



# **NORTH YORKSHIRE COUNTY COUNCIL**

## **2022/23 SCHOOL FUNDING A CONSULTATION PAPER**

**22<sup>nd</sup> September 2021**

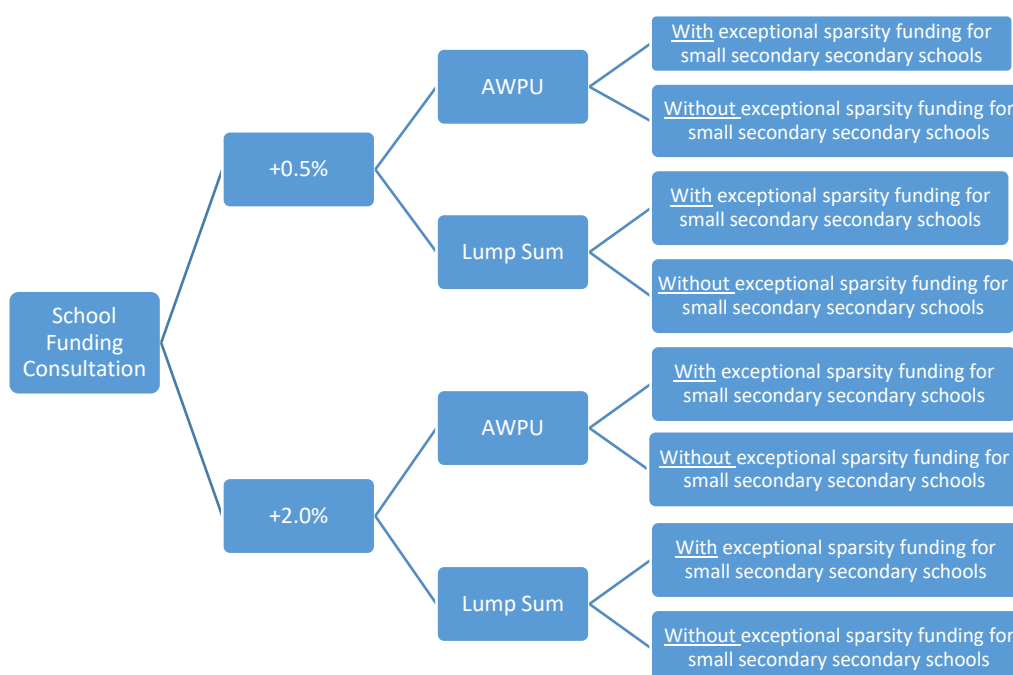
**Revised Deadline** for responses: Friday, 22nd October 2021 (5.00pm)

# 1 Summary

1.1 This consultation paper sets out the latest position from the DfE and the North Yorkshire Local Authority with regard to school funding for 2022/2023. The consultation seeks the views of schools in order to inform the following key decisions:

- The level of the minimum funding guarantee (MFG) protection. This determines the minimum funding uplift which a school will receive in terms of funding per pupil between the 2021/22 financial year and the 2022/23 financial year.
- The methodology to be used for the allocation to school budgets of any surplus funding available after the calculation of school budgets for 2022/23 using National Funding Formula (NFF) rates.

1.2 Consultation options are summarised below:



1.3 A separate consultation will be undertaken specifically with special school establishments (LA maintained schools and academies) in relation to the MFG protection level associated with the formula used to calculate their funding allocations.

1.4 The DfE issued their 2022/23 funding announcement and the associated detailed funding information required to model funding formula options for the next financial year in mid July 2021. The second part of this consultation document provides an overview of both national and local school funding position for the next financial year.

1.5 Whilst the Government’s provision of additional funding to school budgets in the period 2021/21 through to 2022/23 is welcome, the local authority continues to lobby DfE and MPs on the issue of the overall quantum of schools and high needs funding, and the additional cost pressures associated with sparsity and rurality, especially in relation the small, rural secondary schools within North Yorkshire.

1.6 The views of schools and academies provided through this consultation will be fed back to the Schools Forum on 11<sup>th</sup> November 2021. This consultation will begin on 22<sup>nd</sup> September 2021 and will close on 22<sup>nd</sup> October 2021.

