



North

Yorkshire County Council

Children and Young People's Service

Stuart Carlton  
Corporate Director - Children and Young People's Service

Your ref:

Howard Emmett  
Assistant Director – Strategic Resources  
County Hall, Northallerton  
North Yorkshire, DL7 8AE

Our ref:

Contact: Howard Emmett

Tel: 01609 532118  
Fax: 01609 532426  
E-mail: [howard.emmett@northyorks.gov.uk](mailto:howard.emmett@northyorks.gov.uk)  
Web: [www.northyorks.gov.uk](http://www.northyorks.gov.uk)

16<sup>th</sup> February 2022

Dear Colleague

### Revenue Budget 2022/2023

School revenue budgets for 2022/23 have been issued today via anycomms.

The key points to note in relation to the main school funding formula for 2022/23 are:

- **The Minimum Funding Guarantee, decided by the County Council's Executive following a recommendation from the North Yorkshire Schools Forum, is +2.0%**
- **There is no cap on funding gains**
- **The formula factor values are based on the DfE National Funding Formula (NFF) values**
- **The mandatory minimum per pupil level funding values of £4,265 for primary schools and £5,525 for secondary schools have been applied.**
- **There is no funding transfer from School budgets to the High Needs budget**

### 2022/23 School Budgets

On the 19<sup>th</sup> July 2021, the DfE announced the proposed school funding arrangements for the 2022/23 financial year indicating, nationally, an overall increase of +3.2% compared to 2021/22. The Institute of Fiscal Studies highlighted: *"The government has allocated an extra £7.1 billion for schools in England through to 2022–23. Whilst this will increase spending per pupil by over 8%, school spending per pupil in 2022–23 will still be 1-2% lower in real terms than in 2009–10."*

The funding increase for the 2022/23 financial year represents the final year in the DfE's national programme, announced in September 2019, to increase education funding by in excess of £14bn additional cash funding over the three year period 2020/21 to 2022/23.

Overall, the continued additional funding for school budgets continues to be very welcome and reflects the level and intensity of lobbying of individual authorities, including North Yorkshire, as

well as campaign groups like f40 who have made a detailed and evidence-based argument for an improved funding settlement for the education sector.

The DfE have re-stated their commitment to completing the National Funding Formula (NFF) reforms by moving to a ‘hard’ or ‘direct’ NFF in their consultation “Fair Funding for All”. In the future, it is proposed that schools will receive the funding generated through the national NFF rather than a local authority funding formula. At this stage, the DfE have not set a fixed target date by which the ‘hard’ NFF will be fully in place.

### Sparsity Funding

The DfE have increased the maximum sparsity value for the 2022/23 financial year from £45,000 to £55,000 for primary schools, and from £70,000 to £80,000 for secondary schools.

In addition to the increase in funding, the DfE have also introduced two changes to the Sparsity funding formula factor methodology for 2022/23 as follows:

- The way that sparsity distances are measured will change to road distances from “crow flies”/ straight-line distances. To calculate a school’s sparsity distance, the DfE will take all the pupils for whom the school is the nearest compatible school and find the average shortest road distance from these pupils’ home postcodes to their second nearest compatible schools.
- In addition, the Sparsity formula factor will include a new distance threshold taper. This means that where schools’ sparsity distances are marginally below the main distance thresholds for sparsity funding, they will still attract some funding allocation through the NFF. The distance threshold taper has been set 20% below the main distance thresholds.

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, and;
- The average year group size (calculated as the pupil count divided by number of year groups present at the school) is below the relevant size threshold.

School phase	Size threshold: Maximum average number of pupils per year group <sup>3</sup>	Main distance threshold: Minimum average distance to second nearest compatible school	Distance taper threshold: Minimum average distance to second nearest compatible school
Primary	21.4	2 miles	1.6 miles
Secondary	120	3 miles	2.4 miles
Middle	69.2	2 miles	1.6 miles
All-through	62.5	2 miles	1.6 miles

Whilst the additional sparsity funding for 2022/23 is welcomed, the financial challenges faced by small, rural secondary schools within North Yorkshire continues to be very concerning. The DfE have indicated that they will continue to collect and review evidence on the funding pressures facing small secondary schools; however, it will now be the 2023/24 financial year, at the earliest, before any further change is possible to this factor. NYCC will continue to rigorously lobby DfE and local MPs on this issue.

As an interim measure, the LA has received approval from the Education & Skills Funding Agency (ESFA) to include in the North Yorkshire school funding formula an exceptional circumstance lump sum of £50,000 for very small sparse secondary schools that meet the following criteria:

- pupils in years 10 and 11
- 350 pupils or fewer
- a sparsity distance of 5 miles or more

Two small, rural secondary schools will receive this additional lump sum funding.

