

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cllr Dine Romero, Cabinet Member for Children and Young People, Communities and Culture	
MEETING/ DECISION DATE:	On or after 6th Jan 2022	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3333
TITLE:	Schools Funding Formula 2022-23	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report: Schools Consultation paper Schools consultation responses Schools forum paper		

## **1 THE ISSUE**

- 1.1 The Local Authority is responsible for deciding the structure and values of the schools funding formula, following guidance from the DFE on the regulations applicable the school funding. This decision is relating to the make up of the formula for 2022-23 and will provide the funding allocations for both maintained and academy mainstream schools.

## **2 RECOMMENDATION**

**The Cabinet member is asked to;**

- 2.1 **Agree the changes to the formula set out in the report, adopting the new methodology of the National Funding Formula (NFF) and to utilise the factor values provided by the DFE, providing the resources are available.**
- 2.2 **Agree that should resources not allow the funding of the formula factors in full that a proportionate reduction of all factors is made to reduce the allocations to fit the resources available**

### **3 THE REPORT**

- 3.1 In August 2019, the government announced an investment of over £14 billion in primary and secondary education between 2020-2021 and 2022-2023.
- 3.2 The funding package for 5 to 16 year olds in schools included £2.6 billion for 2020-2021, £4.8 billion for 2021-2022, and £7.1 billion for 2022-2023 compared to 2019-2020. This will bring the schools budget to £52.2bn in 2022-2023.
- 3.3 B&NES received an additional £3.64 million in 2021-2022 (excluding the rolling in of teacher's pay and pension grants) and have estimated that B&NES may receive £3.405 million additional funding into the school's block for 2022-23.
- 3.4 As in previous years, each local authority will continue in consultation with maintained schools and academies, to set a local schools funding formula in 2022-23 to calculate the distribution of funding available for mainstream schools. While local authorities will continue to have some discretion over the design of the funding formulae, B&NES made the decision in 2020-21 to move fully to the NFF methodology.
- 3.5 The government launched a consultation on 8th July 2021 to 30th September 2021 about the longer-term funding of schools and sought views on the approach to moving to a direct 'hard' NFF and how they can most effectively transition towards this completed NFF in the years ahead. This was the first stage of their consultation on a hard NFF and the government plans to publish a second stage consultation with more detailed proposals, following feedback from the first consultation.
- 3.6 The aim is to tighten the NFF rules from 2023-24 so that schools allocations through local formulae move closer to the NFF distribution, ensuring a smooth transition towards a hard formula and delivering a more consistent funding system.
- 3.7 Local Authorities must continue to engage in open and transparent consultation with all mainstream schools in their area, as well as with the school's forum, about any changes to the local funding formula including the principles adopted and any movement of funds between blocks.
- 3.8 The DFE have confirmed that the 2022-23 National Funding Formula (NFF) will adopt the same approach as the 2021-22 NFF and will continue to have the same funding factors that were used in 2021-22 but there are changes in the NFF announced in July 2021 which the DFE plans to reflect in school funding regulations.

#### **3.9 Changes to schools funding formula for 2022-23**

The DFE have advised the following changes to the 2022-23 NFF. As B&NES has made the decision in 2020-21 to move fully to the NFF, these changes do not require agreement from schools to introduce them into the local funding formula, but require a formal agreement of the Local authority to amend its formula

- 3.10 Sparsity Factor - The Government is committed to supporting small and remote schools. Some schools are necessarily small because they are remote and do not have the same opportunities to grow or make efficiency savings as other

schools. Small and remote schools attract additional funding through the “sparsity” factor in the schools NFF.

- 3.11 Building on the additional support provided in 2021-22, the Government is going further by increasing both the number of schools attracting additional support and the amount they can attract:
- 3.12 The maximum amount of sparsity funding schools can attract through the NFF increases by £10,000, to £55,000 for primary schools and £80,000 for all other schools.
- 3.13 Schools’ sparsity distances will be calculated by road journeys, replacing the previous straight-line distance methodology. This will improve the accuracy with which they identify schools’ remoteness and significantly increase the number of schools attracting sparsity funding.
- 3.14 A new sparsity distance threshold taper will also apply. This means that schools whose sparsity distance is between 1.6 and 2 miles (for primary schools) or 2.4 and 3 miles (for secondary schools) can attract some additional funding through the sparsity factor.
- 3.15 As a result of these changes, the total allocation to small, remote schools through the sparsity factor has increased nationally to £95m in 2022-23, £53m more than in 2021-22, and over 2,500 schools will attract sparsity funding in 2022-23, over 1,300 more than in 2021-22. This approach will benefit more schools in B&NES.
- 3.16 **Free School meals ever 6 (FSM6) factor** - There is a decrease in the funding lag for the “FSM6” deprivation funding factor by 9 months, by moving from using the previous year’s January census to the latest October census for measuring eligibility. This increases the amount of funding allocated for deprivation in the NFF through this factor to £1,369 million nationally in 2022-23.
- 3.17 **School Business Rates** -Following recent consultation, the DFE will be the centralising the business rates payment system for schools, so that ESFA will pay billing authorities directly on behalf of state funded schools. This will simplify the process and decrease administrative burdens for schools. Further details on this will be issued separately within the formal consultation response over the summer.
- 3.18 **Low Prior Attainment (LPA)** factor in the NFF, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) assessments have been used as a proxy for the 2020 assessments, following the cancellation of these assessments due to the pandemic. This is consistent with how the LPA factor was calculated in local formulae in 2021-22
- 3.19 Teachers’ Pay Grant and Teachers Pension Employers Contribution Grant are now fully rolled in to the NFF; no separate adjustments are needed in the local formulae, beyond what was already done in 2021 to 2022, to account for these grants in 2022 to 2023.
- 3.20 Local authorities will have the freedom to set the Minimum Funding Guarantee (MFG) in local formulae between +0.5% and +2% per pupil

