



Northumberland County Council

Agenda Item 10

Schools Forum: 17 November 2021

National Funding Formula & Dedicated Schools Grant (DSG) & Consultation on 2022/23 Funding Values

1. Purpose of the Report

To provide further additional information in respect of the continuing implementation of the National Funding Formula, the Dedicated Schools Grant (DSG) and associated 2022/23 Schools Funding information. This includes formal consultation with Schools Forum in relation to funding values for 2022/3 and a transfer from the Schools Block, which has been undertaken in previous years.

2. Recommendations

Schools Forum is asked to:

- a. Agree the transfer of up to 0.5% of the final value of the Schools Block as an ongoing contribution to the costs of SEND Support Services, once the final DSG values are released in December.
- b. Agree that the funding values for 2022/23 be set in line with the principles outlined in the report; and agree for these to be the basis for the wider consultation with schools.
- c. Note the delegation of final decisions on the values to the Executive Director of Adult Social Care and Children's Services, once final funding becomes known in December 2021, in order to enable the required Cabinet report to be prepared and submitted to the 11 January 2022 meeting, and the submission of the necessary return to the ESFA by 21 January 2022.
- d. Receive a further report to the School Forum meeting on 19 January 2021 on the outcome of the consultation with schools and final funding values to be used for 2022/23.

3. Background

Schools Forum has previously received reports outlining developments in relation to the National Funding Formula (NFF). Information from the Department for Education (DfE) has confirmed their intention to move to a National Funding Formula (previously known as the "Hard" Formula though the ESFA are now using the term "Direct" Formula) but there is no definitive information as to when this will be implemented. Once the NFF hard formula is fully implemented, local authorities will have no discretion in the values of the individual factors used to distribute funding to schools, as is the case now, within the overall framework provided by the ESFA Revenue Funding Guide and the associated Authority Proforma Tool (APT) used to calculate individual school budget shares.

At the 18 November 2020 meeting, for 2021/22 Schools Forum agreed a two-step approach towards the adoption of National Funding Formula figures. This meant that

those values that were significantly over (Primary and KS4 Age Weighted Pupil Unit (AWPU)) or under (Primary Low Prior Attainment) National Funding Formula Values would have this gap closed in two equal steps. These were illustrated by the figures below, with the final 2022/23 NFF rates now added in Column (j):

Factor (a)	2020/ 21 NFF Values (b)	2020/21 NCC Values (c)	2021/22 NFF Values (d)	Difference between 20/21 NFF and NCC rates (e)	First Step to NFF in 21/22 (f)	Final 21/22 NCC Rate (g)	Second Step to NFF in 22/23 (h)	Projected 22/23 Rate (@21/22 rates) (i)	Final NFF (& *NCC Rate) for 2022/23 (j)
AWPU Primary	2,857	2,919	3,123	62	-31	3,154	-31	3,123	3,217
AWPU KS4	4,561	4,763	4,963	202	-101	5,064	-101	4,963	5,112
Low Prior Attainment Primary	1,065	555	1,095	-510	255	840	255	1,095	1,130

** subject to affordability and final settlement figures*

It was felt that this approach would provide a substantial increase to those schools in receipt of Primary Low Prior Attainment while offering a degree of protection to schools who currently benefit from receiving AWPU rates more than NFF figures. Importantly overall this was felt to be consistent with the established Schools Forum view of progressing towards NFF in a gradual and smooth transition.

4. Latest Information

The provisional 2022/23 allocations based on October 2020 data are shown in the table below:

DSG Block	2021-22	Provisional 2022-23	Potential Change	
			£	%
Schools Block	£202,622,277	£208,507,566	£5,885,289	2.90%
HN Block	£40,831,888	£43,923,780	£3,091,892	7.57%
Central School Services Block	£2,757,343	£2,460,034	-£297,309	-10.78%
EY not yet available yet for 22/23	£17,593,993	-	-	-

It should be stressed that both these figures and the indicative school figures supplied as an Appendix, will be updated with reference to the October 2021 School Census data when the final figures are released in late December.

Given the Government has re-affirmed its commitment to move to the NFF, and that the majority of Northumberland's Funding Formula values are in line with NFF rates, it is believed that these figures should remain in line with NFF for 2022/23.

