

**Peterborough Mainstream Schools  
Budget Proposals 2022-23**

**November-December 2021**

**Closing Date for comments:  
5pm Friday 3rd December 2021**

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**NOTE:**

- 1. Please note that any reference to schools in this document applies to both maintained schools and academies unless stated otherwise.**
- 2. Please also note that the elements of the Schools funding formula are applied on the same basis to both maintained schools and academies. The difference is that maintained schools currently receive their funding from the Local Authority for the April to March period and academies have the same funding formula applied by the Education and Skills Funding Agency (ESFA) over the academic year September to August.**

## INTRODUCTION

1. This document provides information in respect of both the national changes to schools' funding and the proposed local approach Cambridgeshire County Council (the Authority) are considering implementing for 2022-23. In previous years, the underlying principle has been to move as closely as possible to implementing the Department for Education's (DfE) national funding formula (NFF). Although good progress has been made towards achieving this, the level of Dedicated Schools Grant (DSG) received continues to place limitations on overall affordability.
2. This document includes:
  - a. An overview of the national changes to the schools' funding formula for 2022-23;
  - b. A link to the school level illustrative NFF allocations published by the DfE in July 2021. These indicative figures are based on current information and have not been updated with October 2021 pupil numbers or other datasets that are required for the calculation of the 2022-23 school budgets. Neither do they reflect any local decisions that may be required, any transfers between funding blocks or the funding of growth. Any DfE school-level analysis must therefore be taken in this context and **must only be considered illustrative at this stage**;
  - c. An overview of the local context and update on the continuing pressures within the High Needs Block;
  - d. The proposed local approach to be applied in 2022-23 and asks specific questions for schools to express their views on the proposals.
3. For the 2022-23 funding arrangements the timeframes are imposed on the Authority in terms of its deadlines to make submissions to the Education and Skills Funding Agency (ESFA).
4. **Schools are asked to respond to the budget proposals by completing the Online Survey at the following link: *Link to be added***  
**Responses should be submitted by 5pm on 3rd December 2021.**
5. Responses received will be analysed and shared with members of the Schools Forum prior to the Local Authority deciding on the final funding formula for adoption and use in 2022-23.

## NATIONAL FUNDING FORMULA

6. The DfE made announcements relating to the DSG in July 2021 which included indicative funding allocations for 2022-23. The main headlines are:
  - a. Sparsity Funding now based on road distances instead of straight-line (as the crow flies) distances. Alongside the introduction of a distance "taper" significantly increases the number of small schools attracting sparsity funding nationally.

- b. Deprivation funding for FSM6 (any pupil who has qualified for free school meals within the last 6 years) will now use the most recent October census for measuring eligibility rather than the previous January.
  - c. In calculating low prior attainment proportions, data from the 2019 early years foundation stage profile (EYFSP) and Key Stage 2 (KS2) tests is used as a proxy for the 2020 tests, following the cancellation of assessments due to the pandemic.
  - d. Pupils who joined a school between January and May 2020 attract funding for mobility on the basis of their entry date, rather than by virtue of the May school census being their first census at the current school (the May 2020 census did not take place due to the pandemic).
  - e. From April 2022, the business rates payment system for schools will be centralised. This will involve ESFA paying billing authorities directly on behalf of state funded schools, removing schools from the payment process. The first business rates payments made directly from ESFA to billing authorities will be paid in June 2022.
7. These technical changes are likely to have a varying impact on schools dependent on their individual circumstances.
8. The national allocations also reflect further increases to the funding blocks in 2022 to 2023:
- a. School funding is increasing by 3.2% overall, and by 2.8% per pupil, compared with 2021 to 2022. The DfE have also increased total funding through the sparsity factor from £42m to £95m.
  - b. High Needs funding is increasing by £780m, or 9.6%, in 2022 to 2023. This brings the total High Needs budget to £8.9bn. The High Needs NFF will ensure that every Local Authority receives at least an 8% increase per head of population.
  - c. Central schools' services funding for historic commitments will decrease by a further 20% for those Local Authorities in receipt of this funding.
9. For Peterborough the indicative allocations equate to:
- a. An approximate illustrative uplift of £5.2m / 2.8% in the Schools Block compared to the amount expected to be received in 2021/22.
  - b. An illustrative uplift of £3.3m / 8.7% in the High Needs Block when compared to the amount expected to be received in 2021/22.
  - c. An approximate illustrative uplift of £0.01m to the Central Schools' Services Block (CSSB) which includes a further 20% reduction for historic commitments.

