

Consultation on the local School Funding Formula for Bath and North East Somerset Mainstream Schools for 2022-23

Closing Date: Thursday 4th November 2021

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List of Appendices attached to the email with this Consultation

Appendix 1 – Estimated impact of transferring 0.5% from the school's block to the high needs block on each schools funding for 22-23 compared to 21-22

Section 1 - Introduction

In August 2019, the government announced an investment of over £14 billion in primary and secondary education between 2020-2021 and 2022-2023.

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.

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.

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.

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.

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.

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.

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.

This consultation will cover the:

- A. changes in the local authority school's formula for 2022-23 that will be used to fund all B&NES mainstream schools
- B. Continuation of utilisation of school block resources to support High Needs

The Schools Forum will be consulted to agree the proposals set out in the questions in this consultation.

Section 2 – 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. There are a few consultation questions to answer below with regard to the Minimum Funding Guarantee (MFG), a Cap on Gains or scaling back factor values and a 0.5% transfer of funding from the schools block to the high needs block.

2.1 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. 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:

- 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.
- 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.
- 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.

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.

2.2 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.

2.3 Following recent consultation, the DFE will be 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.

2.4 For the 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.

2.5 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.

2.6 Local authorities will have the freedom to set the Minimum Funding Guarantee (MFG) in local formulae between +0.5% and +2% per pupil

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

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.

Question 1

Should the LA set the MFG at **+2.0%** change in pupil funding in 2022-23 compared to the revised 2021-22 baseline?

2.7 The DFE have not yet confirmed how much total funding the LA will receive and whether the total funding to be allocated will fully support the NFF methodology for 2022-2023. The LA will have to anticipate that a **cap on gains** or a **scale back** of eligible factor values may need to be introduced to avoid any overspend in the school's block funding allocated to the LA. A cap on gains would restrict schools with the largest increases in funding however scaling back eligible factor values would restrict funding to all schools. It was agreed for 2021-22 that the LA scale back eligible factors if the resources were not sufficient but did not have to implement this.

Question 2

Should resources allocated by the DFE for the LA schools block not be sufficient to support the NFF in full, should the LA either introduce a cap on gains for 2022-23 to restrict schools with the largest gains to balance the schools block allocation or scale back the value of all eligible factors?

2.8 The **Key Factors** in the NFF, will increase by on average 3% and be rounded (except for Free School Meals which will increase by 2%)

2.9 The **minimum per pupil funding levels (MPPLs)** will remain mandatory at new NFF values and the increase in the MPPL's will ensure that in 2022-23:

- every secondary school will receive £5,321 per KS3 pupil and £5,831 per KS4 pupil. This will ensure that standard secondary schools with five-year groups receive at least £5,525 per pupil.
- every primary school will receive £4,265 per pupil

Section 3 - Utilisation of Schools Block for High Needs

The DFE have confirmed the funding floor for the High Needs NFF for 2022-23 will be set at 8% so each local authority can plan for an increase of at least that percentage.

The NFF gains cap will be set at 11%, allowing authorities to see up to this percentage increase under the formula, calculated on a per pupil head of population.

Officers have estimated that B&NES may receive an additional £2.442 million in the high needs block for 2022-23. This increase is welcomed by the LA but significantly below the current overspend on SEND issues which is estimated at over £6 million per annum.

Local authorities will continue to be able to transfer up to 0.5% of their school's block funding into the high needs block with school's forum approval. Transfers above 0.5%, or any amount without school's forum approval will require Secretary of State Approval even if ministers agreed the same amount in the past two years.

Schools are aware that the high needs pressures in B&NES are growing and that schools are receiving a significant increase in schools block funding.

In 2018-19 the Council contribution to the DSG pressures amounted to £2.223m however the DFE have restricted local authorities from supporting DSG overspends by introducing legislation. In 2019-20 the overspend of the DSG amounted to £1.25m and as the LA was restricted from supporting this the deficit was carried forward to 2020-21 and has now increased to £5.4 million at the end of 2020-21. This deficit will need to be reduced in the coming few years.

The impact is such that the DSG will need to support all the pressures from within the overall DSG allocation.

The Councils SEN strategy of increasing local provision will take time to generate the efficiencies anticipated. As part of the strategy the LA is seeking the continuation of the 0.5% transfer of Schools Block funding to the High Needs Block.

The LA consulted with schools on the transfer of 0.5% from the school's block to the High Needs Block in 2018-18, 2019-20, 2020-21 and 2021-22. The Schools Forum agreed the transfer in each year following consultation. The resources that transferred in 2021-22 were approximately £577k.

The Local Authority is therefore proposing that a request should be made to the school's forum to continue the transfer of 0.5% schools block funding to the high needs block for 2022-23. The requested transfer would amount to an estimated £600k

Question 3

Do you agree to extend the current arrangement of transferring 0.5% of Schools Block funding to the High Needs Block for 2022-23?

The estimated impact of transferring 0.5% from the school's block to the High Needs Block on each schools funding for 2022-23 is shown in **Appendix 1**. These estimated calculations have been complicated by the lack of accurate data about overall funding to the LA from the DFE for 2022-23 therefore the estimates have been generated using the same pupil numbers and factor data used in the formula calculations for 2021-22. Some assumptions have also been made which are detailed in the appendix.

It must be stressed that the figures shown in Appendix 1 are for LA modelling purposes only and schools should not utilise any of this information as part of their budget planning as the DFE have yet to confirm the final DSG allocations for 2022-23. The main driver of budget changes (pupil numbers and pupil characteristics) has been extracted from this modelling.

Section 4 - How to respond to this consultation

This consultation is being sent to all Head teachers of maintained schools and Chief Executive Officers of Academy Trusts

It is our intention to take the responses received from either maintained schools or academy trusts, but to record the trust responses as a response for all schools in the trust. There-fore if a trust has 2 secondary schools and 5 primary schools then their responses would be counted as 7 schools in total.

If 2 responses are received from an individual school and its trust, then the trust responses will override the school response.

Responses to the consultation will be **required by Thursday 4th November 2021** in order for officers to process the responses to submit the LA school funding proposals to the schools forum meeting on 16th November 2021 and if required for the LA to submit a disapplication request to the DFE, the deadline for which is 19th November 2021.

An electronic response form has been attached to the email with the consultation. The form will allow you to make comments on the LA proposals. These views will be fed to the Schools Forum who will make the final decision. Please return your completed electronic response forms to the email address below.

Should you have a question about the proposals could you also e-mail them to: -

SchoolsStrategic_FinanceTeam@bathnes.gov.uk

Your query can then be passed to the most appropriate individual