

2022-23 Peterborough Schools Funding Update

Schools Forum – 10th November 2021

Introduction

The purpose of today's presentation is to share the latest position on Schools and High Needs funding in relation to the 2022/23 budget setting round:

1. 2022/23 School Funding Arrangements
2. Autumn Budget and Spending Review 2021
3. 2022/23 School Budget Proposals
4. High Needs Block 2022/23
5. Next Steps

2022-23 School Funding Arrangements

Information has been published on the Department for Education (DfE) website and includes:

- [Indicative figures](#) for each school compared to their 2021-22 baseline formula allocations
- **These are not the final budget figures** but a generational model to derive LA level funding
- [Indicative DSG allocations](#) for 2022-23 based on October 2020 census (figures will be updated for the October 2021 census in December's final allocations)

2022-23 School Funding Arrangements

Schools Block

- School funding is increasing by 3.2% overall nationally, and by 2.8% per pupil, compared with 2021 to 2022 (final year of the current funding settlement).
- Total funding through the sparsity factor increased from £42m to £95m nationally.
- Increased minimum per pupil levels (MPPL) of £4,265 (previously £4,180) for Primary and £5,525 (previously £5,415) for Secondary.

2022-23 School Funding Arrangements

Schools Block

- Updated analysis undertaken by the Education Policy Institute earlier this year notes that:

“Through the NFF and subsequent initiatives such as ‘levelling-up’ school funding, the government has weakened the link between funding and need. While there have been large differences in funding across schools and local authorities, recent policies have meant that pupils from more affluent backgrounds are attracting larger increases to funding rates compared to those from more disadvantaged backgrounds.”

[The National Funding Formula: consideration of better targeting to disadvantaged pupils - Education Policy Institute \(epi.org.uk\)](#)

2022-23 School Funding Arrangements

Schools Block

- DfE published illustrative figures show a **£5.2m / 2.8%** increase for Peterborough (excluding growth funding) compared to the amount due to be received in 2021/22.
- Final allocations will differ based on the October 2021 census.
- Funding for the “FSM6” deprivation funding moving from using the previous year’s January census to the October census for measuring eligibility.
- Low prior attainment 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 assessment due to the pandemic.

2022-23 School Funding Arrangements

Schools Block

- 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).
- 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. This will reduce the final funding allocated directly to and from the LA.

2022-23 School Funding Arrangements

Schools Block

- The sparsity factor has been increased at a national level and distances between schools are now road distance rather than as the crow flies.
- The DfE define a small school as having less than 21.4 pupils per year group in primary and less than 120 per year group in secondary.
- A further option allows a taper to be applied to the distance criteria. This would allocate funding on a proportionate basis to those small schools within 20% of the 2 and 3 mile distance criteria.
- Further analysis is required, but these changes appear to have no impact on the eligibility for Peterborough schools, with only 1 school continuing to qualify for sparsity funding.

2022-23 School Funding Arrangements

Schools Block

- Minimum Funding Guarantee (MFG) continues to be set between +0.5% and +2% increase per pupil; LA decision
- No national cap but LAs can still opt to use a local cap to manage overall affordability.
- 0.5% limit on movements between funding blocks remains

2022-23 School Funding Arrangements

Early Years Block

- Announcements in the Autumn Budget and Spending Review 2021.
- Maintained nursery school supplement confirmed until March 2025

High Needs Block

- High needs funding is increasing by £780m, or 9.6%, in 2022 to 2023.
- Allocated through the High Needs funding formula with floors, protections and caps – minimum uplift 8% - Peterborough to receive an extra £3.3m / 8.7% (based on illustrative data)

2022-23 School Funding Arrangements

Central Schools Services Block (CSSB)

- The CSSB provides funding for the benefit of all schools for ongoing and historic commitments.
 - Ongoing responsibilities:
 - Admissions
 - Copyright
 - Statutory/Regulatory Duties etc
 - Historic Commitments previously agreed with Schools Forum:
 - Schools Pensions Liabilities

2022-23 School Funding Arrangements

The initial 2022-23 DSG allocations for Peterborough are set out in the following table, which also provides the 2021-22 figures for comparison:

DSG Block	2021-22 Allocation £m	2022-23 Initial Allocation £m
Schools Block (incl. growth)	185.367	190.600
High Needs Block	38.447	41.788
Central Services Schools Block	1.517	1.527
Early Years Block (22/23 allocation TBC)	17.584	17.584
Total	242.915	251.499

Autumn Budget and Spending Review 2021

- Additional £4.7 billion in core funding by 2024-25, including £1.6 billion in 2022-23. Total cash increase of £1,500 per pupil between 2019-20 and 2024-25.
- Core schools budget will increase from £49.8 billion this year to £56.8 billion in 2024-25. Average annual real-terms rise of 2.5 per cent from 2019 to 2024.
- This additional investment will need to cover the delivery of a £30,000 starting salary for all new teachers.
- Expectation is that the future years funding will also need to cover future pay rises, so a large proportion of the extra funding will be required to meet these costs.

Autumn Budget and Spending Review 2021

- Likewise, our interpretation is that the increase will need to cover the employer costs of the Health and Social Care Levy (NI increase). Assumption that there will be further detail on how this will be allocated for 2022-23.
- Additional £1.8 billion announced for education recovery, including a £1 billion “recovery premium” for the next two academic years. Primary schools will receive the same per pupil rate as this year’s recovery premium (£145), while secondary schools are expected to receive nearly double.
- £800 million of the funding will be allocated across the spending review period to “ensure all 16-19 students will benefit from an additional 40 hours of education across the academic year – the equivalent of one additional hour a week in school or college”.