The only other formula value differing from the NFF is Free School Meals (FSM) at both Primary and Secondary, School Forum agreed to continue to pay at a level over NFF last year due to

changes in the qualifying date used for pupil premium. This will continue to move towards NFF Values depending on the overall level of funding available. The initial assumption in line with the figures in the table at Appendix A is that the NFF rates will be used, in line with the 2 step approach agreed previously.

As reflected in the draft minutes of the Funding Formula Committee, the proposal to move towards the full adoption of NFF Values over two years, in two equal steps, in line with that potential 2022/23 deadline was recommended by the group to be the approach Northumberland should take. The estimated available Schools Block DSG of £201.8 million would also support this approach, adopting the funding values in col (g) in the above table.

5. Minimum Per Pupil Funding (MPPF)

The impact of MPPF was highlighted last year as an influential factor in the 2021/22 formula, being estimated to account for the distribution of £2.6 million due primarily to the 6.67% increase in the primary level MPPF. It should be noted that the 2022/23 increase is 2% for both primary and secondary. Using last year's data, it is estimated that 15 First and Primary, 5 Middle and 3 High Schools should benefit from this in 2022/23, based on the historic data. This is estimated to account for £2.451 million of Schools Block funding.

6. Sparsity

A separate briefing on Sparsity is provided elsewhere on the agenda. It should be noted that the current 2022/23 APT tool has not been updated to reflect the change to road distances in the calculations. This affects both Northumberland's overall total and the individual schools benefitting from the change in methodology.

7. Transfer from Schools Block

It is the local authority's intention to request a transfer from the Schools Block. While a 1% transfer was agreed for 2018/19 and 2019/20 respectively, given the reduction in the level of the High Needs deficit, and increased levels of funding for High Needs as well as the Schools Block, the figure requested for 2020/21 was reduced to 0.5% for 2020/21 and 2021/22. 0.5% would be the maximum figure requested for 2022/23, depending on the final funding figures. This transfer would support the continued provision of the Inclusive Education Services offer, that was previously funded via SLA charges. The cost of the Inclusive Education Service is £2.055 million; the maximum funding to be transferred based on the 2022/23 Provisional Settlement figure would be £1.043 million, with the balance being funded via the High Needs Block.

Further information will be provided to the January and February meetings in relation to this.

8. Central Services Block

It should be noted that there has been a further significant fall in 2021/22 Central Services Block funding. While there is a small 1.13% increase in element of the CSSB for ongoing responsibilities, there is a further 20% reduction in the funding for historic commitments, resulting in a 10.2% fall overall.

	2021/22 (final)	2022/23 (provisional)	Change	
			£	%
Ongoing Responsibilities	£1,452,343	£1,416,034	- £36,309	- 2.5%
Historic Responsibilities	£1,305,000	£1,044,000	-£261,000	-20.0%
TOTAL CSSB	£ 2,757,343	£ 2,460,034	-£297,309	-10.8%

Discussions last year with the ESFA mitigated the impact of the reduction in the Historic Commitment elements as this figure no longer covered the Capital Financing and Historic Retirement costs of £1,305,000. However, this element will continue to unwind. The fall in the element for ongoing responsibilities in 2022/23 is a concern as the forecast shortfall will fall to Northumberland as a budget pressure for 2022/23.

9. Early Years Block

No information for Northumberland is available yet in relation to Early Years funding, in line with previous years. Details of the 2022/23 EY funding will be received in December together with the rest of the DSG information for 2022/23.

10. De-delegation

De-delegation is the process by which the relevant maintained school members of Schools Forum can agree to have funding deducted at source from maintained schools for certain services as specified by the DfE. For academies to access these services, they will need to agree to buy in, either on an individual or a multi academy trust level.

For 2021/22, de-delegation was agreed in respect of the following services:

- Contingency for costs arising from reorganisation or restructuring;
- Free School Meal eligibility checking;
- Trade union facility time; and
- Support to underperforming ethnic minority groups and bilingual learners;

It is anticipated that de-delegation will again be sought in respect of these services.

For 2022/23 the DfE has recently published details of a consultation as to how School Improvement functions will be funded in the future. Details are available [HERE](#). The consultation is open until 26 November 2021. Currently in Northumberland this is funded via a combination of DfE grant and SLA income. The proposal is that School Improvement Grant will be cut by 50% for 2022/23 and removed with effect from 2023/24, and in its place the school funding regulations would be amended to allow LAs to raise funding from School Improvement via de-delegation, requiring the agreement of Schools Forum maintained school

representatives. Further information will again be provided to the January and February meetings in relation to this.