## 2. North Yorkshire County Council 2022/23 School Funding Consultation

2.1 The Local Authority has undertaken extensive financial modelling on the notional NFF 2022/23 funding allocations and options for the setting of the MFG level for 2022/23. This modelling, based on the 2022/23 funding information received to date from the DfE, indicates that based on the application of the NFF factor values and dependent on the level of MFG operated there is a possibility of surplus funding being available for allocation to school budgets. In addition to considering the level of the MFG, modelling has also been undertaken on the options for the allocation of any surplus funding available. Different methodologies have been considered for the allocation of any surplus funding using Age Weighted Pupil Units (AWPU), Lump Sum and a small secondary school lump sum. The methodologies modelled increase the identified NFF factor values beyond the level set by the DfE. It needs to be noted, that any surplus funding available for allocation in 2022/23 cannot be guaranteed to continue for future years.

2.2 **Appendix 1a-d** of this document provides a schedule of the indicative implications at individual school level of the MFG protection levels of +0.5% and +2.0% and options for the methodology to be used in the event of surplus funding being available to allocate to school budgets. It needs to be noted that the modelling is based on the 2021/22 funded pupil numbers and data and October 2019 average road distances for sparsity funding; the actual 2022/23 funding allocations will be based on the October 2021 pupil census information. **This is particularly relevant to Sparsity funding allocations where it is difficult to determine the pupil data impacting on the calculation for an individual school.**

This consultation requests schools and academies within North Yorkshire to provide their views on the following options:

Option	MFG %	Methodology for the Allocation of Any Surplus Funding
1	0.5%	Lump Sum Formula Factor value increased
3	0.5%	Lump Sum Formula Factor value increased + Small, Sparse Secondary School Lump Sum
5	0.5%	Age Weighted Pupil Unit (AWPU) values increased
7	0.5%	Age Weighted Pupil Unit (AWPU) values increased + Small, Sparse Secondary School Lump Sum
2	2%	Lump Sum Formula Factor value increased
4	2%	Lump Sum Formula Factor value increased + Small, Sparse Secondary School Lump Sum
6	2%	Age Weighted Pupil Unit (AWPU) values increased
8	2%	Age Weighted Pupil Unit (AWPU) values increased + Small, Sparse Secondary School Lump Sum

The Equalities Impact Assessment related to the proposals contained within this consultation is provided in Appendix 2 to this document.

The proposals detailed above are included in the on-line response to this consultation which can be found at: <https://consult.northyorks.gov.uk/snapwebhost/s.asp?k=163154538663>

**Your response needs to be submitted by: 5.00pm on Friday, 22<sup>nd</sup> October 2021.**

**Sections 3 – 7 below of this document provide further detail of the DfE 2022/23 School Funding Policy developments and the associated funding implications for schools and academies within North Yorkshire for the 2022/23 financial year.**

### **3. Background**

- 3.1 In September 2019, Government announced that the overall national education funding quantum would increase by £7.1bn by 2022/23 compared to 2019/20. 2022/23 will be the final year in the period of the announced funding increase.
- 3.2 Local authorities, in consultation with Schools Forum, currently have some discretion over the schools funding formulae used to determine school funding allocations within their area; this is known as a ‘soft’ formula approach. In July 2021, the DfE 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 proposes that, from 2023/2024, local authorities will be required to bring their own formulae closer to the schools NFF, to smooth the transition. The consultation can be found at: <https://consult.education.gov.uk/funding-policy-unit/completing-our-reforms-to-the-nff/>

### **4. 2022/2023 Schools Funding Policy**

- 4.1 In 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.
- 4.2 The main updates to the NFF for 2022/23 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 2022/2023.
  - 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 approval.

4.3 The DfE have introduced two changes to the Sparsity funding formula factor for 2022/23 as follows:

- The way that sparsity distances have been measured will change to road distances from “crow flies” or 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 for 2022/23. This means that where schools’ sparsity distances are marginally below the main distance thresholds for sparsity funding, they will still attract some 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 APT-adjusted 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

The maximum sparsity value will increase from £45,000 to £55,000 for primary schools, and from £70,000 to £80,000 for secondary schools.

