

School Funding 2022/23

Report to the Schools Forum 16 September 2021

- 1.1 In 2019 the government announced that over the period 2020/21 to 2022/23 the national schools budget would rise from £45.1bn to £52.2bn. 2022/23 will therefore be the final year of this period and the July 2021 funding announcement confirmed that the previously announced increase is to be implemented in 2022/23.

2022/23 Schools Block

- 1.2 As a result of this additional funding, in the Schools Block:
- the key factors in the DfE's National Funding Formula (NFF) will increase by 3%. As T&W moved in 2020/21 to mirror the NFF as far as possible, this means that these factors will also increase for T&W schools by around 3% (the caveat is around the impact of growth funding etc on the amount available).
 - the minimum per pupil funding levels increase by 2% from £4,180 to £4,265 for primary schools and from £5,415 to £5,525 for secondary schools.
- 1.3 Apart from the increases above, the structure of the formula remains very similar to 2021/22 and as T&W has for several years mirrored the NFF as closely as possible, this means that the funding formula for T&W schools will be little changed.
- 1.4 Although this only impacts upon a few T&W schools, there is a change to the calculation of the sparsity factor, as follows:
- Distances will be calculated by road journeys, replacing the previous straight-line distance methodology.
 - A new sparsity distance threshold taper will 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) could now attract some additional funding through the sparsity factor if their cohort sizes are below 21.4 and 120 respectively. Previously funding was only awarded above 2 and 3 miles respectively.
- 1.5 For the low prior attainment factor, 2019 assessment data will be used as a proxy for both the 2020 and 2021 reception and year 6 cohorts. This follows the cancellation of assessments in 2020 and 2021 due to COVID-19.
- 1.6 Eligibility data for the (FSM6) factor in the NFF will be taken from the October 2020 census instead of the January 2020 census. Whilst this still leaves a significant lag, it does reduce it by nine months.
- 1.7 The amount of growth funding to be allocated to each authority is not specified as it will be based on differences between the October 2020 and the October 2021 census data.

Consultation on National Funding Formula Changes

- 1.8 In July 2021 the DfE published a consultation document entitled 'Fair school funding for all: completing our reforms to the National Funding Formula' which can be found here:

https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/supporting_documents/Fair%20Funding%20For%20All%20Consultation.pdf

This outlines the DfE's plan to start moving to a school level national funding formula from 2023/24,

- 1.9 Much of the document is at the level of broad principles with solutions to practical issues postponed to future consultations, such as:
- the timetable for changes from 2023/24;
 - how non generic funding factors such as those related to premises (split site allowance, joint use, PFI) would be incorporated;
 - how and whether there would be any ability to move funds from mainstream school budgets to high needs (i.e. the equivalent to the 0.5% of schools block transfers currently allowed). On page 42 of the document declares that *"transfers from the schools block to other funding blocks (such as high needs) will no longer be possible under a hard NFF"* but on page 40 says that *"future consultations will consider whether a new mechanism, in place of the current block transfers, and which is consistent with a hard NFF, needs to be developed for situations in which LAs continue to face significant, unavoidable, pressures on their high needs spending"*
 - the role of schools forums *"We plan to conduct a wider review of the role of schools forums as we progress with the introduction of the hard NFF, and following decisions on the future of the SEND system. This wider review will consider the rules around the membership and structure of schools forums, to consider whether these remain appropriate in light of the direct changes as a result of the move to a hard NFF, and any new responsibilities that schools forums take on."*
 - the future of central school services *"Our intention is for this consultation to be followed by a more technical consultation on the future of central school services covering these issues."* (p36)
- 1.10 It also floats the idea of moving maintained schools financial year to September to August – obviously this would align it with the school year but move it out of line with local authorities (and government generally) financial year.
- 1.11 From a T&W perspective, as we have aimed to align our local funding formula as closely as possible to the national formula for several years, this core aspect should not result in much impact upon schools.
- 1.12 The main thrust of the proposed changes is to reduce the role of local authorities and school forums in the school system, with functions in part taken on instead by MATs (e.g. the ability to determine funding at an individual school level moves from local authorities to MATs).
- 1.13 From a T&W perspective, it is very disappointing that one of the proposals is for the DfE to continue to fund *"unavoidable legacy payments (those for termination of employment costs and prudential borrowing) that some LAs will still be tied into, with a separate legacy grant"*. As T&W originally used general fund to pay for premature retirement costs (i.e. protecting school budgets from these costs) we have and will continue to be obliged to pay these costs

from council funds. Other authorities that originally funded them from school budgets will continue to have these costs paid by the DfE. The current annual cost to T&W is £1.3m.

- 1.14 Consultation on the proposals is open until 30 September, with an on-line response document that can be found here: <https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/>

2022/23 High Needs

- 1.15 There is a further significant increase in the national amount of high needs funding and on provisional figures this will result in an increase in T&W's high needs block of around £2.6m, to £30.5m. The final allocations will be confirmed in December, once October 2021 census data has been used to update parts of the formula.

2022/23 Central School Services Block (CSSB)

- 1.16 The provisional allocation of CSSB is lower than 2021/22 at £1.093m compared to £1.124m. This is a combination of the historic commitments allocation being reduced by 20% per year (albeit T&W's has a low sum falling into this category, so we only lose £3,200) plus the overall remaining sum being reduced by 2.5%, as T&W is on a protected allocation. The final allocation is updated by pupil numbers, as the allocation is calculated on an amount per pupil. Therefore, if pupil numbers overall increase again in T&W, we may receive a final allocation close to that for 2021/22.

Summary

- 1.17 For mainstream schools, there is confirmation that the funding promised in the third year of the settlement announced in 2019 will be delivered. The Council's intention is to continue to mirror the national funding formula as closely as possible. The DfE also plans to continue to move to a national funding formula at school level, with decisions on many of the accompanying issues around this deferred to future consultations.
- 1.18 There is a further significant increase in high needs funding which will support the continuing increase in demand for high needs provision.
- 1.19 The final allocation for Central school services is likely to be similar in cash terms to 2021/22, albeit lower in real terms.

Tim Davis
Group Accountant
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