11. Other Information

In the context of this report Schools Forum are reminded of other information previously highlighted on the agenda, and previously considered by the Formula Funding Committee on 03 November. Support was reiterated for the previously agreed two phase move to NFF rates and according to financial availability:

- We should if possible, establish MFG at 2%, thereby giving the largest possible per pupil increase to all schools;
- It was agreed that we could continue to use capping and scaling for 2022/23 to ensure affordability as we move towards NFF;
- A mobility element should be included, at a reduced 50% value in line with the general phased approach;
- The use of a Falling Rolls fund should be further investigated.

This will be reflected in the principles used to establish Northumberland's Funding Values for 2022/23 once the 2022/23 allocations are known in late December, and as is reflected in recommendation 2 (b) of this report.

12. Next Steps:

Following any comments received today, the intention is also to consult with schools ahead of the final budget setting report to Cabinet. A copy of the draft consultation paper is attached for your consideration in Appendix C. The results of the consultation and final recommendations to Cabinet will be reported back to the January 2022 Schools Forum meeting.

Because of the short timescales between receiving the final 2022/23 DSG settlement in December, the preparation of a report to the Cabinet meeting on 11 January 2022 and the submission of the final figures to the ESFA by 21 January 2022, delegated powers are sought for the Executive Director of Adult Social Care and Children's Services to set the final figures, in line with the principles and illustrative figures outlined in this report.

As reflected in the recommendations the Cabinet report will seek delegated powers to agree the final values, there will be reported to the Schools Forum meeting on 13 January 2021 prior to submission to the ESFA by 21 January 2022.

13. Summary and Conclusions:

The support of Schools Forum in relation to 22/23 School Funding is requested in line with the recommendations in section 2 of this report, with regard to the principles to be adopted for the setting of the DSG in 2022/23. Further information will be provided to the January and February 2021 meetings once the final 2022/23 DSG settlement has been received in December 2021, but the views of School Forum are required at this stage to enable the appropriate report seeking approval to go to Cabinet in January 2022, as has been the case in previous years.

Bruce Parvin

Education and Skills Funding Manager

02 November 2021



Northumberland County Council

Appendix A

COMPARISON OF FINAL 2021-21 AND POTENTIAL 2022-23 FORMULA VALUES FOR NFF AND NORTHUMBERLAND

Factor (all figures £)	NFF Values (As published July 2020)	Final NCC Values	2022-23 NFF Values (As published July 2021)	Potential NCC Values 22-23	Change in NFF Values 21/22 to 22/23	Change in NCC Values 21/22 to 22/23
	2021/22	2021/22			%	%
AWPU Primary	3,123	3,154	3,217	3,217	3.01%	2.00%
KS3	4,404	4,404	4,536	4,536	3.00%	3.00%
KS4	4,963	5,064	5,112	5,112	3.00%	0.95%
Lump Sum Primary	117,800	117,800	121,300	121,300	2.97%	2.97%
Middle	117,800	117,800	121,300	121,300	2.97%	2.97%
High/Secondary	117,800	117,800	121,300	121,300	2.97%	2.97%
Deprivation - Free School Meals Primary	460	570	470	470	2.17%	-17.54%
Secondary	460	570	470	470	2.17%	-17.54%
Deprivation – FSM6 Primary	575	575	590	590	2.61%	2.61%
Secondary	840	840	865	865	2.98%	2.98%
Deprivation – IDACI:						
Primary Band F	215	215	220	220	2.33%	2.33%
Band E	260	260	270	270	3.85%	3.85%
Band D	410	410	420	420	2.44%	2.44%
Band C	445	445	460	460	3.37%	3.37%
Band B	475	475	490	490	3.16%	3.16%
Band A	620	620	640	640	3.23%	3.23%
Secondary Band F	310	310	320	320	3.23%	3.23%
Band E	415	415	425	425	2.41%	2.41%
Band D	580	580	595	595	2.59%	2.59%
Band C	630	630	650	650	3.17%	3.17%
Band B	680	680	700	700	2.94%	2.94%
Band A	865	865	890	890	2.89%	2.89%
Low Attainment Primary	1,095	840	1,130	1,130	3.20%	34.52%
Secondary	1,660	1,660	1,710	1,710	3.01%	3.01%
Mobility : Primary	900	0	925	463	2.78%	-
Secondary	1,290	0	1,330	665	3.10%	-
EAL Primary	550	550	565	565	2.73%	2.73%
Secondary	1,485	1,485	1,530	1,530	3.03%	3.03%
Sparsity (max): Primary	45,000	45,000	55,000	55,000	22.22%	22.22%
Middle	70,000	70,000	80,000	80,000	14.29%	14.29%
Secondary/All Through	70,000	70,000	80,000	80,000	14.29%	14.29%
Totals Adjusted by Capping and Scaling rates:						
Capping		4.65%				
Scaling		50%				
Minimum Funding Guarantee level		2%				
Primary Minimum Per Pupil Funding	4180		4265		2.03%	
Secondary Minimum Per Pupil Funding	5415		5525		2.03%	

