

CITY OF WESTMINSTER
SCHOOLS' FORUM 1st NOVEMBER 2021
REPORT BY LEAD STRATEGIC FINANCE MANAGER – BI BOROUGH
CHILDREN'S SERVICES

PROVISIONAL SCHOOLS BLOCK OF THE DEDICATED SCHOOL GRANT (DSG)
AND LOCAL FUNDING FORMULA REVIEW 2022/23

Purpose of the report

This report provides the provisional 2022/23 schools block of the Dedicated Schools Grant (DSG). There are options to consider for the local funding formula to be used to calculate individual school budgets in 2022/23

FOR DECISION

1 INTRODUCTION

- 1.1 On 19th July 2021 the Department for Education (DfE) set out the key aspects of the 2022/23 schools, high needs and central schools services blocks of the DSG with provisional funding levels and the requirements regarding local funding formulae. The Local Authority is required to complete all school funding allocations by 21st January 2022.
- 1.2 The ESFA provides pre-16 funding for schools to local authorities via the DSG. Funding is distributed to schools in the City of Westminster through a locally agreed funding formula.
- 1.3 At the Schools' Forum on 20th January 2021 the option which moved from the existing Westminster formula values, 1/4 way towards the National Funding Formula (NFF) factor values for deprivation, with a Minimum Funding Guarantee (MFG) of an increase of at least 1% per pupil, was agreed.
- 1.4 Schools' Forum on 22nd March 2021 agreed the proposed process, timetable and principles for agreeing the school funding formula for 2022/23.
- 1.5 At the Schools' Forum on 7th June 2021 three options for the local funding formula were agreed for consultation with all schools. It was agreed that the decision regarding these options would be taken at the November 2021 Schools' Forum meeting.

2 PROVISIONAL SCHOOLS BLOCK DSG AND ESTIMATED FUNDING TO BE ALLOCATED TO SCHOOLS IN 2022/23

- 2.1 Local Authorities will continue to set local funding formula in 2022/23. The Government proposals regarding the move to a ‘hard’ NFF are covered in the separate report on the agenda.
- 2.2 In addition Local Authorities will continue to set a Minimum Funding Guarantee (MFG) in local formulae, which in 2022/23 must be between +0.5% and +2.00% per pupil compared to per pupil funding in 2021/22.
- 2.3 Table 1 shows the published provisional 2022/23 funding allocations of the Schools block (based on the National Funding Formula (NFF)), compared to 2021/22 (before the deductions for payments to academies). The published allocations will be updated, based on the latest pupil data, to produce final DSG allocations in December.

Table 1 – Provisional DSG Schools Block in 2022/23

Block	2022/23 Provisional	2021/22 Final	Change	% Change
Schools Block	£124.251m	£122.028m	+£2.223m	+1.8%
* Allocations are before deduction for academies.				

- 2.4 As the first step towards hardening the National Funding Formula (NFF), the government continues the use of the national minimum per pupil funding levels, at the values in the school NFF (£4,265 for primary pupils and £5,525 for secondary pupils), compulsory for local authorities to use in their own funding formulae. All Westminster schools will be funded above the minimum per pupil funding levels in 2022/23.
- 2.5 For the purpose of modelling, the provisional schools block has been adjusted as shown in Table 2, which will be updated by the final amounts agreed for 2022/23 by the January 2022 Schools’ Forum.
- 2.6 Schools’ Forum can also agree to transfer up to 0.5% out of the schools block. A transfer may be required to the High Needs Block due to the increase in EHCPs and costs.