- 3.21 The DFE have set the 2021-22 NFF funding floor for 2022-23 at 2%. This means that every school should attract an increase in their pupil-led funding of at least 2.0% per pupil, compared to their funding floor baseline
- 3.22 The LA are proposing an MFG of a +2.0% change in pupil funding in 2022-23 compared to the 2021-22 baseline to mirror the DFE funding floor.
- 3.23 **Local Formula Factors.** As the DFE have yet to establish NFF factors for all elements of school funding there is still a few areas where local factors exist. In B&NES the only factor that is locally decided is the Split site factor.
- 3.24 The Split site factors provides funding to schools whose school site (including playing fields) is segregated by public roads and the causes additional costs for the schools.
- 3.25 As the DFE do not define a NFF factor value for such occurrences the LA have developed its own factor. For 2022-23 we would then look to inflate this factor in a similar fashion as the other factors in the NFF (3%).
- 3.26 **Resources Available.** When calculating school budgets using the formula factors and funding values supplied by the DFE there is a risk that pupil number and pupil characteristics changes are not reflected in the total allocation to the LA mean that the resources available are insufficient to cover the funding to schools. The exact detail of this is not known until well into the calculation phase of the formula so a plan of how to deal with the situation is required.
- 3.27 Nationally 2 main methods of restricting the allocations to schools are used to ensure the allocations are within the funding enveloped allocated by the DFE. These are A. a funding cap to restrict the maximum gain any school can obtain or B a scale back of all factors to limit the overall resources allocated to schools.
- 3.28 Up to date it has not been necessary to implement any of these methodologies to limit school allocations to fit the resources available, but in prior years the schools (through consultation) have expressed the preference of scaling back all factors.
- 3.29 Schools have been consulted on this approach (see appendices for consultation and responses) and 100% backing for this approach has been observed.

## **4 STATUTORY CONSIDERATIONS**

- 4.1 This decision is made in line with the Schools finance Regulations requiring the Local Authority to set its funding formula for schools in line with DFE guidance.

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 5.1 The overall funding allocation of resources for schools is provided by a ring fenced element of the Dedicated Schools Grant (DSG) known as the Schools Block.
- 5.2 The Schools block funding allocation for 2022-23 will be provided by the DFE and will provide the funding allocation based on the NFF allocations of the schools in B&NES.

- 5.3 It is possible that the total funding allocation is insufficient to support the full allocation and this report explains how this will be dealt with to ensure that the schools allocations do not exceed the funding provided by the DFE.
- 5.4 The Local authority can request the Schools Forum to transfer resources from the ring fenced DSG schools block to support pressures on the remainder of education funding. For the past 5 years the Schools forum have agreed to a transfer to support the pressures on SEND provision. The schools and Schools Forum have again been asked to provide agreement to such a transfer and have agreed to ½% transfer of the schools block to the High Needs funding. This equates to approximately £600k in 2022-23.
- 5.5 The transfer of funding to the High Needs Block increases the possibility of there being insufficient resources to funding the NFF factors in full.

## **6 RISK MANAGEMENT**

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

## **7 EQUALITIES**

- 7.1 The National funding Formula has been developed in line with the DFE equalities impact assessment  
<https://www.gov.uk/government/publications/schools-national-funding-formulae-equalities-impact-assessment>

## **8 CLIMATE CHANGE**

- 8.1 This report allocates resources to schools and does not impact on climate change

## **9 OTHER OPTIONS CONSIDERED**

- 9.1 Several options for the allocation of the resources to schools were considered prior to the consultation of schools on the proposals in this report. Several alternatives were set out the in the schools consultation paper.

## **10 CONSULTATION**

- 10.1 Schools and schools forum have been consulted widely (responses forming part of the report)
- 10.2 The papers have been cleared by the council's Finance and Monitoring Officers.

<b>Contact person</b>	<i>Richard morgan 07368456392</i>
<b>Background papers</b>	<p><i>DFE consultation on School funding.</i></p> <p><a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003492/2022-23_NFF_Policy_Document.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003492/2022-23_NFF_Policy_Document.pdf</a></p>
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