**Illustrative 2022/23 School Level DSG based on October 2020 data – see separate schedule
This schedule does not reflect the updated Sparsity methodology using road distance measures.
Pupil number are also unadjusted in respect of any reorganisation or restructuring issues.**

National Funding Formula (NFF): Update and 2022/23 School Funding Consultation

Previously Northumberland County Council consulted on its approach to the introduction of the National Funding Formula (NFF) in Northumberland, following discussions at Schools Forum. The results of these discussions have consistently been to move in a phased or gradual approach to NFF values, reflecting the fact that historically Northumberland has maintained some values that were different to the NFF values. In December 2020, Schools Forum and subsequently Schools themselves supported a two-step approach towards the adoption of NFF values. The results of the consultation were reported to Schools Forum in January 2021 and are available [HERE](#).

Earlier in 2021, the Department for Education consulted on the completion of the NFF reforms (closing date 30 September 2021; the response has not yet been published). In the consultation paper, while re-affirming the intention to move to a hard formula, the Department for Education (DfE) acknowledges the disruption caused by the covid pandemic and the need for “*careful implementation and transition to avoid any unexpected disruption.*” (P12)

Consequently, no firm fixed target date is proposed by the DfE. Other information includes:

- Minimum per pupil funding (MPPF) levels continue to be determined centrally, the 2022/23 figures are £4,265 (primary) and £5,525 (secondary):
- In 2022/23 Local authorities continue to set a Minimum Funding Guarantee (MFG), which protects schools on a per pupil basis from significant year to year changes in pupil characteristics (e.g. fall in FSM numbers) and provide a baseline level of increase in per pupil funding. For 2021/22 Northumberland set a figure of 2%, within the permitted range of +0.5% to +2%. For 2021/23, the permitted range has again been set at +0.5% to +2%.
- With the approval of Schools Forum, local authorities can transfer up to 0.5% from the Schools Block to the High Needs Block; to transfer more than this, a request must be made to the Department for Education.

Latest guidance from the DfE has reiterated their intention to introduce the “hard” NFF, there is no specific timescale currently for this but the DfE expect LAs to move towards NFF values. It has been confirmed that for 2022/23 local authorities will continue to have discretion over their schools funding formula, and in consultation, will determine values and allocations in their area. Therefore, we would be grateful if you would review the information set out in this questionnaire and complete the questions where appropriate.

Further supporting information is available on the Council website at:

<http://www.northumberland.gov.uk/Education/Schools/Consultations.aspx#schoolconsultations>

This includes:

- November 2021 Schools Forum report on the National Funding Formula
- November 2021 Schools Forum report on Special Educational Needs (SEN)

Schools Forum agendas, minutes and reports are also available on the Council website at:

<https://www.northumberland.gov.uk/Education/Professionals/Forum.aspx>

Responses need to be received no later than **12.00 noon on Monday 13 December 2021**. Due to reporting deadlines in line with Department for Education requirements for the submission of information, responses received after this closing date will not be considered.

Thank you in advance for your assistance.

QUESTION 1: INTRODUCTION OF MOBILITY INTO NORTHUMBERLANDS FUNDING FORMULA

Mobility is a factor with the NFF but has not to date featured in the Northumberland Funding Formula. As we move closer to the NFF we must consider whether to introduce Mobility as a formula factor, and how.

The mobility factor allocates funding to schools with a high proportion of pupils with an entry date in the last 3 years which is not typical. For year groups 1 to 11, 'typical' means that the first census on

which a pupil is recorded as attending the school (or its predecessors) is the October census.

'Not typical' means that the first census a pupil is recorded as attending the school is a January or May census.

For the reception year, 'typical' means the first census in October or January. To be eligible for mobility funding, the proportion of mobile pupils in a school must be above the threshold of 6%.

