

NORTH YORKSHIRE COUNTY COUNCIL

EXECUTIVE

11 JANUARY 2022

SCHOOLS BUDGET

Report of the Corporate Director – Children and Young People’s Services

1.0 PURPOSE OF THE REPORT

- 1.1 This report asks the Executive to agree a number of recommendations relating to school funding for 2022/23, as required by guidance issued by the Department for Education (DfE).
- 1.2 These recommendations include:
- Applying a Minimum Funding Guarantee (MFG) of 2.0% in the calculation of school budgets for the 2022/23 financial year.
 - To use age weighted pupil units (AWPU) as the methodology for the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using National Funding Formula (NFF) values.
 - The inclusion of an exceptional circumstance lump sum of £50,000 for very small sparse secondary schools, which would otherwise be unable to attract sufficient funding to remain viable, in the 2022/23 North Yorkshire school funding formula. The estimated £100k additional funding requirement to be funded from the DSG Schools Block Reserve.
- 1.3 These recommendations have been endorsed by schools during a county-wide consultation and agreed by the North Yorkshire Schools Forum.
- 1.4 The report also asks the Executive to agree to continue to lobby central government for a fairer and more equitable funding settlement for schools in North Yorkshire.

2.0 BACKGROUND

- 2.1 Under his delegated decision making powers in the Officers’ Delegation Scheme in the Council’s Constitution, the Chief Executive Officer has power, in cases of emergency, to take any decision which could be taken by the Council, the Executive or a committee.
- 2.2 Following on from the expiry of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (“the 2020 Regulations”), which allowed for committee meetings to be held remotely, the County Council resolved at its meeting on 5 May 2021 (before the expiry of the Regulations) that, for the present time, in light of the continuing Covid-19 pandemic circumstances, remote live-broadcast committee meetings should continue as informal meetings of the committee Members, with any formal decisions required being taken by the Chief Executive Officer under his emergency decision making powers and after consultation with other Officers and Members as appropriate and after taking into account any views of the relevant Committee Members and all relevant information. This approach has been periodically reviewed since that time and will be further reviewed by full Council at its February 2022 meeting.

3.0 NATIONAL FUNDING BACKGROUND AND LOCAL FUNDING PROPOSALS

- 3.1 In July 2021, the DfE provided information in relation to National Funding Formula (NFF) developments for the 2022/23 financial year. The key NFF updates for the next financial year are as follows:
- The key factors in the NFF will increase by 3%,
 - 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. The minimum per pupil funding levels are mandatory in 2022/23.
 - Every school will be allocated at least 2% more pupil-led funding per pupil compared to its 2021/22 NFF baseline.
 - Local authorities are able to continue to set a Minimum Funding Guarantee (MFG) in local formulae, which in 2022/23 must be between +0.5% and +2.0%.
 - Additional funding for small and remote schools will increase by £10,000 in 2022/23, with an increase in the maximum sparsity value for primary schools from £45,000 to £55,000 (previously £26,000 in 2020/21) and for secondary schools from £70,000 to £80,000 (previously £67,600 in 2020/21). In addition, sparsity distances will be based on road distances, instead of “as the crow flies” distances, and a sparsity distance taper will be introduced, in addition to the existing year group size taper.
 - Data on pupils who have been eligible for FSM6 will be taken from the October 2020 school census instead of the January 2020 census, to make the factor more up to date and bring it in line with arrangements for other NFF factors as well as the pupil premium.
 - In calculating low prior attainment proportions, data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests will be used as a proxy for the 2020 tests, following the cancellation of assessments due to the coronavirus (COVID-19) pandemic.
 - Pupils who joined a school between January 2020 and May 2020 will attract funding for mobility based on their entry date, rather than by virtue of the May school census being their first census at the current school (the May 2020 census did not take place due to the coronavirus (COVID-19) pandemic).
 - Further to a DfE consultation earlier in 2021, schools business rates will be paid by the ESFA to billing authorities directly on behalf of all state funded schools from 2022/2023 onwards. The ESFA are yet to provide further details on the operation of this change.
 - Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the Dedicated Schools Grant (DSG), with school’s forum approval. A disapplication request is required for transfers above 0.5%, or for any amount without school’s forum
- 3.2 In July 2021, the DfE also published the “Fair Funding for All” consultation on proposals for completing their reforms of the funding system to move to a “hard” NFF, whereby individual schools budgets would be set directly through one single national formula, rather than local funding formulae. This consultation proposed that, from 2023 to 2024, local authorities will be required to bring their own formulae closer to the schools NFF, to smooth the transition. These requirements do not apply in 2022 to 2023, but the DfE indicate that local authorities may choose to move their local formulae closer to the NFF in advance of these requirements. At this stage, the DfE have not set a fixed target date by which the hard NFF will be fully in place. The North Yorkshire Schools Forum has adopted an approach of calculating school budgets using the NFF principles as far as possible since the introduction of the formula in 2018/19.
- 3.3 The Autumn 2021 Spending Review confirmed £1.6 billion funding for schools and high needs, for the 2022/2023 financial year, above the previous settlement for next financial year. Schools will be allocated £1.2 billion of this additional funding, to provide support for the costs of the Health and Social Care Levy and wider cost pressures with this funding being allocated through a separate schools supplementary grant. The DfE have confirmed that the additional funding will be provided in each year of the current spending review

