

Bristol Schools Forum
Schools Block School Funding Formula 2022/23

Date of meeting:	30 th November 2021
Time of meeting:	5:00 pm
Venue:	Virtual Meeting : Zoom

1. Purpose of report

- 1.1 To inform and seek agreement of the Schools Forum on the principals of the funding formula for mainstream schools and academies for 2022/23, prior to final allocations being made available by the ESFA in December, for final formula agreement in January 2022.

2. Recommendations

Schools Forum is invited to:

- 2.1 Note the changes in the formula methodology for 2022/23
- 2.2 Provide feedback, as appropriate on the proposed arrangements for the 2022/23 mainstream funding formula, including the amount set aside for the Growth Fund to allow final proposals to be made and agreed on the Schools Budget for 2022/23 in January 2022. Specifically;
- a. transfer 0.5% to High Needs Block
 - b. set MFG at 0.5%
 - c. retain lump sum at current level
 - d. allocate any spare funding (after mandated items) to AEN
 - e. allocate £2m to Growth Fund
- 2.3 Note the potential changes to the National Funding Formula for 2023/24.

3. Changes between the 2021/22 NFF and the 2022/23 NFF

- 3.1 The main formula in 2022/23 is similar in operation to the formula in 2021/22. However, the ESFA has introduced some changes for 2022/23. Changes applicable to Bristol are described below.
- 3.2 The minimum per pupil funding amounts have been increased from the 2022-23 levels. KS1 & KS2 are now £4,265 from £4,180. KS3 is now £5,321 from £5,215 and KS4 is now £5,831 from £5,715.
- 3.3 NFF factor unit values have been increased. The increases in NFF unit values are as set out in **Appendix A**.

4. Funding available

- 4.1 Provisional school block allocations were announced in July 2021 are set out in the table below, and are based upon the October 2020 school census data. Schools Forum is cautioned to note that final allocations will be different, being based upon the October 2021 school census data.

This indicates that the provisional funding for Schools Block in 2022/23 is £302.8m. The equivalent figure for 2021-22 was £282.9m (increase of £20.1m). In addition, there will be an as yet unannounced allowance for Growth. For 2021-22 this was £2.3m. **Table 1** sets out how the indicative 2022-23 funding is composed.

Table 1: Initial indicative Schools Block Budget 2022/23

	Unit of funding	2021/22 pupil numbers	£ total
Primary	£4,733.44	35,868	£169,779,029
Secondary	£6,168.48	19,938	£122,987,154
Actual 2021-22 funding through the premises factors			£9,995,759
Growth funding element			Not yet announced
Provisional NFF 2022-23 schools block funding (excluding funding through the growth factor)			£302,761,939

5. Funding formula

- 5.1 The DfE continues to base the calculations for each authority on a soft National Funding Formula (ie the NFF is calculated on a per pupil, per school basis, but this determines how much the Local Authority gets, not how much each individual school is entitled to – a local formula for distributing DSG still prevails).
- 5.2 **Minimum per pupil funding levels.** Minimum funding levels per pupil are set as part of the NFF, for 2022/23 these will be £4,265 for primary schools and £5,321 for KS3 and £5,831 for KS4 in secondary schools (the calculation includes the lump sum but excludes other premises factors). This averages at £5,525 across secondary phases.