## **Business Rates**

In 2022/23 the ESFA will pay schools' business rates directly to billing authorities on behalf of schools. Schools will retain formal liability for paying business rates, but the ESFA will act as a paying agent on their behalf. Schools are still required to make provision for the rates charge within their budgets.

## **FSM6**

The DfE have taken the data on pupils who have been eligible for FSM6 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.

## **Mobility**

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).

## **Primary Low Prior Attainment (PLPA)**

In calculating low prior attainment proportions, the DfE have used data from the 2019 early years foundation stage profile (EYFSP) and key stage 2 (KS2) tests as a proxy for the 2020 tests, following the cancellation of assessments due to the coronavirus (COVID-19) pandemic.

## **2022/23 School Supplementary Funding Grant**

Nationally, schools will be allocated £1.2 billion of additional funding, above the Dedicated Schools Grant settlement, to provide support for the costs of the Health and Social Care Levy (additional 1.25% increase on national insurance costs for the 2022/23 financial year) and wider cost pressures. This funding will be allocated through a separate schools supplementary grant, in addition to school delegated budgets, in 2022/23. 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 2023/24 financial year, where possible. The indicative additional schools supplementary grant funding allocation for North Yorkshire for 2022/23 is £11.28m. The DfE have stated that the schools supplementary grant will

only be payable to public sector employers. This means that further education colleges, sixth form colleges, independent learning providers, as well as private and voluntary sector early years providers will not be eligible to receive this funding. The base funding rates for the allocation of the supplementary funding grant to schools are as follows:

<b>Early Years:</b> The base per-pupil funding rate for early years provision in schools, and for maintained nursery schools	£24 / pupil
<b>5 – 16 Schools:</b> Basic per-pupil rate of for primary pupils Basic per-pupil rate of for key stage 3 pupils Basic per-pupil rate of for key stage 4 pupils Lump Sum FSM6 per-pupil rate for eligible primary pupils FSM6 per-pupil rate for eligible secondary pupils	£97 / pupil £137 / pupil £155 / pupil £3,680 per school £85 / pupil £124 / pupil
<b>Post 16 Provision in Schools:</b> base per-student funding rate	£35 / student

The DfE will confirm final individual school funding allocations in Spring 2022.

### **High Needs Funding**

The financial pressure associated with the rise in the number of Education, Health and Care Plans (EHCPs) has resulted in a projected overspend of c.£2.5m in 2021/22. This will add to the accumulated High Needs Deficit of £8.7m as at 31st March 2021 resulting in a projected £11.2m accumulated High Needs deficit by 31st March 2022 for North Yorkshire. Throughout the last year, following the onset of COVID, there has been a larger than anticipated increase in demand in EHCPs; these pressures are predicted to continue.

Whilst a number of proposals have been progressed to address this financial pressure, it is unlikely that these proposals will fully address this pressure. The local authority continues to implement the Strategic Plan for SEND (approved in September 2018). Any accumulated overspend on the High Needs budget will be required to be repaid from future High Needs Block funding allocations as DfE regulation changes in February 2020 effectively prohibit the use of LA funds for activity that should properly be funded by Dedicated Schools Grant (DSG). However, current projections indicate a continued increasing demand for High Needs support and services. Provision is made within the overall County Council Budget for the projected high needs overspend in order to ensure that there is sufficient funding to pay for the statutory services which the council has a duty to deliver. Any deficit on the DSG is covered by earmarked reserve provision which effectively offsets the DSG deficit without paying it off. This is considered to be good and prudent financial practice at the local authority level.

The High Needs funding allocations, which form part of your budget (sometimes known as Element 3 or Top Up / Banded funding), have been increased by +2% for the 2022/23 financial year. The banded funding allocation reflects costs incurred beyond the Element 2 funding allocation of £6,000. Due to this figure remaining constant for the eighth year in a row, the allocations for each banding will actually increase by greater than +2% with the highest percentage increases applying to the lower banding allocations. The new rates of funding are detailed below:

	Funding Rates 2022-23 (including +2% increase)
Band 3	£0
Band 4	£1,580
Band 5	£3,690
Band 6	£5,420
Band 7	£8,380
Band 8	£10,040
Band 9	£14,010
Band 10	£20,000*

\*actual allocations dependent on Band 10 panel evaluation

High Needs funding statements will be issued to mainstream schools after the February 2022 half term holiday.

### **De-Delegated Funding**

The North Yorkshire Schools Forum approved the continued de-delegation of Unreasonable School Expenditure, Schools in Financial Difficulty (including a contribution to the School Redundancy Support budget) and Trade Union (TUSfS) costs for 2022/23. The 2022/23 budgets for these de-delegated services are as follows:

	£k
Schools in Financial Difficulty	445
Unreasonable School Expenditure	48
Trade Union Costs	108

### **De-Delegation to Fund the Provision of Core School Improvement Activities**

The DfE published the outcome of their consultation “Reforming how local authorities’ school improvement functions are funded” on the 11th January 2022. They confirmed a reduction of 50% to the funding provided through the School Improvement Monitoring & Brokering Grant for the 2022/23 financial year followed by removal of the grant funding in 2023/24. At the meeting on the 16th December 2021, the Schools Forum were unable to reach consensus on an “in principle” proposal to de-delegate funding from school budgets in the 2022/23 financial year to fund statutory services related to the provision of core school improvement activities. Given the extremely short timescale for the development and implementation of an alternative model for the provision of these services, NYCC submitted a request to the Secretary of State for Education to seek approval for the de-delegation of the funds in the 2022/23 financial year. This request has been approved and **£1,712 per LA maintained school** will be de-delegated in 2022/23. NYCC will continue to work with LA maintained schools within North Yorkshire and the Schools Forum to develop future operating models in order to ensure the continued provision of statutory core school improvement activities for LA maintained schools.

Schools will need to make provision within their 2022/23 Start Budget for the £1,712 cost of the de-delegation of funding for the provision of core school improvement activities.

### **Central Schools Services Block (CSSB)**

This Central School Services funding block covers services that are not delegated school responsibilities. These services support LA-maintained schools and academies alike. The local

authority has decided not to top-slice school budgets to fund any central services for LA-maintained schools – although this is allowed under regulations.

The following services are funded from the CSSB:

- Strategic Management Costs, including planning for the education service as a whole
- Revenue budget preparation, monitoring, internal and external audit, funding to schools
- Consultation costs
- Plans involving other LA services
- SACRE
- School attendance and exclusion issues
- Employment of children
- Capital programme
- Landlord responsibilities
- School Admissions
- Places in independent schools (non-SEN)
- Servicing of Schools Forum
- Back-pay for equal pay claims
- Contribution to combined budgets

### **Early Years Funding**

On the 25<sup>th</sup> November 2021, the DfE announced an increase in the early years' local authority funding rate for the 2022/23 financial year. The hourly funding rate paid to the local authority for disadvantaged two year olds will increase to £5.57 from £5.36, and the hourly funding rate for three and four years olds paid to the local authority will increase to £4.61 from £4.44. The DfE have also confirmed that the national funding rate for the early years' pupil premium will increase from 53p to 60p per eligible child per hour, and the Disability Access Fund will increase from £615 to £800 per eligible child per year.

A funding consultation is currently being undertaken with the early years' sector within North Yorkshire on the level of base rate funding for providers for the 2022/23 financial year. The proposed base rate funding levels are as follows:

	<b>Proposed 2022/23 hourly base funding rate</b>	<i>2022/23 proposed % increase in hourly base funding rate</i>	<i>2022/23 proposed increase in hourly base funding rate</i>	<i>2021/22 hourly base funding rate</i>
3 & 4 Year Olds Universal & Extended Entitlement	<b>£4.31</b>	3.86%	£0.16	£4.15
Disadvantaged 2 Year Olds				
Options:				
0% LA retention	<b>£5.57</b>	3.92%	£0.21	£5.36
1% LA retention	<b>£5.51</b>	2.80%	£0.15	£5.36
2% LA retention	<b>£5.46</b>	1.87%	£0.10	£5.36

No changes are proposed to the funding rates for the deprivation and sparsity funding supplements

The early years funding rates related to supplements, early years pupil premium and disability access funding for 2022/23 are as follows:

Funding Category:	Amount
Deprivation Funding Supplement: Band A – IMD Score >34.17 Band B – IMD Score >20<34.17 Band C – IMD Score >10<20 Band D – IMD Score <10 (IMD score based on the postcode of the child)	£0.54 per hour £0.07 per hour £0.04 per hour £0.00 per hour
Early Years Pupil Premium (applicable to Universal hours only)	£0.60 per hour
Disability Access Funding (children in receipt of child disability living allowance)	£800 per year
Sparsity funding supplement	On application

The Early Years 2022/23 indicative funding statements will be issued to schools by the end of March 2021.

### **Preparation of your School's Start Budget**

In preparing your 2022/23 Start Budget and future financial forecasts, schools are advised to consider the following:

- The impact of pay award and inflationary pressures on budget projections.
- The requirement for schools to repay any accumulated budget deficits.

Your FMS Support Officer will be able to provide advice and assistance in preparing your 2022/23 Start Budget and future financial forecast. If you are in the position where you are considering setting a budget for 2022/23 with a cumulative revenue deficit, please be aware that this will require approval, which will be conditional upon the receipt of an appropriate recovery plan.

If you require any clarification or advice about how your school budget has been calculated please contact the Finance Enquiry Service by completing the on line form available at <https://wa5.northyorks.gov.uk/eforms/fes/preReq>

Yours sincerely



Howard Emmett  
Assistant Director – Strategic Resources

## **Appendix 1**

### **Additional Information re 2022/23 Budget Allocations**

#### **Budget Statements**

**Part 1** – this shows the following:

- your delegated budget, detailed by each funding factor.
- the amount calculated by the funding formula before MFG is applied
- your funding allocation net of MFG
- de-delegated funding and which activities this is funding
- the amount of delegated funding which relates to Element 2
- the ORACLE codes for the delegated funding and de-delegated amounts

It does not include Element 3 High Needs Funding, Early Years Funding or Sixth Form Funding.

**Part 2** – this shows how the MFG has been calculated.

**Part 3** – Pupil Premium indicative allocation

**Part 4** – To follow - Element 3 Top up funding for individual pupils with an EHCP/Statement

Early Years indicative budget statements will be issued separately via Anycomms before the end of March 2021.

#### **Other Information**

##### **Pupil Premium**

Pupil Premium is based on the October census

In 2022/23 schools will receive the following funding for each child registered as eligible for free school meals at any point in the last 6 years:

- £1,385 for primary-aged pupils
- £985 for secondary-aged pupils

The Service Premium remains unchanged at £320 and is payable for each child recorded on the latest October census either as:

- one of their parents is serving in the regular armed forces (including pupils with a parent who is on full commitment as part of the full time reserve service)
- they have been registered as a 'service child' on a school census since 2016, see footnote
- one of their parents died whilst serving in the armed forces and the pupil receives a pension under the Armed Forces Compensation Scheme or the War Pensions Scheme

Schools will receive £2,410 for each child who:

- has been adopted from care; or
- has left care under:
  - a special guardianship order
  - a child arrangement order (previously known as a residence order)



The Looked After Children (LAC) Premium is managed by the Head of the Virtual School and schools will receive up to £2,410 for each child who has been looked after for 1 day or more. Further information can be found in the ELAC Virtual School Guide for Schools. Any looked after child attracting the premium, will not be eligible to receive the FSM element as well. If you have any looked after children on roll that are the responsibility of another LA, the funding will come from the home LA rather than NYCC.

Initial allocations have been calculated as follows:

- Free School Meals Ever 6, Service Pupil Ever 6 and Post LAC are based on the October 2020 census multiplied by the 2022/23 unit rate. **These figures will be adjusted later in the summer term once the October 2021 pupil premium data is made available by the DfE.**
- No data is included for Looked After Children, which will continue to be a termly allocation.

### **Early Years Funding**

Early Years funding is based on each term's headcount. These allocations contained within the indicative budget will be updated following the headcount in May 2022, October 2022 and January 2023. It is therefore important that when you prepare your start budget for 2022/23 it is done on the basis of anticipated funded hours for Summer 2022, Autumn 2022 and Spring 2023. The indicative funding will be updated during the year following each termly headcount.

Children eligible to the Early Years Pupil Premium will attract funding of 60p per hour; this funding will be paid towards the end of each term.

### **Rent Funding**

The restrictions imposed by the DfE mean that it is not possible to provide all schools with funding to match the costs they incur on unavoidable rent expenditure. The rules only allow us to fund schools where the rent funding equates to more than 1% of their delegated budget and we can only fund above 1% if it does not exceed 5% of schools in the local authority. In order to meet the 5% of schools' requirement in 2022/23 the following criteria is used to scale back the number of schools: an impact level of over £10,000 or an impact level of greater than 1.5% of budget and greater than £4,500. For any school that meets this criteria their rent funding will show on Part 1 under item 11. Unfortunately, schools where the impact is between 1% of their budget and the levels mentioned above will receive no additional rent funding.

### **Other Funding Streams**

The following grants are anticipated for the 2022/23 financial year

Primary PE & Sport Premium  
Universal Infant Free School Meals  
Covid Recovery Premium  
School Led Tutoring Grant  
School Teachers Pay & Pension Grant related to Early Years & Sixth Form Provision