period with their intention to incorporate the funding into core budget allocations for the 2023/2024 financial, where possible. The indicative additional schools supplementary grant funding allocation for North Yorkshire for 2022/23 is £11.28m; the DfE will confirm final funding allocations in Spring 2022.

- 3.4 North Yorkshire County Council is not requesting a transfer of funding from the Schools Block to the High Needs budget for the 2022/23 financial year.
- 3.5 In practical terms and, if required, the Council will adjust the NFF formula factors values as issued by the DfE in published notional budgets to calculate school budgets within the constraints of the final agreed funding envelope.
- 3.6 A local funding consultation requested the views of schools and academies on eight options related to the level of the Minimum Funding Guarantee (MFG) and the methodology to be used for allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using NFF values. The consultation results are detailed in the table below:

Option	MFG %	Methodology for the Allocation of Any Surplus Funding	No. Responses Received Supporting Option	No. Schools Represented in Responses Supporting Option
1	0.5%	Lump Sum Formula Factor value increased	17	31
3	0.5%	Lump Sum Formula Factor value increased + Small, Sparse Secondary School Lump Sum	4	20
5	0.5%	Age Weighted Pupil Unit (AWPU) values increased	12	14
7	0.5%	Age Weighted Pupil Unit (AWPU) values increased + Small, Sparse Secondary School Lump Sum	0	0
			33	65
2	2%	Lump Sum Formula Factor Value increased	4	4
4	2%	Lump Sum Formula Factor value increased + Small, Sparse Secondary School Lump Sum	1	1
6	2%	Age Weighted Pupil Unit (AWPU) values increased	7	8
8	2%	Age Weighted Pupil Unit (AWPU) values increased + Small, Sparse Secondary School Lump Sum	1	1
			13	14

3 responses, representing 4 schools, supported two options
1 response stated no preference.

- 3.7 The majority of the responses (and the number of schools represented by the responses) received to the Consultation indicated support for a MFG of 0.5%. In terms of the methodology to be used for the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using NFF value, 'Lump Sum' was the preferred option under a +0.5% MFG; 'AWPU' was the preferred option under a +2% MFG. The setting of the MFG level is the prime decision,

with the surplus funding allocation methodology decision representing a secondary consideration.