Table 2 – Estimated Funding to be Allocated to Schools

	2022/23 Estimate	2021/22	
Schools Block Funding	£124.251m	£122.028m	
Funds for schools with falling rolls – 2021/22 falling rolls figure	-£ 0.235m	-£ 0.235m	To be agreed by Jan Schools Forum
Total used for consultation models (appendices C and D)	£124.016m	£121.793m	1.8% increase

Transfer to High Needs Block	-£0.621m	0	Provisional transfer needed re increased costs. To be agreed by January Schools Forum
Revised total for distribution in formula	£123.395m	£121.793m	1.3% increase
Pupil Numbers October 2020	18,118.5	18,118.5	
Average per pupil funding	£6,810	£6,722	1.3% increase

2.7 The comparable indicative distribution between 2021/22 and 2022/23 funding is an increase of 1.3% per pupil.

2.8 Maintained schools budgets will also reflect de-delegation amounts for cover for trade union duties and possibly restructuring costs (due to the forecast minimal DSG reserve) and these deductions will be covered in the January 2022 schools budget paper.

3 EARLY YEARS BLOCK

3.1 Announcements regarding Early Years funding are expected in December 2021 and therefore proposals regarding 2022/23 funding will be brought to the January Schools Forum.

4 PRINCIPLES FOR AGREEING THE SCHOOL FUNDING FORMULA FOR 2022/23

4.1 The following principles to be applied to the 2022/23 process were agreed, with the addition of stability to 3.1.3, by Schools' Forum (March 2021).

4.1.1 With the expected introduction of the 'hard' NFF, from 2023/24 at the earliest, to move further towards the NFF factor values. Having a clear direction of travel towards the NFF will help provide budget clarity for three year school budget planning.

4.1.2 Consistency and fairness - Pupils with the same characteristics are funded the same amount of money (in line with the NFF principles).

4.1.3 Aim to provide stability while not increasing the MFG significantly as this may expose schools to risk when the NFF is consulted on and introduced.

5 LOCAL FUNDING FORMULA OPTIONS FOR CALCULATING SCHOOL BUDGETS IN 2022/23

5.1 At the Schools' Forum on 7th June 2021, three options for the local funding formula to be used to calculate school budgets in 2022/23, were agreed for consultation with headteacher groups.

5.2 All options are estimates based on draft October 2021 roll numbers and the pupil characteristics used for the 2021/22 budgets for free school meals, prior attainment, NNDR etc, and these will all change once data (including numbers on roll) is available for 2022/23 budget setting. The models are modelled at 1% MFG. It should be noted that the MFG limits the movement of funds between schools under the different options.

5.3 Table 3 below shows the options and size of the MFG.

Table 3 Funding Formula Options

Option	Description	MFG	Per pupil funding and range of per pupil funding changes compared to 2021/22
For info	2021/22 school budgets allocated via the WCC formula. Same as option 1 for 2022/23	£708k	Highest primary per pupil £7,386 Lowest per pupil funding £5,199 Highest secondary per pupil £7,875 Lowest per pupil funding £7,176
1	No change to current WCC formula which moved 1/4 way towards the NFF factor values for deprivation	£619k	Highest Primary per pupil funding £7,449 Lowest per pupil funding £5,273 Highest secondary per pupil £7,986 Lowest per pupil funding £7,274 Range of per pupil funding changes: Prim +£50 to +£92, range £43 Sec +£73 to +£111 range £38
2	Move a further 25% towards the NFF factor values for all factors, with the AWPU as the balancing figure (the AWPU is higher than 25% move to NFF)	£686k	Highest primary per pupil funding £7,448 Lowest per pupil funding £5,246 Highest secondary per pupil £7,971 Lowest per pupil funding £7,258 Range of per pupil funding changes: Prim +£46 to +£129, range £83 Sec +£71 to +£136 range £65
3	Move a further 50% towards the NFF factor values for all factors, with the AWPU as the	£1,368k	Highest primary per pupil funding £7,448 Lowest per pupil funding £5,246 Highest secondary per pupil £7,952

	balancing figure (the AWPU is higher than 50% move to NFF)		Lowest per pupil funding £7,245 Range of per pupil funding changes: Prim +£46 to +£209, range £163 Sec +£69 to +£77 range £8
For info	2022/23 Notional NFF allocations from DfE – not an option as roll numbers are not consistent and the total allocation is £0.833m above the schools block available for distribution.		