The NFF value for qualifying pupil in 2022/23 is £925 for primary, and £1,330 for secondary school pupils.

The proposal supported by Schools Forum was to introduce mobility on a phased basis, using 50% of the NFF Value for 2022/23. This is consistent with the approach taken around other variations previously and allows us to assess the impact of the use of mobility in Northumberland.

Question 1.1: Do you support the introduction of a mobility factor into the Northumberland Schools Funding Formula for 2022/23, in order to move closer to the NFF, as supported by Schools Forum?

A: YES

B: NO

Question 1.2: How should the mobility factor be introduced

A: Phased 2 Step

B: Full NFF

QUESTION 2: CAPPING AND SCALING INCREASES

The use of capping and scaling is a mechanism by which different increases under new formula values are averaged out in order to limit some gains and provide more funding for general distribution to schools via the formula values. Without the use of capping and scaling, formula funding values would need to be set at lower values. Northumberland used capping and scaling for the School Block DSG, setting these values at 4% and 50% respectively. This meant that any gains by Schools over 4% were reduced by 50% and redistributed via the funding mechanism. As Northumberland moves closer to the NFF, the need to use Capping and Scaling should reduce, however it remains a useful tool to ensure the distribution of a general level of increase via the funding formula.

Do you support the potential use of capping and scaling as part of the 2022/2 School Budget setting process?

YES

NO

QUESTION 3: Minimum Funding Guarantee (MFG)

The MFG is a way of giving schools a guaranteed minimum increase in funding per pupil each year. It works by comparing a school's level of funding per pupil from one year to the next on a like for like basis, and in such a way as to exclude funding that could distort the per pupil value that is the basis for the guarantee. The baseline for the calculation is intended to cover as much of a school's budget as possible but does not include rates (because they are funded in the formula on actuals) and lump sum allocations because they do not relate to pupil numbers. The MFG is how the ESFA protects individual schools from excessive year to year changes or falls in their formula funding (e.g. as a result of reducing levels of deprivation within a school). In 2021/22 Northumberland set its MFG at +2%, on a range of +0.5% and +2.0%. In 2021/22 Schools Forum agreed with the proposal to set MFG at the maximum 2%, in order to increase the funding for those schools receiving the lowest level of per pupil funding increase

At what level do you believe Northumberland's MFG should be set for 2022/23?

- 0.5% to 0.9%
- 1.0% to 1.4%
- 1.5% to 1.9%
- 2.0%

QUESTION 5 – 0.5% Transfer from the Schools Block

It is the local authority's intention to request a transfer from the Schools Block to the High Needs Block for 2021/22. While a 1% transfer was agreed for 2018/19 and 2019/20 respectively, given the reduction in the level of the High Needs deficit and increased levels of funding for High Needs as well as the Schools Block, the figure requested for 2020/21 was reduced to 0.5% for 2021/22. It should also be noted that the element in respect of the Teachers Pay and Pensions Grants in the Schools Block figure would not be included in respect of the 0.5% calculation. This transfer would enable investment in three areas:

- Continued provision of the new Inclusive Education Services offer, as reported within the SEN paper;
- Reduction of the High Needs deficit; and

Do you agree to the Council's proposal to transfer up to 0.5% from the Schools Block to the High Needs block for the financial year 2020/21?

- Yes
- No

QUESTION 6 - INTRODUCTION OF A FALLING ROLLS FUND

From the School Block, the DfE permits the use of School Block funding for certain specific purposes. An example of this is the Growth Fund, which was agreed with School Forum and has been used previously. The DfE also permits School Block funding to be used to create a Falling Rolls Fund, Guidance is provided in relation to both Growth and Falling Rolls funds by the ESFA which is available [HERE](#) .

The key requirements for Falling Rolls Fund are:

- **support is available only to schools judged good or outstanding, and**
- **local planning data show the surplus places will be needed within the next three financial years.**

It is anticipated that further clear criteria would need to be established and applications would be considered by Schools Forum or its Formula Funding Committee from schools who believe that they meet the criteria.

On 17 November 2021, School Forum agreed that the establishment of a falling rolls fund should be investigated further.

Do you agree to the proposal that the establishment of a falling rolls fund should be investigated for Northumberland subject to funding being available?

- Yes
 No

FURTHER COMMENTS

Please use the box below for any other comments that you have in relation to the implementation of the NFF or this consultation exercise: