

Schools Forum – 24 March 2022

Schools Budget 2022-23

Executive Summary

Schools

- The growth fund budget has been set at £1.9m. Any underspend will be transferred into the DSG reserve as per the deficit recovery plan.
- The final education functions levy has been set at £50.84 per pupil
- School budgets have been set using the National Funding Formula (NFF)
- The NFF has been funded in full with the MFG set at 1% and no capping of gains.

Early Years

- Early Years funding base rates have been set at £4.26 per hour for 3 & 4 year olds and £5.47 per hour for 2 year olds
- An Early Years contingency has been set at 0.8% of the Early Years Block funding
- Any underspend on Early Years contingency will be returned to providers as a one-off payment in the following financial year (subject to affordability).

High needs

- Additional Government funding of £13.7m in 2022/23
- Special School budget have been set to provide for a Minimum Funding Guarantee of 2.5% (and no capping of gains)
- A request was made for a funding switch of up to 0.5% from the Schools Block into the High Needs Block in 2022/23 but this was refused by Schools Forum.

Recommendation

1. That the Schools Forum notes the content of this report.

Report of the County Treasurer

Central Provisions

2. The Schools Forum considered the indicative level of planned central expenditure for 2022-23 at its November meeting, giving approval to the budget provision for a range of areas, to enable the local authority to meet the DfE timescale of submitting individual school budgets to ESFA in mid-January. This section of this report updates the Schools Forum with the final figures used within that approval.

3. There are four categories of centrally retained budgets within the Schools Budget:
 - De-delegated items
 - Central School Services Block (CSSB)
 - Central Schools Expenditure
 - Education Functions (previously funded by the Education Services Grant)
4. De-delegated items are those which have been retained centrally to be managed by the local authority on behalf of its maintained schools following the vote of the Schools Forum. These amounts are transferred from the local authority to academies through the ESFA and academies meet the related costs directly. In its annual vote on 8 November the Schools Forum voted to de-delegate for the same services in 2022-23 as in 2021-22. Therefore, this funding will continue to be held centrally to meet these costs on behalf of maintained schools. Insurance provision continues to be provided through the DfE's Risk Protection Agreement. Funding for this service will be transferred from SCC to the DfE.
5. Expenditure within the Central School Service Block (CSSB) was also considered at the November 2021 Schools Forum meeting. Members agreed that ongoing funding allocated within this block should be retained centrally for the purposes outlined in the report. This block also includes funding for Historic Commitments. Funding previously held centrally for the Early Help service has been delegated to schools. The only funding retained centrally for Historic Commitments for 2022-23 is £924,130 for prudential borrowing.
6. Central Schools Expenditure areas include funding for infant class size and growth funding. Growth funding is allocated to the local authority on a formula basis. The allocation for 2022-23 is £3.5m. This funding has been used to ensure the NFF is funded in full. The remaining funding is held centrally to meet commitments under the infant class size and exceptional growth fund policies. The amount retained centrally is £1.9m. Any underspend will be transferred to the DSG reserve as per the deficit recovery plan.
7. At the November meeting, maintained schools approved a levy per pupil for Education Functions of £50.56. Due to a slight change in the number on roll at maintained schools, the final levy for 2022-23 has been set at £50.84 per pupil.

Individual School Budgets

8. This element of the schools' budget represents by far the largest part of the funding for the majority of schools. Formula Budgets are now based on the National Funding Formula (NFF) as approved by Schools Forum in December 2017 and Cabinet in January 2018.
9. The NFF includes a minimum per pupil funding level. For 2022-23 the minimum funding levels per pupil are £4,265 for primary, £5,321 for Key Stage 3 and £5,831 for Key Stage 4.
10. The budget also includes a Minimum Funding Guarantee (MFG) of +1% per pupil from the 2021-22 baseline. This ensures schools are protected from excessive year on year changes due to changes in their pupil characteristics.

11. Within the NFF, the basic per pupil funding factor, additional needs factors and the school lump sum have been increased by 3%. The free school meals factor has increased by 2%.
12. The maximum amount of funding for sparsity has been increased from £45,000 to £55,000 for primaries and from £70,000 to £80,000 for middles and secondaries. Sparsity distances are now measured using road distances rather than straight line. A distance taper has also been added to the sparsity formula. These changes mean more schools in Staffordshire now qualify for sparsity funding. 44 schools have qualified for sparsity funding in 2022/23 compared to 23 schools in 2021/22.
13. All schools have been funded in full on the NFF. Gains have not been capped. A summary of School Budgets for 2022-23 with a comparison to 2021-22 budgets has been included in Appendix 1. Sixth form funding has been excluded.
14. Mainstream schools will receive a separate supplementary grant to provide support for the costs of the Health and Social Care Levy and wider costs. These payments will be made by the government in Spring 2022. Academies will receive the funding directly from the ESFA. Funding for maintained schools will be paid to the local authority who will be required to pass it to schools at the published rates, which are shown below:
 - Basic rate per pupil of £97 for primary pupils
 - Basic rate per pupil of £137 for key stage 3 pupils
 - Basic rate per pupil of £155 for key stage 4 pupils
 - Lump sum of £3,680
 - FSM6 per pupil rate of £85 per eligible primary pupil
 - FSM6 per pupil rate of £124 per eligible secondary pupil

Early Years Funding

15. The funding for Early Years continues to follow the national Early Years Funding Formula.
16. The Early Years budget consists of the following areas of expenditure:
 - Pupils in Private, Voluntary, and Independent (PVI) providers
 - Pupils in Nursery schools
 - 2 year olds
 - Central expenditure
17. The early years national funding formula allocates funding to local authorities for the existing 15-hour entitlement for all 3 & 4 year olds and the additional 15 hours for 3 & 4 year old children of eligible working parents. The rate consists of a base rate and an uplift for additional needs, based on measures of free school meals; Disability Living Allowance and English as an additional language.
18. For 2022-23 Staffordshire County Council has been awarded the minimum national funding rate of £4.61 per hour for 3 & 4 year olds and £5.57 per hour for 2 year olds, this is a 17p and 21p rise respectively from 2021-22.

19. The Disability Access Fund (DAF) has increased by £185, from £615 to £800 per eligible child per hour to support access to the free entitlements. This Fund will be for 3 & 4 year olds who are taking up their free entitlement and are in receipt of Disability Living Allowance. The Early Years Pupil Premium (EYPP) has increased by 7p, from 53p to 60 pence per eligible child per hour.
20. Local authorities are required to pass at least 95% of early years funding to providers. The early years funding central expenditure was approved by School Forum on 8 November 2021, leaving 95.8% of 3 and 4 year old funding being provided directly to providers.
21. In order to gain the views of the Early years sector on rate changes for 2022-23, to inform the decision making, a workshop was held on the 27th of January 2022 with the Early Years Reference Group, this is a group of Early Years Providers. This was at the request of the November 21 Schools Forum.
22. The following views were raised at the workshop:
 - Due to the financial pressures being faced by providers as much of the rise in the Government funded hourly rate as possible should be passed to the sector through an increase in the basic hourly rate.
 - Broad support for the continuation of existing policy to distribute c 2% of the budget based on deprivation.
 - Broad recognition and support for the continued ‘topslice’ for contingency to mitigate against in year unforeseeable variation. However, it was considered that this should be limited to 1% of the overall budget and – if unspent – should continue be redistributed to the sector as a one off sum in the following financial year (subject to affordability).
23. The base rate for 3 & 4 year olds has been set at £4.26 per hour per child and this rate will also apply for 30 hour entitlements. This represents an increase of 16p (i.e. 94% of the Government increase of 17p/hour) per hour per child. The rate for 2 year olds has been set at £5.47 per hour per child. This represents an increase of 21p (i.e. all of the Government rise) per hour per child.
24. Deprivation rates have been set at £0.20 (lower rate) and £0.30 (upper rate). These rates are lower than 21/22, however the actual amount of deprivation funding to be distributed has not changed and is estimated to be 1.9% of the overall 3 and 4 year old budget allocation.
25. A contingency fund has also been set up to manage fluctuations in demand figures from year to year of 0.7% for 3 and 4 year olds and 1.9% for 2 year olds. This is equivalent of 0.8% of the whole Early Years DSG Block, which is lower than the 1% threshold advised by the workshop.

High Needs Funding

26. The Schools Forum has a consultative role in the financial arrangements for pupils with Special Education Needs (SEN). The amount of funding that Staffordshire receives is determined by the high needs national funding formula (NFF).

