. A disapplication request on the principle to vary the MPPL has been submitted to the Secretary of State. This has neither been approved nor rejected, a decision on the request will not be made until the Autumn and following the consultation on the structure of the Schools Block transfer.
9. As in previous years the local authorities Schools Block DSG is fixed at a rate reflecting pupil characteristics from October 2020, the school budgets it funds will be based on the pupil characteristics from the October 2021 census. Whilst the grant allocation will flex with changes in pupil numbers the local authority funding rate will not take account of changes in factors such as FSM, IDACI meaning local authorities are unfunded for any increases in the number of pupils qualifying for the additional factors. Should increase in these result in the Schools Block DSG being insufficient adjustments would have to be made to the funding formula, in these instances the DfE allow for local authorities to adjust MFG or generally scale back the allocation within the formula. Should an affordability issue arise the most appropriate adjustment would need to be made and would more likely need to be a MFG adjustment.

High Needs Block

10. High needs funding has been increased, authorities will receive a minimum increase of 8% per head of population and a maximum of 11% per head. Leicestershire remains at the funding floor with an 8% increase.
11. The provisional allocation is £90.55m and will be confirmed in December. This is an overall increase of £7.43m. The financial plan estimated an increase of £5.7m resulting in the deficit decreasing by £1.73m per annum from 2022/23, this could reduce the cumulative deficit in 2024/25 to £37.8m should there be no further increase in EHCP numbers and cost. The deficit would increase by a further £2m to £39.8m should a Schools Block Transfer not receive approval.
12. A consultation on the future of high needs funding is expected to follow the publication of the SEND review in the autumn. The guidance on funding arrangements to schools has not yet been issued.

Central Services Block

13. There is a reduction of 20% in the funding for historic commitments which is a reduction of £118k. Historic commitments includes the DSG contribution to education effectiveness and some overheads. The funding for on-going responsibilities sees an increase of £166k (5.56%). The impact of these changes will need to be factored into the 2022/23 MTFS proposals.

14. The NFF funding consultation proposes some funding changes in this area from 2022/23 including a specific grant to meet historic premature retirement costs and a potential move of some of the funding for statutory duties being removed from DSG and into the local government funding settlement, similar funding transfers in the past have not proved to be favourable to Leicestershire and could increase the funding pressures within the local authorities budget.

Early Years Block

15. No information has yet been released on this block for 2022/23.

Resource Implications

16. Whilst the increases in funding for High Needs is welcomed it is insufficient to address the high needs deficit and a Schools Block transfer is still necessary.

Equal Opportunity Issues

17. None arising from this report

Background Papers

<https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2022-to-2023>

https://www.gov.uk/government/consultations/changes-to-the-payment-process-of-schools-business-rates?es_c=6FF93B3D15F8F5E69014C03C8E3B8966&es_cl=D370A97C219FDDB03A99FFE0A9B55B35&es_id=9d%c2%a3o3

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