- 3.8 Further analysis of the financial modelling in the context of the consultation response identified that over 85% of schools and academies within North Yorkshire are forecast to receive funding in 2022/23 based on either the funding formula at NFF values or the Minimum Per Pupil Level Funding, and will not trigger the MFG funding protection. The cost of a +0.5% MFG is £695k compared to +£1,092k for a 2% MFG. The lower level of MFG protection would result in £397k more funding being available to distribute to those schools receiving funding based on the funding formula in the event of there being surplus funding available within the Schools Block DSG after the calculation of the school funding formula using NFF values. In this regard, it should be noted that the prime decision in respect of the MFG level will only impact on the minority of schools who receive MFG funding protection. The MFG level would only impact on a wider number of schools in the scenario of surplus funding being available within the Schools Block DSG after the calculation of the school funding formula using NFF values. For the current 2021/22 financial year no surplus funding was available for reallocation.
- 3.9 In 2018/19, the decision was made by the North Yorkshire Education Partnership (now Schools Forum) to implement a funding formula that reflects the NFF principles and the associated transitional arrangements. Option 6 (+2% MFG, any surplus funding allocated by AWPU) best reflects the DfE 'direction of travel' providing formula factor values closest to the national NFF values and provides a +2% guaranteed per pupil funding increase through the MFG.
- 3.10 Five responses, representing 21 schools (26.58% of the number of schools represented in the consultation response) supported options for the provision of an additional lump sum for small, sparse secondary schools. Despite the increase in sparsity funding for 2022/23, the Local Authority remains very concerned about the financial plight of small, rural secondary schools within North Yorkshire. Whilst the LA continues to rigorously lobby DfE and local MPs on this issue, any change to the NFF to provide additional funding to these schools could not now be made until April 2023. In this regard, and based on the support provided in the funding consultation for the provision of additional funding to these schools, as an interim measure the LA has received approval from the ESFA to include an exceptional circumstance of up to £50,000 for very small sparse secondary schools (which would otherwise be unable to attract sufficient funding to remain viable in the North Yorkshire school funding formula). Local authorities can only make an application for this where schools have:
- pupils in years 10 and 11
 - 350 pupils or fewer
 - a sparsity distance of 5 miles or more
- 3.11 Based on the latest available data for October 2021 pupil numbers, two schools are eligible to receive this funding; the schools are Upper Wharfedale School and The Wensleydale School and Sixth Form.
- 3.12 The funding requirement for the provision of the additional lump sum to small sparse secondary schools would be £100k, based on the two schools receiving the additional funding. In order to mitigate the impact of this proposal on the funding levels of other schools, it is proposed to use the Schools Block DSG Reserve (currently £2.227m) to support the provision of the funding.
- 3.13 The North Yorkshire Schools Forum considered the results of the 2022/23 School Funding Consultation at their meeting on the 11th November 2021. The Schools Forum supported:
- A MFG of 2% for 2022/23;

- The use of 'AWPU' as the methodology for the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using NFF values;
- The submission of an application to the ESFA to include an exceptional circumstance of up to £50,000 for very small sparse secondary schools, which would otherwise be unable to attract sufficient funding to remain viable, in the 2022/23 North Yorkshire school funding formula. The estimated £100k additional funding requirement will be funded from the DSG Schools Block Reserve.

4.0 FINANCIAL IMPLICATIONS

- 4.1 All funding discussed in this paper is part of the Dedicated Schools Grant (DSG) and DfE school supplementary grant funding. There is no direct impact on the Council's budget as a result of the recommendations in relation to the level of the Minimum Funding Guarantee, the methodology for the allocation of any surplus funding and the provision of an additional exceptional circumstance lump sum to two small, rural secondary schools. The required funding is provided from the Schools Block DSG and the Schools Block DSG Reserve.
- 4.2 There is an impact on individual schools in terms of how the funding will be allocated. No school will receive less than the mandatory Minimum Per Pupil Level (MPPL) of funding. A comparison of the impact on schools for each of the proposed options was illustrated at school level as part of the consultation.
- 4.3 The proposed school funding arrangements will provide the maximum funding guarantee for 2022/23 permitted within the parameters established by the Department for Education. The funding outlook remains challenging for a number of schools - particularly small, rural secondary schools despite the provision of additional lump sum funding to two of these schools. The local authority continues to lobby for a fairer funding deal for schools in North Yorkshire, particularly those rural schools who cannot achieve the economies of scale of their more urban counterparts, whilst delivering a broad curriculum. The local authority continues to support, challenge and, where necessary, intervene in schools to ensure the continued delivery of good quality education in financially sustainable schools.