- 4.4 The DfE have produced notional individual school allocations for 2022/23 reflecting the changes in the NFF. **It should be noted that the notional NFF allocations released in July 2021 are based on the October 2020 census. Final 2022/23 funding allocations, updated to the October 2021 census pupil number and other data changes, will not be available until December 2021.**
- 4.5 Further detail on the Government schools funding announcement for 2022/23 can be found at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1003492/2022-23\\_NFF\\_Policy\\_Document.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003492/2022-23_NFF_Policy_Document.pdf)

## 5. 2022/23 North Yorkshire School Funding – Indicative Position

- 5.1 The provisional figures\* for North Yorkshire indicate a £12.19m increase in schools funding equating to an overall cash increase of 3.19% and a 3.25% increase in funding per pupil compared to 2021/22.  
(\*the provisional figures are based on October 2020 pupil census data. Final funding allocations for 2022/23 will be updated for the October 2021 pupil census data)
- 5.2 The Government are allowing local authorities to be able to locally set the Minimum Funding Guarantee (MFG) level between +0.5% and +2.0% per pupil. This is one of the mechanisms which determine the change in per pupil funding levels which a school can experience from year to year. The level of the MFG ensures a guaranteed level of gain in per pupil funding levels at individual school level when compared to the previous financial year. In this respect, a higher MFG supports those schools where the NFF provides a lower percentage increase in funding per pupil than the guaranteed minimum when compared to funding levels in the previous financial year. This was particularly relevant in 2021/22 for smaller primary schools with the mainstreaming of the teachers' pay and pension grants where previous separate grant funding levels were not fully reflected in the funding generated by the NFF factor values.
- 5.3 At this stage, the DfE have not yet provided updated information on the funding impact at individual LA and school level of the Sparsity funding changes for 2022/23. The local modelling undertaken for North Yorkshire schools, and based on a combination of the October 2020 pupil number data and the road distance data provided by the DfE in their Sparsity funding consultation based road distance data for pupils recorded on the October 2019 pupil census, indicates:

- 84 schools will be newly eligible to receive sparsity funding in 2022/23 that were not eligible to receive it in 2021/22
- An additional £3m of funding will be provided through sparsity funding in 2022/23 compared to 2021/22

Clearly, this is an indicative position only, and the final impact of the sparsity funding changes will not be fully known until the final 2022/23 funding data based on the October 2021 pupil census data is received from the DfE in December 2021.

- 5.4 Whilst the additional sparsity funding for 2022/23 is welcomed, the financial plight of our small rural secondary schools continues to be very concerning. It is extremely disappointing that the DfE rejected the NYCC proposal of a ‘super-sparsity’ factor for small, rural secondary schools that was submitted as part of the LA response to the Sparsity Funding consultation. The DfE stated that “we did not receive evidence that this is a consistent issue for such schools nationally.” 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. The LA continues to rigorously lobby DfE and local MPs on this issue.
- 5.5 As an interim measure, the LA wishes to consider making 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. 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
- 5.6 Extensive financial modelling has been undertaken on the notional NFF 2022/23 funding allocations and options for the setting of the MFG level for 2022/23. This modelling, based on the 2022/23 funding information received to date from the DfE, indicates that based on the application of the NFF factor values and dependent on the level of MFG operated there is a possibility of surplus funding being available for allocation to school budgets. In addition to considering the level of the MFG, modelling has also been undertaken on the options for the allocation of any surplus funding available. Different methodologies have been considered for the allocation of any surplus funding using Age Weighted Pupil Units (AWPU), Lump Sum and a small secondary school lump sum. The methodologies modelled increase the identified NFF factor values beyond the level set by the DfE. It needs to be noted, that any surplus funding available for allocation in 2022/23 cannot be guaranteed to continue for future years.
- 5.7 **Appendix 1a-d** of this document provides a schedule of the indicative implications at individual school level of the MFG protection levels of +0.5% and +2.0% and options for the methodology to be used in the event of surplus funding being available to allocate to school budgets. It needs to be noted that the modelling is based on the 2021/22 funded pupil numbers and data and the actual 2022/23 funding allocations will be based on the October 2021 pupil census information. This is particularly relevant to Sparsity funding allocations, as identified above, where it is difficult to determine the pupil data impacting on the calculation for an individual school.
- 5.8 The options considered are detailed in the table below:

Option	MFG %	Methodology for the Allocation of Any Surplus Funding
1	0.5%	Lump Sum Formula Factor value increased
3	0.5%	Lump Sum Formula Factor value increased + Small, Sparse Secondary School Lump Sum
5	0.5%	Age Weighted Pupil Unit (AWPU) values increased
7	0.5%	Age Weighted Pupil Unit (AWPU) values increased + Small, Sparse Secondary School Lump Sum
2	2%	Lump Sum Formula Factor value increased
4	2%	Lump Sum Formula Factor value increased + Small, Sparse Secondary School Lump Sum
6	2%	Age Weighted Pupil Unit (AWPU) values increased
8	2%	Age Weighted Pupil Unit (AWPU) values increased + Small, Sparse Secondary School Lump Sum

