

## **Wiltshire Council**

### **School Funding & SEN Working Group - 10<sup>th</sup> January 2022**

### **Schools Forum - 20<sup>th</sup> January 2022**

## **DSG Budget – Schools Block Update 2022-23 (Delegated Budget)**

### **Purpose of the Report**

1. To update Schools Forum on issues relating to the schools delegated budget for 2022-23 and the decisions that will need to be made as part of the budget setting process.

### **Main Considerations**

2. As outlined in the funding settlement paper the Department for Education (DfE) has allocated a schools' block quantum to Wiltshire of £328.593 million. This includes funding of £1.913 million for the growth fund, based on the growth formula, detailed later in this report.
3. Cabinet approved the funding formula for 2021-22 which confirmed that Wiltshire would move as close to the national funding formula (NFF) as possible. In doing so the Wiltshire formula replicated the formula factors in the NFF as closely as possible.
4. Formula factors were all fully funded at the published NFF values in 2021-22 apart from the Sparsity factor, which was funded at the 2020-21 rates with a 3% uplift applied. Following the results of a consultation exercise by the DfE, a new NFF methodology has been introduced for the sparsity factor which will be imposed when the 'hard' formula is introduced. The changes to the sparsity factor have been shared with members of Schools Forum in October 2021 and an 'in principle' decision was agreed to implement the NFF methodology and funding values.
5. Modelling work has been prepared to calculate individual school budgets based on the proposed formula. The main funding formula for 2022-23 is broadly similar to the formula for 2021-22 but the following changes should be noted.
  - An increase in Pupil and School led funding values of 3%
  - Minimum Funding Guarantee to be set between 0.5% and 2.0% to ensure all schools see a gain in funding on their pupil led funding
  - Maximum Sparsity funding being increased by £10,000 in both Primary and Secondary schools to £55,000 and £80,000 respectively to support small and rural schools
  - Sparsity distances to be measured using road distances rather than 'as the crow flies' and applying a distance taper for schools within 20% of the distance threshold
  - Increases in the minimum per pupil funding levels (MPPFL) to £4,265 and £5,525 in primary and secondary schools
6. Initial modelling suggests that the NFF is fully affordable within the funding envelope provided by the DfE. The Schools Block of funding is sufficient to afford the full NFF with further discussion of some factors detailed in this report.

## The National Funding Formula

7. Since the introduction of the NFF, it has been Wiltshire's intention to move across to mirror and replicate the formula in the 'soft' years, prior to moving to the 'hard' formula. Over the last four years, Wiltshire has moved across to funding schools, subject to affordability, using the NFF factor values. Where the NFF values could not be afforded, the Free School Meal Ever6 (FSM6) factor was compromised to ensure the other factor values were affordable. For the last three years, the formula has been fully affordable.
8. The DfE published their NFF factor values in the Summer of 2021 and following the announcement about the size of the DSG, the funding formula has been modelled to incorporate the NFF values (see Appendix 1 for rates).
9. Based upon the Schools' Block allocation, the formula is fully affordable for the 2022-23 financial year, applying all the NFF factor values. Wiltshire has been fully funded through the NFF and this has ensured that Schools Forum is presented with a position of affording the full NFF.
10. Within the modelling, the following elements have been included:
  - Full NFF values applied for all funding factors
  - Increased Sparsity funding in line with NFF values and methodology
  - MFG set at the maximum level of 2%
  - Transfer from Schools' Block to High Needs Block of 0.5% (£1.643m)
11. The table below sets out the funding position having applied all the NFF values and taken account of any proposed transfers, to demonstrate the affordability position.