5.4 Appendix A shows the three options separately with allocations for each school, with comparisons to the 2021/22 final budgets. The notional 2022/23 NFF allocations, published by the ESFA, are also shown and have different pupil numbers and total more than the total Schools Budget available. The allocations shown are after the application of the MFG. The per pupil values include the amounts for lump sums and premises factors (Business Rates and Split sites) and are consistent with previous Schools Forum analysis.

5.5 Appendix B shows the values that would apply to the formula factors for the three options. Options 2 and 3 move further towards the NFF factor values.

6 **AGREED PROCESS CONSULTATION FEEDBACK AND COMPARISON OF OPTIONS AND THOSE WITH BEST FIT TO AGREED PRINCIPLES**

6.1 The following process was agreed at the June 2021 Schools Forum:

Table 4: Agreed Process

	Description	Timing	Comments
1.	Inform headteacher groups of the options and seek their views on the options, being clear that headteachers views will inform the Schools' Forum decision making. Note – the models used were calculated before the DSG forecast position was known and did not take account of the £621,000 potential transfer to the high needs block – these models are shown in appendices C & D	September / October 2021	Options presented will include the benefits and disbenefits of each option.

2.	Forum paper to include feedback from headteachers groups and include recommended option. Options discussed by Forum as well as feedback from primary and secondary headteachers groups. Forum members to take decision based on the option that on balance is the best for children across the borough.	November 2021 Schools Forum	Headteachers preferred options may not be agreed by Schools Forum. If a consensus is not reached the Forum members will vote on the recommended option taking account of the views expressed during the consultation.
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6.2 Secondary headteachers were consulted at WSSIC on 15th October 2022 and were of the view that the move to the NFF factor values should be at a slower pace than previously considered. Further feedback was also provided from WSSIC Forum representatives on 21st October 2021 and is summarised as follows:

6.3 **The preference would be Option 1, for these reasons:**

6.3.1 There is now a reduced imperative to move at pace towards the NFF. We don't need to adjust the WCC formula again.

6.3.2 Option 1 meets all the principles except movement towards NFF (but this is not such an imperative).

6.3.3 Each movement towards NFF means some schools see a reduction in per pupil funding. That reduction might not be protected when the NFF is fully introduced. As the NFF funding floor could be based on a level of funding per pupil in a previous year. By incurring reductions in funding now, we might be lowering what that floor would be. We don't know if an NFF funding floor will take into account per pupil funding with or without MFG. (officers view is that it will include MFG, as the current NFF funding floor includes the MFG)

6.3.4 We currently have an opportunity to preserve levels of per pupil funding which gives greater security for the future.

6.4 WSSIC understand that Option 2 is a reasonable compromise, given that:

6.4.1 It makes some movement towards NFF (but not as much as Option 3)

6.4.2 Movement towards NFF is principle 1 (though we could now question the imperative of principle 1).

6.4.3 Option 2 has less MFG than Option 3.

6.4.4 Option 2 demonstrates willingness to compromise, given the wider context.

6.5 WSSIC Forum representatives also argue that a 'clear direction of travel towards the NFF' does not help provide budget clarity for three-year school budget planning, as the annual movement changes the income/budget to expect each year. While the principles rightly consider consistency in terms of student-funding linked to characteristics, what is really effectively for students is consistency of school funding itself: a clear predictable consistent path

ahead. We are not convinced that the current yearly review and change is achieving this.

- 6.6 WSSIC Forum representatives are of the view that a lot of time is spent annually on these formula options and question whether we need to go through this process this year and the next and ask that Schools Forum considers that whatever is agreed on 1 Nov remains in place for 2+ years. Consistency in terms of school funding also means not needing to re-plan and readjust every year. Officers feedback is that there are likely to be required changes in the local formula next year as part of the move to the NFF and that primary schools have very different views.
- 6.7 Primary schools were consulted at their meeting on 22nd October 2022 and provided initial feedback that they support option 3 as they believe that moving towards the NFF factor values as far as possible, is morally the right thing to do, as this supports the most deprived and low attaining pupils. This is because nationally, via the NFF, the DfE have assessed that funding for deprived and low attaining pupils should be higher than the current Westminster formula.
- 6.8 Comparing the options with the agreed principles of moving further towards the NFF factor values, consistency, fairness and stability while limiting the increase in MFG:
- Option 2 and 3 move further towards the NFF factor values
 - The difference between the options re the smallest difference between lowest and highest per pupil funding for both sectors is minimal:
 - The difference between the options re the smallest differences in the range of change in per pupil funding compared to 2021/22 for both sectors is minimal with option 3 the largest difference for the primary sector; and
 - Options 1 and 2 have the lowest MFG
- 6.9 Taking account of the comparison above and the feedback from headteachers it is officers view that option 2 meets more of the agreed principles and is a compromise position between option 1 preferred by secondaries and option 3 preferred by primaries.

