

NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

SCHOOLS FUNDING FORMULA 2022-2023

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To agree the local implementation of the school funding formula for the financial year 2022/23.
- 1.2 The DfE has updated the National Funding Formula (NFF) for 2022/23 with new factor values. Funding factors remain the same, but some technical changes are being made.
- 1.3 School funding through the NFF is increasing by 3.2% overall in 2022/23.
- 1.4 The NFF will provide a minimum per pupil level (MPPL) of £5,525 for every secondary school and £4,265 for every primary school.

2 BACKGROUND INFORMATION

- 2.1 On 26th July, the DfE published provisional National Funding Formula (NFF) allocations at local authority level for schools, high needs and central school services funding blocks for 2022/23.
- 2.2 The Government has confirmed its commitment to provide world-class education and acknowledged the disruption to education caused by the COVID-19 pandemic. 2022-23 funding allocations are the final year of their three year funding commitment.
- 2.3 Key Changes in 2022-23
 - 2.3.1 3% increase to basic entitlement, free school meals at any time in the last 6 years (FMS6), income deprivation affecting children index (IDACI), lower prior attainment (LPA), English as an additional language (EAL) and the lump sum.

- 2.3.2 Decreasing the funding lag for the FMS6 deprivation funding factor by moving from using the previous year's January census to the October census for measuring eligibility.
- 2.3.3 Centralising the business rates payment system for schools so that ESFA will pay billing authorities directly.
- 2.3.4 An increase to the maximum sparsity factor value from £45,000 to £55,000 for primary schools and from £70,000 to £80,000 for secondary school. (2019-20 levels were £23,330 and £53,330).
- 2.3.5 Two changes are being made to the sparsity funding factor. NFF school sparsity distances are now based on road distances and a sparsity distance taper has been introduced in addition to the existing year group size taper.
- 2.3.6 The MPPL remains mandatory at the new NFF values.
- 2.3.7 Local authorities will have freedom to set the Minimum Funding Guarantee (MFG) in local formulae between +0.5% and +2.0% per pupil.

3 OPTIONS FOR CONSIDERATION

- 3.1 Illustrative local authority and school level allocations have been published for the schools' block, high needs block and central school services block. The schools block provisional allocation for North Lincolnshire is £124.266m (excluding growth factor).
- 3.2 The Local Authority will implement the mandatory MPPL of £4,265 Primary and £5,525 Secondary for 2022/23.
- 3.3 The LA is able to apply the MFG of between +0.5% and +2.0%.
- 3.4 A school is eligible for sparsity funding in the NFF if:
- Its sparsity distance is equal to or above the main distance threshold, or above the tapered distance threshold (Between 1.6 to 2 miles for primary and 2.4 to 3 miles for secondary)
 - The average year group size is below the year group threshold. The taper on year group size allows the smallest schools to attract the maximum sparsity funding.
- 3.5 The distance taper threshold is optional in local funding formulae for 2022/23.
- 3.6 Premises funding in the NFF is based on historic spending at local authority level rather than on up to date costs and needs. This typically includes additional funding for PFI schools, schools with split sites and schools which face costs relating to exceptional circumstances. In advance of the hard NFF the ESFA will consider whether allocations can better reflect the actual costs that schools face.

- 3.7 Local authorities can apply to the ESFA to use the exceptional circumstances factor relating to school premises costs. For example, these could be for rents, listed buildings, hire of PE facilities. The value of the factor must be more than 1% of a schools budget and apply to fewer than 5% of the schools in the local authority area.