<b>Funding 2022-23</b>	<b>Amount £</b>
Core funding	£326,680,815
Growth funding	£1,912,967
<b>Net Funding</b>	<b>£328,593,782</b>
NNDR Business rates	£3,034,400
<b>TOTAL</b>	<b>£325,559,382</b>
Transfer to High Needs Block (0.5%)	(£1,642,969)
<b>Available for School Funding</b>	<b>£323,916,413</b>
NFF requirements	£323,191,884
Growth Fund	£724,529
<b>Schools Block Allocated</b>	<b>£323,916,413</b>

## Growth Funding Allocation 2021-22

12. Growth allocations for 2022-23 are based upon pupil data from the October 2021 census and the October 2020 census.
13. The county is separated into 62 Middle Layer Super Output Areas (MSOA) with an average of 4 schools in each MSOA area. Growth is measured by counting the increase in pupil numbers in each MSOA between the October 2020 and October 2021 censuses. Only positive increases in pupil numbers are included, so positive growth in one area, and negative growth in another, will not be denied growth funding.
14. The DfE do not expect local authorities to use these rates in their local arrangements for funding growth but instead the growth factor acts as a proxy for overall growth costs at local authority level.
15. At the Schools Forum meeting in December 2021, Schools, the criteria for allocating Growth funding in the 2022-23 year was confirmed. The amount of funding allocated to Wiltshire for the 2022-23 year is set out in the table below.

<b><u>Funding 2022-23</u></b>	<b><u>Primary</u></b>	<b><u>Secondary</u></b>	<b><u>TOTAL</u></b>
<b>Growth in Pupils</b>	340.5	633.5	974
<b>Rate</b>	£1,495.65	£2,215.78	
<b>Amount</b>	<b>£509,269</b>	<b>£1,403,697</b>	<b>£1,912,966</b>

### Historical Position

16. Growth funding forms part of the Schools Block of funding. Schools Forum has historically agreed an annual budget to be retained for funding pupil growth and has operated successfully within this funding envelope. In the financial year 2022-23 it is proposed to set the budget once again in line with the affordability, having applied NFF rates for the funding factors.

### Affordability

17. There are no plans to open any new schools in the 2022-23 year. The growth fund supports new primary and secondary schools with diseconomy costs for the first 7 years or until the school is full.
18. The Basic Need Class Expansion for additional classes is still to be confirmed with colleagues in the School places team for the 2022-23 academic year. However, growth is being experienced as new housing becomes available across the County, despite a falling birth rate being experienced.
19. The Infant Class Size increases have been confirmed for 2021-22 with four schools being funded through this factor.
20. The total Growth Fund requirement for 2022-23 is anticipated to come within the proposed budget, as allocated by the DfE and based upon the funding of all the NFF factors in full. Any surplus or deficit in the Growth Fund will form part of the overall DSG surplus or deficit balance.

## Minimum Funding Guarantee

21. The Minimum Funding Guarantee (MFG) was designed to prevent schools from experiencing significant reductions in their calculated 'per pupil' funding, year on year. Historically, the MFG had been set at -1.5% to prevent reductions in funding of greater than 1.5%.
22. Following the additional funding pledge, the DfE are seeking to ensure that all schools see an uplift in their calculated per pupil funding and have therefore proposed that the MFG is set at a positive figure of between 0.5% and 2.0%.
23. As in the 2021-22 year, modelling of the MFG is no longer a significant issue, as the majority of schools have moved off the MFG funding and as a result, no capping of schools would be required to fund the MFG again this year. This correlates with the DfE's intention to move all schools across towards the NFF, with an intention of introducing a 'hard' formula in due course.
24. Setting a positive MFG of 2% is fully affordable and will ensure that all schools see an uplift in their 'per pupil' funding of at least 2%. The cost to the formula in 2022-23 is less than £0.155m, subject to decisions taken by Schools Forum.

## Sparsity

25. The DfE's consultation in the 2021-22 year, introduced a number of changes to the criteria for the NFF sparsity factor. Schools Forum considered a report in 2021-22 which set out the implications of these changes for Wiltshire and agreed to mirror the NFF within the Wiltshire formula for 2022-23.
26. The criteria for Sparsity funding are based upon size and sparsity distance. The threshold is for primary schools of 150 pupils or less and secondary schools of 600 pupils or less. The distance threshold is now based upon the average road distance from the pupil's home to next nearest compatible school. Where this distance is greater than 2 miles for primary and 3 miles for secondary pupils a school is eligible for funding.
27. The NFF introduced a 'distance taper' which now means that primary and secondary schools with a sparsity distance within 20% of the threshold (1.6miles and 2.4miles for primary and secondary), will now be eligible for funding, using a tapering mechanism.
28. The formula also uses a tapering mechanism based upon size of the school such that schools receive a weighted proportion of the maximum value.
29. As part of the DfE's proposals to support small and rural schools, the maximum sparsity value for primary schools was increased to £55,000, with Secondary schools increasing to £80,000. The table below shows the impact of these changes on the 2022-23 formula.

<b><u>2022-23</u></b>	<b><u>Primary</u></b>	<b><u>Secondary</u></b>	<b><u>TOTAL</u></b>
Eligible Schools	62	4	66
Funding	£2,236,040	£142,411	£2,378,451*
<b><u>2021-22</u></b>			
Eligible Schools	28	2	30
Funding	£295,939	£49,594	£345,533

\* – This represents 0.72% of the total Schools Block Allocation

## **Minimum per Pupil Funding Levels (MPPFL)**

30. The MPPFL's were introduced as part of the NFF and have been increased annually as part of the DfE's proposals to standardise funding across the country. These are mandatory as part of the NFF and therefore there is no scope for amending these values without permission from the Secretary of State.
31. The thresholds in primary and secondary schools for 2022-23 are £4,265 and £5,525 for primary and secondary respectively. These values include the previous Teachers Pay and Pension Grants which were incorporated into the AWPU funding values from 2021-22.
32. The overall funding allocated through the MPPFL is £4.953m in 2022-23, a decrease of £1.623m on the 2021-22 figure of £6.576m.

## **Proposals**

33. Schools Forum is asked to note the report.
34. Schools Forum to confirm its intention to apply all the funding factors at the 2022-23 NFF rates.
35. Schools Forum to note the impact of the Sparsity factor.
36. Schools Forum to agree setting the MFG at a level of 2.0%.
37. Schools Forum to agree the level of the Growth fund at £0.725m.

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## Appendix 1

<b>Factor</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Primary KS1&2 AWPU	£2,747	£2,857	£3,123*	£3,217*
Secondary KS3 AWPU	£3,863	£4,018	£4,404*	£4,536*
Secondary KS4 AWPU	£4,386	£4,561	£4,963*	£5,112*
Primary & Secondary FSM	£440	£450	£460	£470
Primary FSM6	£540	£560	£575	£590
Secondary FSM6	£785	£815	£840	£865
IDACI Primary Band A	£575	£600	£620	£640
IDACI Primary Band B	£420	£435	£475	£490
IDACI Primary Band C	£390	£405	£445	£460
IDACI Primary Band D	£360	£375	£410	£420
IDACI Primary Band E	£240	£250	£260	£270
IDACI Primary Band F	£200	£210	£215	£220
IDACI Secondary Band A	£810	£840	£865	£890
IDACI Secondary Band B	£600	£625	£680	£700
IDACI Secondary Band C	£560	£580	£630	£650
IDACI Secondary Band D	£515	£535	£580	£595
IDACI Secondary Band E	£390	£405	£415	£425
IDACI Secondary Band F	£290	£300	£310	£320
Prior Attainment – Primary	£1,022	£1,065	£1,095	£1,130
Prior Attainment – Secondary	£1,550	£1,610	£1,660	£1,710
EAL – Primary	£515	£535	£550	£565
EAL - Secondary	£1,385	£1,440	£1,485	£1,530
Mobility – Primary	£0	£875	£900	£925
Mobility – Secondary	£0	£1,250	£1,290	£1,330
Lump Sum	£110,000	£114,400	£117,800	£121,300
Sparsity – Primary	£0-£25,000	£0-£26,000	£0-£45,000	£0-£55,000
Sparsity – Secondary	£0-£65,000	£0-£67,500	£0-£70,000	£0-£80,000
Primary - MPPFL	£3,500	£3,750	£4,180	£4,265
Secondary – MPPFL	£4,800	£5,000	£5,415	£5,525

\* - Includes the Teachers Pay and Pension Grants of £180 for Primary and £265 for Secondary