

## **Wiltshire Council**

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

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

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### **Schools Revenue Funding 2022-23 - Funding Settlement & Budget Setting Process**

#### **Purpose of the Report**

1. To update Schools Forum on the revenue funding settlement and the budget setting process for 2022-23.
2. The report will outline the funding settlement announced on 16<sup>th</sup> December 2021 and the impact on school budgets arising from the settlement. The report will also outline the decision-making process for the 2022-23 budget.
3. Further detail on each of the funding Blocks and the specific decisions required will be provided in separate papers on this agenda. A separate decision paper will also be provided so that decisions can be considered after all the update reports have been discussed.

#### **Introduction to Funding Changes for 2022-23**

4. In the Autumn of 2019, the government announced its pledge to boost schools and high needs funding. Building on the 2019-20 funding levels, the cash increases of £14.5 billion over 3 years would comprise;
  - £2.6 billion in 2020-21
  - £4.8 billion in 2021-22 (increase by £2.2bn)
  - £7.1 billion in 2022-23 (increase by £2.3bn)
5. In addition, a further £700million was pledged for High Needs nationally in 2020-21, a further £730m for 2021-22 and £780m for 2022-23.
6. The Department for Education (DfE) have continued to allocate school funding on the basis of the National Funding Formula (NFF) which should see all schools benefitting from the additional funding. Nationally, the Dedicated Schools Grant (DSG) shows an average increase of 3.2% in the pupil-led funding factors compared to 2021-22. The 2022-23 year is another 'soft' year with local Schools' Forum still retaining its role in determining the school funding allocation methodology.
7. The introduction of mandatory minimum per pupil funding levels for the 2020-21 year have been continued and the rates have increased for the 2022-23 year as detailed in the table below.

8.

<b><u>MPPFL</u></b>	<b><u>2020-21</u></b>	<b><u>2021-22</u></b>	<b><u>2022-23</u></b>
Key Stage 1&2	£3,750	£4,180*	£4,265
Key Stage 3	£4,800	£5,215*	£5,321
Key Stage 4	£5,300	£5,715*	£5,831

\* - Includes Teachers Pay and Pension element of £180 KS1&2 and £265 KS3&4

9. The mandatory minimum per pupil funding levels represents a step towards the introduction of a 'hard' formula, where national rates must be implemented without allowing for local discretion. Following the Department for Education (DfE) consultation in 2021, further guidance regarding a move towards a 'hard' formula is expected between now and 2024-25.
10. The Minimum Funding Guarantee (MFG) threshold has been adjusted to ensure that all schools gain through the allocations per pupil and must be set between +0.5% and +2.0%.
11. The Sparsity factor has seen the greatest changes of all formula factors. The National Funding Formula (NFF) has;
- increased the maximum sparsity values by £10,000
  - calculated sparsity distances based upon road distances
  - applied a sparsity distance taper (making schools eligible where the school has a sparsity distance 20% below the main threshold)
12. Data for pupils who are eligible for FSM6 funding is now taken from the October census rather than the previous January school census.
13. Following the cancellation of the 2020 and 2021 school assessments due to Covid-19, the Low Prior Attainment data from 2019 will be used as a proxy for the assessments which would have taken place in 2020 and 2021.
14. The DfE will pay Business rates on behalf of all schools from 2022-23 onwards removing the need for schools to pay their own Business rates and then recover the funding.
15. Pupil Premium Grant (PPG) funding will continue in the 2022-23 year, with the rates being uplifted from the current 2021-22 rates. The DfE have confirmed that the numbers of eligible PPG pupils will be taken from the October 2021 census and not the January 2022 census. The funding rates for 2022-23 are set out in the table below.

<u>Premium</u>	<u>Primary</u>		<u>Secondary</u>	
<b>Year</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2021-22</b>	<b>2022-23</b>
FSM6 (Deprivation)	£1,345	<b>£1,385</b>	£955	<b>£985</b>
LAC and Post-LAC*	£2,345	<b>£2,410</b>	£2,345	<b>£2,410</b>
Service	£310	<b>£320</b>	£310	<b>£320</b>

\* - LAC PPG is payable to the LA's Virtual Headteacher. Where a pupil has previously been LAC but has left LA care through adoption, special guardianship order or child arrangements order, then the PPG is payable to the school.