4 ANALYSIS OF OPTIONS

- 4.1 The illustrative funding allocation is an increase of £3.4m from last years' final allocation (excluding growth funding). Final allocations will be published in December 2021 and will include any funding allocated for growth (£1.017m in 2021/22).
- 4.2 The application of the mandatory MPPL values would see 14 primary schools and one secondary schools benefit from this factor at a cost of £719k.
- 4.3 In 2021/22 the LA applied the MFG value at the maximum permitted rate of +2.0%. For 2022/23 the LA proposes the application of a suitable affordable rate within the range to enable maximum use of the available funding.
- 4.4 In the NFF schools sparsity allocations are tapered according to average year group size, so that the smaller the school the greater the allocation. Schools with a sparsity distance equal to or greater than the main distance threshold (2 or 3 miles) and an average year group size of less than half the year group threshold receive 100% of the sparsity funding for their phase.
- 4.5 Local authorities can instead determine schools' allocations by a continuous taper or a fixed lump sum. The continuous taper means schools with an average year group size of less than half the year group threshold will not receive 100% of the sparsity funding for their phase. Instead they will receive half the maximum. The fixed lump sum means all schools eligible receive the exact same sparsity amount irrespective of their size.
- 4.6 There are 19 schools that attract sparsity funding. If the distance taper is applied one additional primary school would attract some sparsity funding.
- 4.7 All options on sparsity funding are affordable based on the provisional allocation. See appendix 2 for further details.
- 4.8 There are schools in North Lincolnshire that have grade II listed buildings status. These schools face additional cost pressures both in maintenance and energy efficiency. The local authority wishes to consider making an application to the ESFA for an exceptional factor for listed buildings. The deadline for application is 19th November 2021.

5 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 There is a projected increase in funding of £3.4m for North Lincolnshire schools based on October 2020 pupil numbers. This will be updated in January 2022 when October 2021 pupil number are known.

6 OTHER IMPLICATIONS

- 6.1 The Government has consulted on how it will complete its reforms of the NFF. Local variation continues to be permitted in 2022/23 for distribution to mainstream schools.

7 OUTCOMES OF CONSULTATION

- 7.1 All schools will be consulted on funding formula proposals during October and November 2021 and any feedback will be reported at the schools' forum meeting in January 2022.

8 RECOMMENDATIONS

- 8.1 The Schools Forum is requested to:
- 8.1.1 Endorse the application of the MFG at the maximum level which can be afforded including use of DSG earmarked reserves as appropriate.
 - 8.1.2 Give a view on the sparsity options discussed.
 - 8.1.3 Give a view on the application of an exceptional premises factor for listed buildings.
 - 8.1.4 Final proposals for schools funding will be brought to the Schools Forum meeting in January 2022 on receipt of the final funding allocations in December 2021.

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Background Papers used in the preparation of this report –

National Funding Formula for schools and high needs Policy Document 2022-2023
Schools Revenue Funding 2022 to 2023 Operational Guide July 2021
Schools block national funding formula: technical note July 2021
2022-23 NFF Summary Table

Funding Formula Factor Values								
Pupil Led Factors	NFF 2020-21		NLC 2020-21		NFF 2021-22		NFF 2022-23	
	Primary	Secondary	Primary	Secondary	Primary	Secondary	Primary	Secondary
AWPU - Primary	£2,857		£2,890		£3,123		£3,217	
AWPU - Secondary KS3		£4,018		£4,040		£4,404		£4,536
AWPU - Secondary KS4		£4,561		£4,590		£4,963		£5,112
Deprivation								
FSM	£450	£450	£450	£450	£460	£460	£470	£470
FSM Ever 6	£560	£815	£560	£815	£575	£840	£590	£865
IDACI Band F	£210	£300	£210	£300	£215	£310	£220	£320
IDACI Band E	£250	£405	£250	£405	£260	£415	£270	£425
IDACI Band D	£375	£535	£375	£535	£410	£580	£420	£595
IDACI Band C	£405	£580	£405	£580	£445	£630	£460	£650
IDACI Band B	£435	£625	£435	£625	£475	£680	£490	£700
IDACI Band A	£600	£840	£600	£840	£620	£865	£640	£890
English as an Additional Language	£535	£1,440	£535	£1,440	£550	£1,485	£565	£1,530
Mobility - children starting school outside of normal entry dates	£875	£1,250	£875	£1,250	£900	£1,290	£925	£1,330
Prior Attainment	£1,065	£1,610	£1,065	£1,610	£1,095	£1,660	£1,130	£1,710
Other Factors								
Lump Sum	£114,400	£114,400	£114,400	£114,400	£117,800	£117,800	£121,300	£121,300
Sparsity	£26,000	£67,600	£26,000	£67,600	£45,000	£70,000	Up to £55,000	Up to £80,000
Minimum Per Pupil Funding Level (MPPL)	£3,750	£5,000	£3,750	£5,000	£4,180	£5,415	£4,265	£5,525