

## Formal Approval of School Funding Formula 2022/23

### Report by Director for Children's Services

#### Recommendation

1. **The Cabinet is RECOMMENDED to: -**
  - a) **approve the final funding formula for 2022/23 subject to the decision by the Secretary of State for Education regarding permission to transfer 0.5% (£2.2m) from the Schools block to support High Needs expenditure**

#### Executive Summary

2. The final funding formula for schools and academies for 2022/23 needs to be formally approved politically before submission to the Department for Education (DfE) by 21 January 2022. Schools Forum has been consulted in development of the funding formula for 2022/23 as a statutory consultee, but the decision on the final formula is made by the local authority.
3. The decision this year includes the request made to the Secretary of State for permission to transfer 0.5% (£2.2m) from the Schools block to support High Needs expenditure. The decision on Schools Funding will therefore be made subject to the approval of the Secretary of State. The deadline to confirm school budget shares to maintained schools is 28 February 2021.

#### Introduction

4. The local authority is required to set the pre-16 funding formula for each financial year, for all maintained schools and academies (including free schools, studio schools and university technical colleges), after consultation with Schools and Schools Forum about any proposed changes.
5. The local authority is responsible for making the final decisions on the formula but must gain political approval before the final formula for the 2022/23 financial year is submitted to the Department for Education (DfE) on 21 January 2022.

#### The National Funding Formula

6. In 2018/19 the government implemented national funding formulae for the Schools, High Needs and the Central Services Schools Block (CSSB) with local discretion on implementation up to and including for 2022/23.
7. 2018/19 saw the introduction of the national funding formula (NFF) for schools. This reform meant that for the first time, school funding was distributed to Local Authorities according to a formula based on the individual needs and characteristics of every school in the country. Local Authorities continue to be responsible for distributing money between schools.

8. Oxfordshire has consulted with all schools and academies and Schools Forum annually and it was agreed to implement the NFF as closely as possible and this has been achieved within the overall envelope of funding. 2022/23 will be the fourth year of the journey to implement the NFF as closely as possible, subject to affordability.
9. The DfE has made some changes to the National Funding Formula for 2022-23, as follows:
  - NFF factor values have increased by 3% to basic entitlement, free school meals at any time in the last 6 years (FSM6), income deprivation affecting children index (IDACI), lower prior attainment (LPA), English as an additional language (EAL) and the lump sum.
  - NFF factor values have increased by 2% to the funding floor, the minimum per pupil levels (MPPL) and free school meals (FSM) and 0% on premises factors.
  - School sparsity distances are now based on road distances, instead of straight-line distances, and a sparsity distance taper has been introduced.
  - Data on pupils who have been eligible for FSM6 is now taken from the October 2020 school census instead of the January 2020 census.
  - 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 assessment due to coronavirus.
  - Pupils who joined a school between January 2020 and May 2020 attract funding for Mobility on the basis of their entry date, rather than the May school census, as the May 2020 census did not take place due to coronavirus.

### **Outcome of Consultation with Schools and Schools Forum**

10. Consultation with schools was carried out from 14 October 2021 to 8 November 2021. The results of the consultation were discussed at the School Forum meeting on 10 November 2021.
11. As Oxfordshire is implementing the NFF as closely as possible, there was no need to consult on this decision. Schools were consulted on the possibility of a block transfer to High Needs and on options for adjusted the national funding formula if the funding allocation was too little to implement the NFF in full or if more funding was available.

## **Consultation on Transfer to High Needs Block**

12. Dedicated Schools Grant (DSG) to Local Authorities is allocated in blocks. There are blocks of funding for Early Years, Schools, High Needs and Central School Services. The blocks are ringfenced for 2022/23 (meaning funding can only be spent on the services/provisions covered by the blocks).

However, the DfE guidance allows for some transfer between blocks as stated below:

- The Schools Block will be ring-fenced in 2022 to 2023, however local authorities are able to transfer up to 0.5% of their Schools Block funding into another block, with the approval of their schools forum.
  - If local authorities wish to transfer any funding out of the schools block in 2022 to 2023, the department expects to see evidence of recent discussion and the schools forum vote.
  - To make such a transfer, local authorities should consult with local maintained schools and academies and the schools forum should take these views into account before making their decision.
13. Spend on High Needs is expected to exceed the grant funding available in 2022/23 by £20m and the deficit is expected to increase over the medium term.
  14. The consultation asked Schools whether they wished to support a transfer to the High Needs Block. Responses were limited, but of those that did respond, 70% did not support this. The draft Minutes from Schools Forum record the following:
    - All present Schools Forum members voted and voted against (by 11 votes to 4) top-slicing the Schools block as this would not be guaranteed to fully benefit children with High Needs in Mainstream Schools.