Autumn Budget and Spending Review 2021

- £2.6 billion over the next three years to create school places for pupils with special educational needs and disabilities.
- The holiday activities and food (HAF) programme, which was extended to all areas and to the Easter and Christmas holidays will continue to be funded, but no indication for how long.
- Additional funding for the early years entitlements worth £160m in 2022-23, £180m in 2023-24 and £170m in 2024-25.
- Continuation of Maintained Nursery School supplementary funding throughout the spending review period.
- DfE will confirm the 2022-23 Early Years hourly funding rates for individual local authorities in due course, followed by the initial allocations in December.

2022-23 School Budget Proposals

- **Appendix A** – (draft consultation document) provides further detail on the budget proposals including the growth fund criteria.
- Continued principle of mirroring the National Funding Formula (NFF) subject to affordability.
- Sparsity – as noted earlier national changes appear to have no impact on eligibility for Peterborough schools - proposal to increase factor value to align with NFF.
- If overall affordability allows the funding rates (excluding FSM, Lump Sum, Sparsity and Premises factors) would be scaled up by applying a weighting up to the level of the Area Cost Adjustment (ACA) of 1.01284
- Minimum Funding Guarantee – must be set between +0.5% and +2.00% per pupil – Proposal to set at +2.00%.
- Growth Funding – no changes to the current methodology.

2022-23 School Budget Proposals

Budget Proposals – Formula Factor Unit Values

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	

2022-23 School Budget Proposals

Budget Proposals – Formula Factor Unit Values

NFF Factor		Peterborough Unit Rates 2021-22 £	National Funding Formula (NFF) Unit Rates 2022-23 £
	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

2022-23 School Budget Proposals

Budget Proposals – Formula Factor Unit Values

▪ Notes to the Table:

- a) The 2021/22 values highlighted in red were uplifted to reflect the 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. This covers the premises factors which includes split site (£100k) PFI (variable) and business rates (variable) for those schools affected.

2022-23 School Budget Proposals

- **Appendix B** - contains draft illustrative school level budgets.

Important points to note:

- The illustrative figures are based on 2021-22 datasets. Therefore the actual figures to be received in 2022-23 will differ, and in some cases be significantly different due to changes in overall numbers and pupil characteristics.
- The illustrative figures use the revised 2022-23 NFF unit values with a weighting applied to reflect overall affordability based on initial published DSG figures.
- Initial distribution totals are based on the illustrative published DSG Schools Block, less an initial £1m estimate for centrally retained growth which will be confirmed on receipt of the October census data, less an estimate in respect of business rates to reflect the move to a centralised process administered by the ESFA.

2022-23 School Budget Proposals

Important points to note (continued):

- School level illustrative figures have also been adjusted to remove £1.728m of business rates (from both the baseline and 2022-23 estimates) to reflect the move to the central ESFA administered process.
- There are 3 new schools due to open in September 2022 so estimated funding for these has been included for 7/12ths applying sector averages for additional factors.
- 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. These issues will be addressed in the final calculations.
- On receipt of updated information and final DSG allocations from the DfE the modelling will continue to refined. Therefore it is important to note the illustrative amounts are to provide an indication of the potential impact at individual school level only.
- Current estimated cost of the MFG is £670k, with a further £607k to meet the cost of the increased MPPLs.

2022-23 School Budget Proposals

Budget Proposals – De-delegations and Education Functions – Maintained Schools Only

- A de-delegation of **£1.54** per pupil (subject to Schools Forum approval) is proposed in respect of Trade Union Facilities Time (academies are charged via a separated arrangement).
- As in previous years maintained schools will be subject to a charge of **£16.08** per pupil (subject to Schools Forum approval) to reflect the Education functions undertaken by the LA specifically for maintained schools.

2022-23 School Budget Proposals

- On the 29th October the DfE launched a consultation in which they are proposing to:
- Remove the School Improvement Monitoring & Brokering Grant ('the Grant'), which is currently allocated to local authorities to support school improvement activities; and
- Make provisions within the regulations to allow local authorities to fund all of their school improvement activity (including all core school improvement activities) via de-delegation from schools' budget shares.
- Proposal is to reduce by 50% in 2022/23 and then remove fully from 2023/24.
- In 2021/22 Peterborough received £102k of School Improvement Monitoring & Brokering Grant.
- Further information to be shared on receipt of consultation outcome.

High Needs Block 2022-23

- As noted earlier, based on illustrative data the High Needs Block allocation for Peterborough is expected by circa £3.3m / 8.7% to £41.788m in 22/23.
- Separate paper on banding proposals.

Next Steps

- November 2021 - Budget proposals and illustrative figures to be shared with all schools for comment.
- Mid-December 2021 – DfE to publish final DSG allocations
- January 2022 – Schools Forum to review final proposals
- 21st January 2022– submission of the Authority Proforma Tool (APT) to the Education & Skills Funding Agency (ESFA)
- End of January – Primary and Secondary School Budgets to be published
- 2022/23 – Next stages in consultation on move towards a direct national funding formula?