10. **Figure 1** below shows the breakdown of the 4 funding blocks and indicative figures which currently form the overall DSG:

<b>DEDICATED SCHOOLS GRANT</b>			
<b>Funding Block</b>	<b>Current 21/22 £m</b>	<b>Illustrative 22/23 £m</b>	<b>Functions funded:</b>
Schools Block	£185.367m	£190.600m*	This Block funds: <ul style="list-style-type: none"> <li>- Individual school budgets;</li> <li>- Services de-delegated from maintained school budgets and;</li> <li>- The Growth fund</li> </ul>
Central Schools Services Block (CSSB)	£1.517m	£1.527m	This Block funds: <ul style="list-style-type: none"> <li>- Historical commitments previously agreed with Schools Forum;</li> <li>- Ongoing responsibilities of the local authority such as admissions, school pension liabilities, copyright licenses and services to meet statutory responsibilities</li> </ul>
High Needs Block	£38.447m	£41.788m	This Block funds: <ul style="list-style-type: none"> <li>- Special school budgets;</li> <li>- Top up funding for pupils with High Needs in mainstream and FE provision;</li> <li>- Out of County Special Educational Needs (SEN) placements</li> </ul>
Early Years Block	£17.584m	£17.584m*	This Block funds: <ul style="list-style-type: none"> <li>- The 2 year old Early Years single funding formula;</li> <li>- The 3 and 4 year old Early Years single funding formula (universal and extended entitlement);</li> <li>- Any central expenditure by the Authority to support early years services</li> </ul>
<b>Total DSG</b>	<b>£242.915m</b>	<b>£251.499m</b>	

\*Final Schools Block DSG will be reduced to reflect centralisation of business rates – current cost circa £1.7m. Initial Early Years Block allocations for 2022/23 are yet to be announced.

11. There are minimal other changes to the funding arrangements for 2022-23 as follows:
- The NFF unit rates have been uplifted as shown in **Table 1**. These are shown alongside the funding rates applied in 2021-22 for comparison.
  - The mandatory minimum per pupil levels (MPPL) have been increased to **£4,265** in primary and **£5,525** in secondary.
  - Local Authorities have the freedom to set the MFG in local formulae between +0.5% and +2% per pupil. This is a way of ensuring that there is a minimum funding increase per pupil for each school.

- d) Local Authorities continue to be able to transfer up to 0.5% of their schools' block to other blocks of the DSG, with Schools Forum approval. A disapplication is required for transfers above 0.5%, or any amount without Schools Forum approval; this applies to any transfers even if the Minister agreed the same amount in previous years.

**Table 1 – 2022-23 NFF factors and rates compared to current Peterborough factors and rates**

NFF Factor		Peterborough Unit Rates 2021-22 £	National Funding Formula (NFF) Unit Rates 2022-23 £
Basic per pupil entitlement (Age Weighted Pupil Unit)	AWPU: Primary	3,150	3,217
	AWPU: Secondary KS3	4,442	4,536
	AWPU: Secondary KS4	5,006	5,112
	Minimum per pupil funding Primary	4,180	4,265
	Minimum per pupil funding Secondary (KS3 and KS4 combined)	5,415	5,525
Deprivation (based on Ever 6 free school meal numbers)	FSM current - Primary	460	470
	FSM current – Secondary	460	470
	Ever6 FSM – Primary	575	590
	Ever6 FSM – Secondary	840	865
	IDACI Band F: Primary	217	220
	IDACI Band F: Secondary	313	320
	IDACI Band E: Primary	262	270
	IDACI Band E: Secondary	419	425
	IDACI Band D: Primary	414	420
	IDACI Band D: Secondary	585	595
	IDACI Band C: Primary	449	460
	IDACI Band C: Secondary	635	650
	IDACI Band B: Primary	479	490
	IDACI Band B: Secondary	686	700
IDACI Band A: Primary	625	640	
IDACI Band A: Secondary	872	890	
Low Prior Attainment	Primary	1,104	1,130
	Secondary	1,674	1,710
English as an Additional Language	Primary	555	565
	Secondary	1,498	1,530
Pupil Mobility	Primary	908	925
	Secondary	1,301	1,330
Lump Sum	Primary	117,800	121,300
	Secondary	117,800	121,300

### Notes to the Table:

- a) The 2021/22 values highlighted in red were uplifted to reflect the Area Cost Adjustment (ACA) and overall affordability resulting in final values higher than the basic NFF.
  - b) The values for sparsity are not included in the table above as these are variable up to a new maximum of £55,000 for primary schools and £80,000 for secondary schools.
  - c) Equally, the DfE recognises that some factors, such as premises, cannot easily be allocated on a formulaic basis and under the NFF continue to be funded at historical or actual funding levels.
12. The illustrative impact of the 2022-23 NFF for schools can be seen at an individual [school level](#) on the DfE website. **However, schools are reminded that these are indicative allocations, which will change following application of the October 2021 census data as well as any decisions taken locally.**

