

Meeting: Schools Forum

Date: 11 October 2021

Report of: Head of Health, Adults, Families, Children and Learning Finance

Subject: Dedicated Schools Grant – Schools Block 2022/23

Wards Affected: All

1. Purpose of the report

- 1.1 To update the Schools Forum on the government announcements relating to the Schools Block for 2022/23. This indicates a provisional increase of £3.4m in 2022/23 for Brighton and Hove.
- 1.2 To update the Schools Forum on the changes considered regarding the operation of the local formula for the allocation of the Schools Block in 2022/23.

2 Recommendations

- 2.1 To note the changes considered to the application of the formula for 2022/23. In summary, the proposals are:
 - make changes to secondary basic entitlement age weighted pupil unit (AWPU) rates to adopt differential unit rates for KS3 and KS4
 - increase the unit rate of funding for the low prior attainment factor (with an offsetting reduction in the deprivation factor)
 - adopt the minimum funding per pupil levels set by government – these are £4,265 for each primary school, and £5,525 for each secondary school. This is a mandatory requirement.
 - to review the level of the minimum funding guarantee

The DfE consultation launched in July 2021 indicated that LAs should continue to move towards the national funding formula. Whilst it is not compulsory to do this in 2022/23 the LA feels that it is appropriate to make this transition using a gradual, stepped approach.

- 2.2 To note all funding models are illustrative and show the impact had they been applied in 2021/22. For 2022/23, all data will be updated to reflect the October 2021 census, new funding levels, and the baselines will be taken from the 2021/22 financial year.

3. Information/Background

- 3.1 The funding formula is applied for mainstream schools within parameters set by the Department for Education (DfE) and a compliance test is carried out before the LA is able to allocate budgets to schools.
- 3.2 There are 14 allowable factors and Brighton & Hove is currently operating the majority of these within the funding formula. The factors that Brighton & Hove are not using are:

sparsity, London fringe and post-16. These are relatively small factors that have been considered in previous years and the LA does not feel would add any significant value to the current funding model.

- 3.3 While it remains the Government's intention that a school's budget should be set on the basis of a single national formula, local authorities will continue to determine final funding allocations for schools for at least financial years 2022/23 and 2023/24. The national funding formula (NFF) will set notional allocations for each school, which will be aggregated and used to calculate the total schools block received by each local authority.
- 3.4 Nationally, school funding through the NFF is increasing by 3.2% overall in 2022/23. The NFF will distribute this funding based on schools' and pupils' needs and characteristics. The main features in 2022/23 are:
- the key factors in the NFF will increase by 3%
 - the minimum per pupil levels and the NFF funding floor are increasing by 2%
 - the minimum per pupil funding levels will ensure that every primary school receives at least £4,265 per pupil, and every secondary school at least £5,525 per pupil, reflecting the government's pledge to level up the lowest funded schools
- 3.5 Locally it is estimated that the gross schools block allocation from DfE will increase from £150.859m in 2021/22 to £154.259m to 2022/23. However, it is critical to note that actual final schools block for 2022/23 will be updated to reflect pupil numbers in the October 2021 census and the current estimate for 2022/23 is based on the same pupil numbers across both years. In all likelihood, there will be a reduction in pupil numbers in the October 2021 census so the final schools block for 2022/23 is likely to be slightly lower than the figure of £154.259m. At the time of writing this report it is not possible to accurately estimate October 2021 school census numbers and the impact on the DSG.
- 3.6 The DfE has undertaken an analysis of local authorities' schools block funding formulae for 2021/22. This is helpful in determining how the Brighton and Hove funding formula compares nationally. An analysis of this, as well as comparisons to the NFF is provided in a separate paper - appendix 8.1.

4. Considerations and Proposals for 2022/23 Schools Block – local arrangements

- 4.1 Following the analysis of the Brighton and Hove formula in comparison to the national funding formula (NFF) and wider current national position, the following areas of the formula have been identified for potential review in 2022/23:
- consideration for differential AWPU values to be assigned to KS3 and KS4 (rather than continuing with one single rate for all secondary year groups)
 - increasing the unit rate of the low prior attainment factor with an offsetting reduction in the deprivation factor
 - the level of the minimum funding guarantee that will operate within the local formula
 - the implementation of the new minimum funding per pupil levels as mandated by DfE

These points are considered in more detail below.

4.2 **KS3 and KS4 Age Weighted Pupil Units (AWPUs)**

The comparative position relating to AWPU rates is shown in the table below.