## School Revenue Funding Settlement 2022-23

### *Dedicated Schools Grant 2022-23*

16. The DfE issued the revenue funding settlement for schools on the 16<sup>th</sup> December 2021. The provisional Dedicated Schools Grant (DSG) allocation for Wiltshire Council is **£422.409m**. This is an increase of **£16.067m** compared with 2021-22. The table below shows the breakdown of the Blocks.

<u>Block</u>	<u>2021-22</u>	<u>2022-23</u>
Schools Block	£317,724,345	£328,593,782
Central Block	£2,565,122	£2,604,175
High Needs Block	£57,835,120	£62,690,534
Early Years Block	£28,217,273	£28,520,960
<b>TOTAL FUNDING</b>	<b>£406,341,860</b>	<b>£422,409,451</b>

17. The increase reflects the impact of the uplift to the Schools' and High Needs Blocks incorporating the additional funding pledged by the government.
18. The increase also reflects the Teachers Pay and Pension Grants which were incorporated into the core Blocks in 2021-22.
19. The split of funding between the Blocks is set out below to show the year-on-year movements.

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>Increase</u>	<u>(%)</u>
Schools Block	275,215,164	293,142,767	317,724,345	328,593,782	<b>10,869,437</b>	<b>3.42%</b>
Central Block	2,570,343	2,479,715	2,565,122	2,604,175	<b>39,053</b>	<b>1.52%</b>
High Needs Block	47,091,825	51,996,188	57,835,120	62,690,534	<b>4,855,414</b>	<b>8.40%</b>
Early Years Block	26,768,825	26,884,359	28,217,273	28,520,960	<b>303,687</b>	<b>1.08%</b>
<b>TOTAL FUNDING</b>	<b>351,646,157</b>	<b>374,503,029</b>	<b>406,341,860</b>	<b>422,409,451</b>	<b>16,067,591</b>	<b>3.95%</b>

20. The **Schools Block** has been calculated based on the NFF funding factor values published in July 2021 and applied to the October 2021 census information. These have been used to calculate a PUF and SUF (primary unit of funding and secondary unit of funding) for Wiltshire. These units of funding have been multiplied by the numbers of primary and secondary pupils from the October 2021 census to arrive at the Schools' Block total for 2022-23. (Since 2021-22, the rates include the Teachers Pay and Pension funding, built into the basic AWPU funding rates)

21. The PUF and SUF rates for 2022-23 are detailed in the table below;

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>Increase / %</u>
<b>PUF</b>	£3,849.15	£4,079.69	£4,432.68	£4,574.45	<b>£141.77 / 3.2%</b>
<b>SUF</b>	£4,885.94	£5,092.09	£5,514.14	£5,659.78	<b>£145.64 / 2.6%</b>

22. Pupil numbers have increased in each phase, as per the table below:

	<u>2018-19</u>	<u>Inc.</u>	<u>2019-20</u>	<u>Inc.</u>	<u>2020-21</u>	<u>Inc.</u>	<u>2021-22</u>	<u>Inc.</u>	<u>2022-23</u>
Primary	38,218	15	38,233	262	38,495	-45	38,450	-297	38,153
Secondary	24,471	412	24,883	481	25,364	242	25,606	487	26,093
<b>TOTAL</b>	<b>62,689</b>	<b>427</b>	<b>63,116</b>	<b>743</b>	<b>63,859</b>	<b>197</b>	<b>64,056</b>	<b>290</b>	<b>64,246</b>

23. Included within the Schools Block of funding of £328.594m is the amount of £1.913m allocated on the basis of pupil growth within Wiltshire. A breakdown of the elements comprising the Schools' Block is detailed in the table below.