27. For 2022/23 the Government initially confirmed an increase in the overall High Needs Block of £780m; however, as part of the 2021 Autumn Spending Review further funding of £325m has been confirmed in recognition of the very significant service and cost pressures impacting in this area. This, following many years of government underfunding that has led to a severe crisis in this area nationally where funding levels have failed to keep pace with costs and demand.
28. For Staffordshire the HNB 2022/23 is c £114.8m, a net increase of £13.7m compared with 2021/22 (13.6%). Whilst this increase is warmly welcomed, it is insufficient to close the existing funding gap and Staffordshire will continue to lobby for both additional funding and a fair and equitable mechanism for addressing cumulative deficits that should not impact on the Council's already stretched general resources.
29. It is Staffordshire's intention to pass on the full budget increase next year for the provision of SEND support; none of this funding rise will be used to repay historical deficits.
30. The Council recognises the financial pressures schools across Staffordshire are facing and, given the increase in Government funding, will increase funding to providers by as much as is affordable and fair, acknowledging the current pressures on the HNB and the depleted DSG balances which – at the end of the current financial year – will likely be in deficit by circa £8-10m.
31. For 2022-23 Special School budgets will be set based on:
 - a Minimum Funding Guarantee of 2.5% (higher than the MFG set by Government of 0%); ensuring that funding for all Special Schools, on a like for like basis, will increase next year by a minimum of 2.5%.
 - there will be no capping of school gains
32. Even with the additional Government funding a further significant overspend is anticipated in 2022/23. Accordingly, and working in partnership with Schools Forum, the Council must now bring forward a 'DSG deficit management plan' outlining the actions that can be taken to address and mitigate the existing shortfall as far as possible. This will sit alongside the wider service transformation plan.
33. As in previous years, the schools block will be ring-fenced in 2022-23, with the option to transfer 0.5% of the Schools Block funding into the central school services, high needs, or early years budgets, subject to the approval of Schools Forum. Given the pressures within the High Needs Block a request was made for a transfer of 0.5% in 2022-23 though this was rejected by Schools Forum at its meeting in November 2021.
34. Special Schools continue to be funded on a place plus top-up basis, the value of which is £10,000 in line with Government guidelines. Staffordshire County Council has commissioned 2,649 places at Staffordshire Special Schools, of which 2,095 places are at academies (at the time of writing this report).
35. From 1 April 2022 the Council will roll out a new Education Banding Tool to help calculate top up funding in a fair and consistent way. This is a needs led tool and will enable us to:
 - take a holistic view a child or young person's needs

- make calculations based on the support a child or young person needs to meet their educational outcomes and
 - secure the special educational provision to meet their special education needs as detailed in their Education Health and Care Plan.
36. Pupil Referral Units (PRUs) continue to be funded as school-like entities on a place plus top-up basis. For 2022/23 Staffordshire County Council has commissioned 359 places at Staffordshire PRUs at a value of £10,000 per place in line with Government guidance.
- Funding next year will also include adjustments for:
- To ensure PRUs see a comparable 2.5% rise next year, local authority funded top up payments (TRIG-8) for single rolled pupil will be increased from £7,450 to £7,635; however charges for school commissioned preventative places will remain unchanged.
 - A further ‘lump sum’ contribution will be made of £0.121m for fixed overheads in line with other school funding arrangements (up from £0.118m in 2021/22).
 - One pupil referral unit provides hospital-based tuition (the Darwin Centre) and receives a set payment to reflect these costs. The total budget allocation for hospital-based tuition at this PRU setting is £0.194m, an uplift of 2.5% compared to 2021/22 in line with other school funding rises.
37. The budgets for special schools and PRUs are detailed in Appendix 2.
38. Provision will continue to be made for Post-16 high needs colleges and independent providers in line with latest forecasts (circa £5m). In addition to this, the Council has commissioned 462 places FE colleges for the academic year 2022/23.
39. There is a special unit attached to three mainstream schools. Places in the units are included in the main formula budget and top up funding is received from the High Needs Block to ensure each placement is funded at £10,000 in line with Government guidelines. The total number of places for 2022/23 within these schools is 33.

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List of background papers:

Schools Forum 8 November 2021: Item 9 - Schools Budget 2022-23: De-delegation Central Expenditure and Education Functions