### **GROWTH FUNDING**

13. Growth Funding is a separate element of the Schools Block which contributes towards:
- a. Implicit Growth – New schools filling to capacity – funded as part of the main formula budget based on agreed pupil numbers.
  - b. Explicit Growth – Expansion of existing schools – funded via an application process from centrally retained funds.
14. The DfE changed the allocation methodology to a formulaic approach in 2019/20 which resulted in a reduction of funding received and an increase in subsidy by existing schools.
15. The 2022/23 Growth Fund allocation is yet to be confirmed by the DfE but is likely to impact on overall affordability.
16. We are not proposing to make any amendments to the existing criteria and methodology which are detailed below:
17. Growth funding will be available to meet additional revenue costs associated with significant growth between October 2021 and October 2022. Schools will receive growth funding where they meet the following criteria:
- a. There has been a structural change to the school where the increased PAN is working its way through the school. Or;
  - b. There is a future planned structural change to the school. Or;
  - c. The projected increase in pupil numbers exceed 5% of the roll.
- And:
- d. In every case the growth is resulting from basic need and has been agreed by the local authority.

18. Funding will be allocated by applying the increase in pupil numbers between October 2021 and October 2022 to Peterborough's funding formula. The unit rates of funding will be reduced to 75% of those used in the funding formula to manage the cost of growth within the agreed resource available. Initial estimates will be provided when budgets are published but these will be revised in March 2022 for up to date admissions data. There will be no clawback of funding once allocations have been finalised in March 2022. This is to allow schools plan for the projected increase in pupil numbers.
19. The steps below provides an example of the growth funding calculation.
- Step 1:** deduct the Oct-21 census numbers from the agreed estimated Oct-22 census numbers to arrive at the growth in pupil numbers.
- Step 2:** (B) Apply the pupil characteristics (A) used in the 2022/23 funding formula to the growth in pupil numbers to arrive at the total number of pupils allocated to each factor. Example: FSM pupils = Growth in pupils (30) x FSM % (9%) = 3 pupils funded for FSM.
- Step 3:** (D) Multiply the unit values used in Peterborough's funding formula by 0.75 ((C) x 0.75) to arrive at the growth unit values.
- Step 4:** (E) Multiply the growth unit values by the number of pupils (B x D) to arrive at a full academic years growth funding.
- Step 5:** (F) For maintained schools multiply the full academic years growth funding by 7/12th to arrive at the growth funding for the financial year 2022/23 (September 2021 to March 2022).
20. The amount required to be retained centrally to meet the cost of growth will be calculated on receipt of the October census data. For the purpose of the initial modelling a figure of £1m has been assumed.

### DRAFT ILLUSTRATIVE SCHOOL LEVEL FUNDING

21. Accompanying this document is a spreadsheet providing school level illustrative funding allocations to show the potential impact of the proposed changes. However, it is imperative that the following points are noted:
- The illustrative figures in Appendix A use the revised NFF unit values and MPPL values for 2022-23 as shown in Table 1 on page 6 above. The NFF unit values have then been scaled up by applying a weighting dependent on overall affordability (see below).
  - As with the pupil numbers and backing data used in the DfE school-level information, the illustrative amounts are based on the **October 2020** census, adjusted to reflect the changes to distances used in the sparsity funding calculation. Therefore, the actual figures to be received in 2022-23 **will** differ, and in some cases will be significantly different due to changes in overall numbers and pupil characteristics.
  - The current illustrative figures have also been adjusted to remove the 2021-22 business rates figures (from both the baseline and 2022-23 estimates). Other than allocations in respect of prior-year adjustments the final calculations will no longer



include business rate allocations to reflect the move to a centralised process administered by the ESFA.

- d. In the case of some new and growing schools the illustrative per pupil figures may be inconsistent due to the way in which the calculations for protection are applied. As in previous years these will be addressed in the final calculations.
- e. As noted elsewhere in this document, the cost of growth and other factors will impact on overall affordability. Therefore, the illustrative amounts at each scenario are to provide an indication of the potential impact at individual school level.
- f. On receipt of updated information from the DfE we will continue to refine the modelling to reflect the latest known position.

## BUDGET PROPOSALS

22. Due to the minimal changes at a national level the requirement for consultation is limited. The DfE have stated that the changes which mirror technical changes in the NFF, should not require consultation with schools on their own, and the Department plans to reflect this in the school funding regulations.
23. Therefore, the main areas for consideration are the principles to be applied to the main funding formula.