5.9 The financial modelling undertaken identifies the following:

- i. Based on the like-for-like comparison between the 2021/22 actual funding level and the indicative 2022/23 funding level, there is a significant difference in levels of funding increase across schools. Indicative funding increases range from 0.25% to 24.07%. There are two main reasons for this:
  - Those schools where a low level of funding increase is forecast are typically those schools which are receiving funding under the MFG and the funding increase reflects the MFG funding increase as a proportion of the school's overall budget allocation
  - Those schools where a high level of funding increase is forecast are typically small primary schools that will be newly eligible for sparsity funding under the road distance methodology for 2022/23 and will receive the maximum sparsity funding allocation of £55,000.
- ii. The numbers of primary schools funded on the MFG for 2022/23 is forecast to significantly reduce in 2022/23 (between 23 and 50 schools dependent on MFG option used) compared to 2021/22 (171 schools). This is due the artificially high position in 2021/22 resulting from the mainstreaming of teachers pay and pension grants in 2021/22 with the 2020/21 grant funding levels built into the MFG funding mechanism providing protection for small schools who received grant funding based on a minimum of 100 pupils. The number of secondary schools funded on the MFG is forecast to reduce from 7 schools in 2021/22 to 2 or 3 schools (dependent on MFG option used) in 2022/23.
- iii. The numbers of primary schools forecast to be funded on the Minimum Level of Funding is estimated to be 47 schools in 2022/23 which is the same number as 2021/22. The number of secondary schools forecast to be funded on the Minimum Level of Funding is forecast to reduce from 18 schools in 2021/22 to between 10 and 15 schools (dependant on the MFG option used) in 2022/23.



Schools are requested to provide their views on:

- i. The level of MFG protection to be used for the calculation of school budgets for 2022/23: +0.5% or +2.0%?
  - ii. The methodology to be used for the allocation to school budgets of any surplus funding available after the calculation of school budgets for 2022/23 using NFF rates?
    - Age Weighted Pupil Unit (AWPU)
    - Lump Sum
    - Small Secondary School Lump Sum
- 5.10 The 2022/23 minimum per pupil funding level amounts of £4,265 for primary schools and £5,525 for secondary schools take precedence over the MFG calculation so irrespective of the MFG level, schools will receive at least the minimum per pupil funding level amount. (Please note the minimum per pupil funding level is not the Age Weighted Pupil Unit (AWPU) value used in the funding formula).
- 5.11 The Equalities Impact Assessment related to the proposals contained within this consultation is provided in **Appendix 2** to this document.

## 6. High Needs Funding

- 6.1 The High Needs Block provisional allocation for 2022-23 amounts to £68.26m for North Yorkshire; an indicative increase of £10.6m compared to the 2021-22 financial year. Whilst the increase in High Needs funding is welcome, the funding increase needs to be considered against the position of an underlying financial pressure of £2.5m on the High Needs budget for the 2021/22 financial year, with an estimated cumulative budget deficit of £11.2m by 31<sup>st</sup> March 2022. Demand predictions for High Needs indicate that, other things being equal, the underlying financial pressure of £2.5m will grow by approximately £1.5m - £2.5m in each of the next few years.
- 6.2 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. The local authority recognises the financial pressure within schools and following the announcement of additional allocations, a transfer is not being proposed. However, the additional allocations are unlikely to be sufficient to fully address the unfunded demand pressures and the local authority will continue to review the situation for future financial years.

## 7. Next Steps

- 7.1 The proposals detailed in section 4 above are included in the on-line response to this consultation which can be found at:  
<https://consult.northyorks.gov.uk/snapwebhost/s.asp?k=163154538663>

**Your response needs to be submitted by: 5.00pm on Friday, 22<sup>nd</sup> October 2021.**

- 7.2 The results of this consultation will be presented to members of the North Yorkshire Schools Forum for recommendations to be considered at its meeting on 11th November 2021. Schools will be notified of the outcome of this before the end of November. The final decision will be

made by the County Council's Executive in January 2022; any decision will take into account recommendations from Schools Forum.

- 7.3 The DfE release the data needed to calculate next year's budget in mid-December. We aim to publish primary and secondary school budgets by mid-February.

Accompanying Appendices

Appendix 1a-d: Schedule of the indicative implications at individual school level of MFG protection level options and methodologies for the allocation of any surplus funding with associated analysis

Appendix 2: Equalities Impact Assessment