## **High Needs Block: Disapplication request**

15. As Schools Forum did not support the transfer from the Schools block and given the forecast overspend within the High Needs block, Oxfordshire have appealed the decision with the Secretary of State. A disapplication request was submitted to transfer 0.5% or £2.2m from the Schools Block by the DfE deadline of 19 November 2021.
16. The timescale for the Secretary of State to respond to the disapplication request is unknown.

## Oxfordshire Funding Formula

17. The School Funding Formula for 2022/23, has been modelled to replicate the NFF.
18. In line with timescales in previous years, the DSG settlement was announced on 16 December 2021.
19. At the meeting of Schools Forum on 13 January 2022, Forum will be presented with a number of options for the School Funding Formula to discuss. The Local Authority recommended options are to implement the National Funding Formula to schools as closely as possible and transfer funding to the High Needs block to contribute to SEND investment in schools.
20. Schools Forum will receive a model that sets out funding to transfer £0.6m of residual funding to High Needs and includes full National Funding Formula rates. A further model shows a transfer of £2.2m, which aligns with the block transfer request to the Secretary of State. This would transfer a further £1.6m to the High Needs block and would reduce Schools funding below the National Funding Formula level. The reduction could be achieved by decreasing the Lump Sum factor of the formula by approximately £7.5k.
21. The full formula factor rates for Oxfordshire are shown in the table below, which includes the £0.6m transfer to High Needs. The final table below shows the reduced Lump Sum factor rate should £2.2m be transferred to High Needs. This also represents the position if the disapplication request was agreed by the Secretary of State. The amounts allocated by each factor in the annexes are subject to further checks and amendments leading up to and following submission to the DfE by 21 January 2022.

## Schools Funding Formula 2022-23

<b>Funding Factors - Full National Funding Formula (NFF) with ACA</b>	<b>NFF Primary Unit Value 2022-23</b>	<b>NFF Secondary Unit Value 2022-23</b>
Area Cost Adjustment (ACA) – A multiplier that is applied to basic per pupil, additional needs and formula elements of school led funding for Oxfordshire	1.02220	1.02220
<b>1. Basic per-pupil funding</b>		
Age Weighted Pupil Unit (AWPU) - Basic Entitlement	£3,288.42	
Age Weighted Pupil Unit (AWPU) - Basic Entitlement KS3		£4,636.70
Age Weighted Pupil Unit (AWPU) - Basic Entitlement KS4		£5,225.49
<b>2. Deprivation</b>		
Free School Meal eligibility	£480.43	£480.43
Ever6 FSM	£603.10	£884.20
Targeted Deprivation – IDACI Band F	£224.88	£327.10
Targeted Deprivation – IDACI Band E	£275.99	£434.44
Targeted Deprivation – IDACI Band D	£429.32	£608.21
Targeted Deprivation – IDACI Band C	£470.21	£664.43
Targeted Deprivation – IDACI Band B	£500.88	£715.54
Targeted Deprivation – IDACI Band A	£654.21	£909.76
<b>4. English as an additional Language (EAL)</b>	£577.54	£1,563.97
<b>5. Pupil Mobility</b>	£945.54	£1,359.53
<b>6. Low Prior Attainment</b>	£1,155.09	£1,747.96
<b>7. Lump sum - as NFF (amended for 0.5% transfer below)</b>	£123,992.86	£123,992.86
<b>8. Sparsity</b>	£56,221.00	£81,776.00
<b>10. Split Sites - (ACA not applicable)</b>	2 Academies at £30,000	
<b>11. Rates</b>	As Actual Rates	
<b>13. Exceptional Premises factors</b>	As Actual Rents	
<b>14. Minimum per pupil level (MPPL)</b>	£4,265	£5,525
- Key Stage 3		£5,321
- Key Stage 4		£5,831
<b>Minimum Funding Guarantee (MFG)</b>	2%	
<b>Growth Fund Contribution</b>	£660,000	

	<b>£m</b>
<b>DSG Schools Block Funding</b>	£446.7
<b>Total Funding allocated through the Schools Funding Formula as NFF</b>	£446.1
<b>Balance - Transfer to the High Needs Block</b>	£0.6
<b>Transfer as a percentage of eligible Funding</b>	0.13%

	<b>£000</b>
<b>Lump sum revised Factor Value to achieve extra £1.6m</b>	£116,458.46
	<b>£m</b>
<b>DSG Schools Block Funding</b>	£446.7
<b>Total Funding allocated through the Schools Funding Formula</b>	£444.5
<b>Balance - Transfer to the High Needs Block</b>	£2.2
<b>Transfer as a percentage of eligible Funding</b>	0.50%

### **Financial and Staff Implications**

22. The report deals with the funding formula for schools and academies for 2022/23 and there are no further financial or staffing implications discussed in this report. Schools and academies are responsible for managing the deployment of the delegated funding they receive.

### **Equalities Implications**

23. Where the local authority continues to have discretion in funding decisions made, priority will be given to the needs of vulnerable pupils and the Council's aims of raising attainment, narrowing the attainment gap and safeguarding children.

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