<b>Funding 2022-23</b>	<b>Amount £</b>
Core funding	£326,680,815
Growth funding	£1,912,967
<b>Total Funding</b>	<b>£328,593,782</b>

24. In 2021-22, the DfE stipulated that the funding awarded through the Teachers Pay and Pension elements must be excluded when considering any transfers between the Schools' Block and other Blocks. This requirement has been removed and any transfer would be based upon the Total Funding figure of £328.594m.
25. The **Central Schools Services Block** (CSSB) has been calculated according to the national funding formula for the CSSB. October 2021 pupil numbers have been multiplied by a unit value of £35.96 and a headcount of 64,246. Funding for agreed historic commitments has then been added to that total. The Block is calculated as;

Pupil Funding (£36.96 x 64,246)	£2,310,286
Historic Commitment Funding	£293,888
<b>Total CSSB Funding</b>	<b>£2,604,175</b>

26. The **High Needs Block** has been allocated as per the baselines notified to local authorities in December 2021. These baselines are calculated according to the NFF for high needs, a significant percentage of which is allocated according to historic spend. The basic entitlement amount reflects the numbers of pupils in special schools has been updated to reflect the October 2021 census and the import/export adjustment. The uplifted funding reflects and includes Wiltshire's share of the £780m additional funding announced for High Needs in 2022-23.
27. The DfE continue with their commitment to reviewing the High Needs NFF and a consultation is proposed and due in the first quarter of 2022-23. The review should cover all factors of the High Needs NFF including the 'Historic Spend' factor and the weightings applied to each factor.
28. The **Early Years Block** reflects the indicative hourly rates announced for 2022-23 and an estimate of the full year effect of the entitlement to an additional 15 hours of childcare for children of working parents which came into effect in September 2017. Again, Wiltshire remains on the funding floor for the early years national funding formula. It should be noted that the Early Years Block would ordinarily be updated during the 2022-23 financial year to reflect the January 2022 and January 2023 early years census data.
29. For 2022-23, the Early Years Pupil Premium rate will be £0.60 per hour, per eligible child and up to a maximum of 570 hours per annum. The Disability Access Fund will be £800 per eligible child.

### **Block Transfers 2022-23**

30. The funding regulations do allow for a transfer of funding between the Schools' Block and other Blocks within the DSG. Local authorities have the flexibility to move up to 0.5% from the Schools' Block to the other Blocks including the High Needs

Block, with the agreement of Schools Forum. It has previously been agreed by Schools Forum that a transfer up to a maximum of 0.5% would be supported, if affordable. Due to the Secretary of State's previous decisions regarding transfers and the requirement to passport 99.5% of the Schools' Block of funding to schools, a Disapplication Request to transfer a sum greater than 0.5% has not been submitted.

### **Budget Setting Process 2022-23**

31. Local authorities are required to submit the proposed delegated budget for schools in their areas to the DfE by 21<sup>st</sup> January 2022. The DfE are required to confirm the formula is compliant with the funding regulations and will then confirm budgets to academies by the end of February 2022. The LA is required to notify maintained schools of their budget shares by the end of February 2022.
32. In terms of setting the budgets for schools for 2022-23, the amount of funding available for distribution to schools will be calculated as follows:

DSG Schools Block Allocation	328,593,782
Less: Growth Fund	x,xxx,xxx
Less: Transfer to Other Blocks	x,xxx,xxx
Total available for School Funding	<b>xxx,xxx,xxx</b>

33. The update reports will show that many of the decisions in relation to individual funding Blocks will impact on the affordability, or otherwise, of other proposals and this will be important to take into account when considering the final decision paper.

### **De-Delegation**

34. There are a number of budgets that maintained primary and secondary schools can agree to de-delegate so that services continue to be provided centrally. De-delegation cannot be applied to amounts delegated to academies or special schools.
35. At the December 2021 Schools Forum meeting, it was agreed by the maintained schools voting members that the de-delegation of services would continue in 2022-23, as in 2021-22. The amount of each de-delegated service budget is based upon the relevant formula factors for maintained schools.

### **Proposal**

36. Schools Forum is asked to note the report.