Formula Factor – Basic Entitlement	2021/22 Unit Rates	
	BHCC	NFF
Primary AWPU	£3,134	£3,123
Key Stage 3 AWPU	£4,696	£4,404
Key Stage 4 AWPU	£4,696	£4,963

The vast majority of LAs and the NFF apply differential unit rates for KS3 and KS4, whilst Brighton and Hove continue to apply a single rate. To ease transition to a future NFF, consideration should be given to establishing a differential unit rate for KS3 and KS4 in 2022/23. This change will cause some fluctuation in funding between secondary schools depending on the spread of students across different key stages.

A model of the impact of this is included in appendix 8.2 and shows the position had this approach been adopted in 2021/22. Within the model the rate assigned to the KS3 AWPU is £4,484 and the rate allocated to the KS4 AWPU is £5,043. These rates are higher than the NFF but mean that there is negligible change to the overall amount of AWPU funding being allocated to secondary schools compared to the existing formula model.

4.3 **Low Attainment**

The following table shows the current unit rates used within the BHCC formula for low attainment and the comparative rates used in the NFF.

Factor	National FF		BHCC	
	Unit Values	Proportion of Total	Unit Values	Proportion of Total
Low Prior Attainment		6.9%		6.1%
Primary LPA	£1,095	4.1%	£1,018	3.6%
Secondary LPA	£1,660	2.8%	£1,560	2.5%

For 2022/23, consideration should be given to increasing the unit rates of the low attainment factor to bring these in line with the NFF rates. This could be achieved by making an offsetting reduction to the proportion of funding being allocated through the deprivation factor (see below).

The low attainment factor is the element of the formula most closely linked with SEND incidence and therefore is the most effective way of directing funding to meet need.

4.4 **Deprivation**

In terms of funding for deprivation, the Brighton and Hove formula currently allocates a higher proportion of overall funding through this factor, particularly through the measure using free school meals data. A summary of the current model of distribution and comparison to other LAs and the NFF is shown in the tables below.

Formula Factor	Proportion of Schools Block Funding through Factor		
	NFF	All LAs	BHCC
Deprivation	8.8%	8.6%	9.6%

Factor	National FF		BHCC	
	Unit Values	Proportion of Total	Unit Values	Proportion of Total
Deprivation		8.8%		9.6%
Primary FSM	£460	1.0%	£781	2.0%
Secondary FSM	£460	0.6%	£872	1.2%
Primary FSM Ever 6	£575	1.6%	£719	2.0%
Secondary FSM Ever 6	£840	1.9%	£661	1.2%
Primary IDACI	Various	2.0%	Various	2.0%
Secondary IDACI	Various	1.7%	Various	1.2%

To facilitate an increase the low attainment unit rates to the same levels applied in the NFF it is proposed to make a reduction to the unit values for the primary and secondary free school meal eligibility factor for deprivation funding. This is where the deprivation element of the Brighton formula is most out of line with the NFF. To fund the increase in the low attainment unit value the primary and secondary FSM funding rates would reduce from £781 to £673 and from £872 to £758 respectively. This would mean the proportion of funding being allocated through the deprivation factor would be approximately 9.2% of the total formula funding (compared to 9.6% currently). This would still be in excess of the figures for both the NFF and the average of all LAs.

A model of the impact of this is included in appendix 8.3 and shows the position had this approach been adopted in 2021/22.

4.5 Minimum Funding Guarantee (MFG)

The MFG protects the per-pupil funding of schools from one year to the next. For 2021/22 local authorities were able to set a rate between 0.5% and 2%. This allowed local authorities to mirror the 2% funding floor protection included in the NFF which the majority of local authorities chose to reflect in their MFG rate in 2021/2022.

In 2021/22, Brighton and Hove chose to restrict the MFG rate to 1.0%. The rationale for adopting this approach was to offer a degree of protection to schools that are not otherwise gaining funding on a per pupil basis but to balance this with ensuring schools who are gaining through characteristics identified in the formula receive a fair proportion of their gains. A higher level of MFG will mean that the scaling back of formula allocation increases would be subject to a greater level of scaling back.

For 2022/23, local authorities will again be able to set an MFG between +0.5% and +2% per pupil. It is proposed for 2022/23 that Brighton and Hove will continue to adopt an MFG level of +1%, with the rationale for this as set out in the paragraph above.

4.6 Minimum Funding Per Pupil Levels (MPPL)

The LA will adopt the MPPL as set by DfE (see 3.4). The only factors not included in per-pupil funding for the purpose of the MPPL calculation are premises and growth funding.