

SCHOOLS FORUM

Meeting date: 22 November 2021

From: Dan Barton, Assistant Director – Education & Skills

SCHOOLS FUNDING CONSULTATION OUTCOME 2022-23

1.0 EXECUTIVE SUMMARY

- 1.1 *This paper presents the outcome of the Schools Forum consultation with all schools and academies on the school funding formula for 2022/23.*
- 1.2 *The Schools Forum is asked to review the results of the consultation and to make a recommendation to Cabinet on the formula that should be used in 2022/23 to allocate funding to Cumbrian schools.*

2.0 STRATEGIC PLANNING AND EQUALITY IMPLICATIONS

- 2.1 *Ensuring that Cumbrian schools are funded appropriately is supportive of the Council Plan outcome that ‘People in Cumbria are healthy and safe’.*

3.0 RECOMMENDATION

The Schools Forum is asked to recommend to Cabinet that either:

- 3.1 the national funding formula (NFF) is implemented in full in Cumbria in 2022/23, impacting maintained schools from April 2022 and academies from September 2022, and after taking into account the growth fund budget, any residual surplus remaining in the Schools Block up to a maximum 0.5% is transferred to the High Needs (HN) Block to support the Recovery Plan. Any leftover balance remaining after applying the formula on this basis, to be allocated to schools through the school funding formula by increasing the Aged-Weighted Pupil Unit (AWPU) factor;

or

3.2 the NFF is implemented in full in Cumbria in 2022/23, impacting maintained schools from April 2022 and academies from September 2022 with any residual surplus remaining in the Schools Block, after taking into account the growth fund budget, to be allocated through the school funding formula by increasing the per pupil formula factors.

4.0 BACKGROUND

4.1 Cumbria has adopted the NFF since its introduction in 2018/19. Last year, following consultation 0.5%, equating to £1.558m of Schools Block, was transferred to the HN Block and after taking into account the growth fund budget of £0.200m there was a leftover balance of £0.553m which was allocated to schools through the funding formula by increasing the value of the APWU per pupil factor.

4.2 In 2022/23 local authorities continue to have flexibility in applying the NFF however the DfE have consulted on introducing further restrictions on local authorities from 2023/24 as the NFF transitions to a 'hard' formula; the outcome of this consultation has not yet been published.

4.3 The provisional 2022/23 Dedicated Schools Grant (DSG) allocations were presented to Schools Forum at the last meeting on 20 October 2021. The settlement, which is still subject to updated pupil number data and other later adjustments is £396.529m which represents an increase of £13.781m compared to this year's allocation and comprised on an increase in the Schools Block of £10.094m, HN Block £4.074m offset by a reduction in the Central School Services Block of (£0.387m).

4.4 In compliance with DfE guidance, the Schools Forum representatives agreed to consult all schools and academies on whether the NFF should continue to be adopted in 2022/23 and to seek views on whether up to 0.5% of School Block should be transferred to the HN Block to assist with the ongoing budget pressures, on the same basis that was applied last year, with any residual balance remaining after applying the formula on this basis being allocated to schools through the school funding formula.

4.5 The actual value of the transfer cannot be confirmed until final funding figures are received in December which will be based on the October 2021 census data and pupil characteristics but is expected to be within the range of £0.8m to a maximum of £1.5m.

4.6 The consultation documents were approved by Schools Forum on 20 October 2021 and the consultation opened the following day and ran for a period of 3 weeks, closing on 10 November 2021. A copy of the consultation and modelled impact on individual school budget shares is at Appendices 1 and 2.

4.7 Subsequent to the consultation being launched the government announced a further £1.6bn nationally for schools in recognition of budget pressures due to national insurance increases, high needs and responding to COVID19. The split of this funding at a local level has not yet been announced.

5.0 SCHOOL FUNDING CONSULTATION OUTCOME

- 5.1 A total of 16 responses were received from mainstream schools, academies and special schools. This represents a 39% reduction in the number of respondents compared to last year.
- 5.2 Of the 16 respondents 100% agreed with the recommendation of Schools Forum that the NFF should be used to allocate funding to Cumbrian schools and academies in 2022/23.
- 5.3 When asked if a transfer of up to 0.5% should be made from the Schools Block to the HN Needs Block after allocating the NFF in full 15 (94%) respondents were in favour and 1 (6%) respondent was not in favour.
- 5.4 A summary of the results and comments made by respondents are at Appendix 3. Respondents raised concern about the ongoing financial challenges faced by schools and continuing HN budget pressures and asked for assurance about the local authority's plans to resolve this longer term. The HN Budget and progress against the recovery plan is reported to Schools Forum on a regular basis, and through other avenues such as the Primary and Secondary school heads associations but forum members are reminded to ensure that the schools that they represent are briefed on the issues discussed and decisions made at Schools Forum.

6.0 OPTIONS

- 6.1 Schools Forum are asked to consider the results of the consultation and to recommend to Cabinet one of the following options for the 2022/23 financial year:
 - 6.1.1 that the NFF is implemented in Cumbria in full in 2022/23, impacting maintained schools from April 2022 and academies from September 2022 with any residual balance remaining, after taking into account the growth fund budget, to be transferred to the HN Block up to a maximum of 0.5%. Any leftover balance remaining after applying the formula on this basis, to be allocated to schools through the school funding formula by increasing the AWPU factor;

or

 - 6.1.2 that the NFF is implemented in Cumbria in 2022/23, impacting maintained schools from April 2022 and academies from September 2022 with any residual surplus remaining in the Schools Block after taking into account the growth fund budget, to be allocated through the school funding formula by increasing the per pupil formula factors.
- 6.2 It should be noted if Schools Forum recommend Option 2 the increase in school budget shares will be locked in for the calculation of the minimum funding guarantee (MFG) in the following year's funding formula and may make applying the NFF unaffordable. It would also be subject to any further restrictions imposed on local authorities such as the DfE's proposed requirement for local authorities to move their local formula closer to the NFF, the consultation outcome of which has not yet been published.

7 RESOURCE AND VALUE FOR MONEY IMPLICATIONS

- 7.1 Resource and value for money implications are considered throughout this report.
- 7.2 The Dedicated Schools Grant central reserve closed the 2020/21 financial year with a deficit of £9.641m comprising of a deficit on the HN Block of £14.550m offset by a surplus on other central DSG budgets of (£4.909m). The HN recovery plan Quarter 1 budget monitoring predicts that the deficit on the HN Block will increase to £19.816m and this, taking into consideration the predicted underspend against other central DSG budgets of (£0.241m) will increase the projected overall DSG deficit to £14.666m.
- 7.3 Option 1 will reduce the budget pressure against the HN Block without having a negative impact on school budget shares as they will receive the full funding due to them under the NFF.

8.0 CONCLUSION

- 8.1 This paper presents to the Schools Forum the outcome of the consultation with maintained and academy primary and secondary schools on the funding formula that should be used to allocate funding to schools in the 2022/23 financial year.
- 8.2 The Schools Forum is asked to make a recommendation to Cabinet on the funding formula that should be used to allocate funding to schools in 2022/23 impacting maintained schools from 1 April 2022 and academies from 1 September 2022.

Dan Barton
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19 Nov 2021

Accompanying Documents:

Appendix 1 - Consultation – School Funding Formula 2022/23
Appendix 2 - Consultation – Illustrative Impact on School Budget Shares 2022-23
Appendix 3 - Consultation Results

REPORT AUTHOR

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