## SCHOOLS' FUNDING FORMULA

24. **The views of schools are sought in respect of the unit values to be applied in the 2022-23 Peterborough funding formula.**
25. In previous years the local authority, through discussions with the Schools Forum, have adopted the principle of mirroring the NFF as closely as possible to prepare the county's schools for when the hard NFF is introduced.
26. On this basis the proposal is to use the NFF unit values as set out in Table 1 on page 6 above. Dependent on overall affordability the NFF unit values will scaled up by applying a weighting (see below).
27. Further to this it is proposed to increase the maximum sparsity factor value to £55,000 for primary schools and £80,000 for secondary schools to align wit the NFF. Currently only 1 primary school continues to qualify, despite the national changes to eligibility criteria.

## BALANCING THE COST OF THE FORMULA TO THE AVAILABLE FUNDING

28. Despite the additional funding to be received in the Schools Block, the cost of growth (for new and growing schools), increases in business rates and any transfer between blocks will reduce funding available for distribution for school budgets. Equally, the overall cost of meeting the minimum per pupil levels (MPPLs) and the Minimum Funding Guarantee (MFG) sometimes result in the total cost of the formula exceeding the available funding. In addition, due to the area cost adjustment in the national formula there is the potential to scale up the NFF unit values (excluding FSM, lump sum, sparsity and premises factors) by applying a weighting of between 1 and 1.01284. To ensure overall affordability it is proposed to apply a combination of the following:
- Adjust the weighting applied to the NFF formula factors. (minimum 1.0000 – maximum 1.01284 to reflect the ACA)
  - Apply a funding cap so that schools gaining the most funding above the Minimum per Pupil Funding Level (MPPL) are limited in the amount of the funding gain that they would be able to keep;
  - A reduction to the Minimum Funding Guarantee (MFG) which can be set between +0.5% and +2% for 2022-23.

## DE-DELEGATION AND EDUCATION FUNCTIONS (MAINTAINED SCHOOLS ONLY)

29. **Maintained schools are asked for their views on the continuation of the current de-delegation arrangement for union facilities time**
30. De-delegated services are for maintained schools only; funding for de-delegated services must be allocated through the formula but can be passed back, or 'de-delegated', for maintained mainstream primary and secondary schools with Schools Forum approval. If approved these de-delegations apply to all maintained primary schools and individual schools are not able to opt out on an individual basis.
31. De-delegation does not apply to special schools, nursery schools, or PRUs. Where de-delegation has been agreed for maintained primary and secondary schools, the Department's presumption is that the Local Authority will offer the service on a buy-back basis to those schools and academies in their area which are not covered by the de-delegation.
32. It is proposed that the union facilities time de-delegation will continue at **£1.54** per pupil in 2022/23.
33. **Maintained schools are asked for their views on the continuation of the current contribution towards Education functions relating to maintained schools only.**
34. Local authorities can fund some services relating to maintained schools only from maintained school budget shares, with the agreement of maintained school members of the schools forum.
35. The relevant maintained schools members of the schools forum (primary, secondary, special, and pupil referral units (PRUs)) should agree the amount the local authority will retain.
36. It is proposed that the Education functions retained funding will continue at **£16.08** per pupil in 2022/23.

## BUDGET PROPOSALS QUESTIONS - SUMMARY

37. Schools are asked to respond to the budget proposals by completing the Online Survey at the following link: [xxxxxxxxx](#) and submitting by 5pm on xx December 2021.

A summary of the main questions can be seen in the table below:

Section	Questions (Please note questions 1-4 within the survey relate to contact details).
Schools Funding Formula	5 Do you agree that the Peterborough funding formula unit values for 2022-23 should be aligned with the national funding formula rates?
Affordability	<p>6 If overall affordability allows, do you support the approach of scaling up the NFF unit values (excluding FSM, Lump Sum, Sparsity and Premises factors) by applying a weighting of between 1 and 1.01284 to balance the available Schools' Block distribution total?</p> <p>7 If there are overall affordability issues due to growth, cost of protection or agreed block transfers, do you support the use of a funding cap and/or the Minimum Funding Guarantee (MFG) being set at lower than the maximum allowable 2.0%?</p> <p><i>(note the funding cap restricts the amount of any funding gains of those schools above the level at which the funding cap is set)</i></p>
De-delegations & Retained Duties – Maintained Schools Only	<p>8 Maintained schools are asked for their views on the continuation of the current de-delegation arrangement for union facilities time.</p> <p>9 Maintained schools are asked for their views on the continuation of the current contribution towards Education functions relating to maintained schools only.</p>
Further Comments	10 Schools are invited to make any further comments in respect of the School Budget proposals for 2022/23.