5.0 LEGAL IMPLICATIONS

- 5.1 No specific legal implications are identified as a result of the recommendations contained within this report. The DfE have a deadline of 21st January 2022 for the submission of school budgets (following political approval).

6.0 EQUALITIES IMPLICATIONS

- 6.1 An Equality Impact Assessment (EIA) has been completed – see Appendix A. It is anticipated that there will be no impact on any persons with protected characteristics as defined by the Equality Act 2010.
- 6.2 The Equality Impact Assessment has assessed the impact of the proposal namely
- The level of the MFG to be applied in the calculation of school budgets for the 2022/23 financial year.
 - The methodology for the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using National Funding Formula (NFF) values.
 - The inclusion of an exceptional circumstance lump sum of £50,000 for very small sparse secondary schools, which would otherwise be unable to attract sufficient funding to remain viable, in the 2022/23 North Yorkshire school funding formula.
 - To hold consultation with all schools and academies in North Yorkshire over these proposals

- To report findings, conclusions and recommendations to the School Forum

6.3 At this stage of the EIA there is no evidence to suggest that the proposal made will significantly disadvantage one or more protected characteristics.

6.4 The EIA was presented to the meeting of the Schools Forum on the 11th November 2021. No comments were received on the EIA.

7.0 CONSULTATION UNDERTAKEN AND RESPONSES

7.1 A consultation was undertaken with all schools and academies in North Yorkshire, following discussions with the North Yorkshire Schools Forum.

7.2 This consultation lasted from Wednesday 22nd September 2021 until Friday 22nd October 2021. 43* responses have been received to the Consultation, as shown below.

LA Maintained Primary	25
LA Maintained Secondary	1
LA Federation - Primary	5
Primary Academy	3
Secondary Academy	5
Academy Trust	4
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	43
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Response Rate: 76 schools and academies are represented in the responses received providing an overall response rate of 20.94% (16.17% LA maintained schools, 29.69% academies).

*Duplicate and anonymous responses have been disregarded from the consultation results.

8.0 RECOMMENDATIONS

8.1 Executive Members are asked to note the contents of this report, and to recommend to the Chief Executive Officer that using his emergency powers (as outlined in section 2) to agree that the Council:

- i. Applies a Minimum Funding Guarantee (MFG) of +2.0% in the calculation of school budgets for the 2022/23 financial year.
- ii. Uses age weighted pupil units (AWPU) as the methodology for the allocation to school budgets of any surplus funding available within the Schools Block DSG after the calculation of the school funding formula using National Funding Formula (NFF) values.
- iii. Includes an exceptional circumstance lump sum of £50,000 for very small sparse secondary schools (which would otherwise be unable to attract sufficient funding to remain viable) in the 2022/23 North Yorkshire school funding formula. The estimated £100k additional funding requirement to be funded from the DSG Schools Block Reserve.
- iv. Continues to push for a fairer and more equitable funding settlement for schools in North Yorkshire, and continue to lobby for a fairer settlement of High Needs resources.

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23 December 2021

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Background Documents:

Reports to the North Yorkshire Schools Forum:

- 18th March 2021
- 27th May 2021
- 16th September 2021
- 11th November 2021

<http://cyps.northyorks.gov.uk/nyep-meetings-and-agendas>

Appendices:

Appendix A – Equality Impact Assessment