7 ESTIMATED IMPACT OF LOWER RECEPTION INTAKE

- 7.1 As stated above the options are all modelled on 2021/22 funding and data and this enables comparisons with the 2021/22 budget allocations. As noted in the latest pupil projections paper the overall resident application cohort was down by 8%. Primary schools pupil led funding would reduce on average by £5,200 for each pupil reduction. These reduction in primary pupil numbers, while not finalised, will increase financial viability risks.

8 NEXT STEPS FOR FINALISING SCHOOL FUNDING FOR 2022/23

	Description	Timing	Comments
1.	Schools' Forum consider the DfE consultation on the proposed route map towards the introduction of 'hard' NFF for calculating school budgets.	November 2021	
2.	Forum paper to include feedback from headteachers groups and include recommended option. Options discussed by Forum as well as feedback from primary and secondary headteachers groups. Forum members to take decision based on the option that on balance is the best for children across the borough.	November 2021 Schools Forum	If a consensus is not reached the Forum members will vote on the recommended option taking account of the views expressed during the consultation.
3.	Schools Forum recommend funding for falling rolls, growth, de-delegation items such as trade union cover costs and the total school budget to be allocated to schools.	January 2022 Schools Forum	
4.	The final funding formula option selected at the November 2021 Schools Forum will be updated based on information provided by the ESFA in December 2021 re October 2021 roll numbers and pupil characteristics for free school meals, low prior attainment etc and estimated NNDR. This will provide the estimated final school budgets for 2022/23	January 2022	
5.	Schools issued with final budgets	February 2022	Once DfE agree school budget tool submitted

9 RECOMMENDATIONS

9.1 Schools' Forum are recommended to:

- 9.1.1 review updated figures after information has been received from the ESFA, but before the 21st January 2022 statutory deadline for the ESFA APT submission.

- 9.1.2 agree which of the three local funding formula options detailed in section 5 is supported, with option 2 recommended by officers.
- 9.1.3 note the next steps for finalising schools funding for 2022/23 (section 8).
- 9.1.4 note that proposals will be brought to the January meeting of the Schools' Forum regarding the falling rolls criteria and funding, potential transfer to the high needs block and de-delegation for maintained schools (including restructuring costs).

APPENDICES

Appendix A – School funding formula options for 2022/23

Appendix B – Formula factor values for the funding formula options

Appendix C – School funding formula options for 2022/23 used for consultation before deduction of £621,000 for potential transfer to High Needs block

Appendix D - Formula factor values for the funding formula options used for consultation before deduction of £621,000 for potential transfer to High Needs block

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Background Papers:

ESFA - National Funding Formula (NFF) for Schools and High Needs

[National funding formula tables for schools and high needs: 2022 to 2023 - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/107222/national_funding_formula_tables_for_schools_and_high_needs_2022_to_2023.pdf)
[www.gov.uk](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/107222/national_funding_formula_tables_for_schools_and_high_needs_2022_to_2023.pdf)

ESFA – Operational Guidance 2022-23

[Pre-16 schools funding: local authority guidance for 2022 to 2023 - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/107222/national_funding_formula_tables_for_schools_and_high_needs_2022_to_2023.pdf)
[www.gov.uk](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/107222/national_funding_formula_tables_for_schools_and_high_needs_2022_to_2023.pdf)

EFSA – APT2022-23