- 5.3 **Positive Minimum Funding Guarantees (MFG).** For 2022/23 funding formula the MFG can be set within the range +0.5% and +2.0%.
- 5.4 For the 2021/22 funding formula, the MFG also had to be set within the range of +0.5% to +2.0%. An MFG of +0.5% was agreed and applied, as both the LA and Schools Forum recognises the effect the MFG has in protecting funding that is no longer due to schools, for reasons of changing pupil characteristics.
- 5.5 For 2022/23 the LA is proposing setting at the minimum allowable again, at +0.5% for the same reasons as last year. This is in line with discussions at the sub-group and in line with the consultation results (the consultation is discussed at 6.33 – 6.36 and summary consultation results are shown at 6.37) .
- 5.6 **Growth Funding.** Developing a fair and sustainable way of including sufficient resource in the formula to take account of growing pupil numbers continues to be a challenge. Previously the DfE have used historic spend as the basis, but this did not help authorities with new, rapid growth. For 2022/23, the DfE are continuing with the formulaic basis for distributing growth funding, based on population changes in medium super-output areas, that was introduced for 2019/20. The allocation for 2022/23 will not be known until it is announced, which is expected during December 2021.
- 5.7 Growth funding is discussed in greater depth later in the paper, however as in previous years it is expected that the final allocation into Schools Block to be similar to the anticipated commitment.
- 5.8 **Movements between blocks.** The government's announcement of more funding into schools will raise expectations that the additional funding will be passed on to them, and indeed a number of the changes to the formula for 2022/23 enforce this. However LAs retain much discretion over application of the formula and so, discretion over how increases are passed on.
- 5.9 As in previous years, the position of the High Needs budget remains of concern. Whilst additional funding has been made available for the High Needs block directly, in 2021/22 we transferred 0.5% of the Schools Block (£1.4m) to be specifically earmarked to support the Education Transformation programme. For 2022/23 the LA has scope to again seek permission to transfer up to 0.5% of the Schools Block (up to an estimated £1.5m) into the High Needs Block to support to continuation of this programme.
- 5.10 The Authority continues to explore all options in closing the High Needs funding gap and create a stable platform for the future, and this includes considering the transfer of funding from Schools Block. Transfers between blocks to support the Education Transformation Programme is discussed elsewhere in the agenda, however for the purposes of this paper the maximum transfer that can be locally agreed has been modelled, based on current funding announcements and in line with the feedback from the consultation, alongside the results with no transfer.

6. Funding formula proposals

- 6.1 **Block transfer of up to 0.5% to High Needs:** The LA seeks School Forum views on whether a transfer of up to 0.5% of the available Schools Block to High Needs would be supported.
- 6.2 The LA is aware of School Forum's previously expressed concerns around transfers not supporting general High Needs activities and so, just as with the transfer last year, any funds transferred would be earmarked for specific utilisation to support the continuing Education transformation programme. This amount would be ring-fenced for this purpose and there will be clear and transparent reporting to Schools Forum on the use of this fund. The prime focus of the continuation of the Transformation Programme will need to be the sustainability of the High Needs Budget.
- 6.3 A block transfer was one of the areas consulted upon, with 23 of the 37 responses supporting a transfer of up to 0.5%
- 6.4 **Minimum Funding Guarantee:** The range in which the MFG can be set for 2022-23 remains the same as for 2021-22, in that the value must be between +0.5% and +2.0%.
- 6.5 The LA has discussed this in previous years with Schools Forum and this term worked with the finance sub-group, where the prevailing view has been that the MFG should be set at the lowest allowed value in order to avoid overly protecting schools with reducing AEN characteristics, and also to maximise any available funding remaining after dominating formula commitments to target areas of local priority.
- 6.6 The consultation with schools also sought their views on the level of MFG for 2022/23 and 36 of the 37 responses were in favour of setting the MFG at +0.5%.
- 6.7 Given the strong preference expressed, and previous practice, the LA once again proposes to set the MFG at the lowest allowable value of +0.5% for 2022/23.
- 6.8 **Application of the formula funding for 2022/23:** Once mandated formula commitments such as the minimum per pupil funding, minimum funding guarantee, premises factors, growth fund and any falling rolls fund allocations have been met, the LA seeks the views of School Forum as to how to apply any remaining available funding remaining within the Schools Block.
- 6.9 In previous years formula funding has been targeted at preserving the value of the lump sum and prioritised the Additional Educational Needs (AEN) factors: Deprivation, EAL and Prior Attainment.

- 6.10 Forum is being asked whether it will continue to support preserving the lump sum and targeting the AEN factors, or if the AWPU should be prioritised, or any other component of the funding formula.
- 6.11 The question as to preserving the lump sum and whether the AWPU or the AEN should be targeted in the formula was put to schools in the consultation. Schools were free to choose from six options, in various combinations of the AWPU, the AEN and the lump sum. All 37 responding schools answered this question, with 31 opting to preserve the lump sum and support the AEN over the AWPU, 1 school voted to preserve the lump sum and support the AWPU over the AEN, whilst five schools wanted to preserve the lump sum and support both the AWPU and the AEN.
- 6.12 **Preference to target any particular sector in the unit funding:** Forum will have noticed that the school funding formula uses differing unit values for factors for primary and secondary schools. This has been a feature of the funding formula since its inception and remains a feature of both the LA local formula and the NFF.
- 6.13 In previous discussions Forum has noted that locally the shift towards the NFF has benefitted larger schools to a greater degree than smaller schools. Forum has also noted that primary schools are no longer seeing substantive growth in pupil numbers, and indeed some schools are experiencing a decline in roll.
- 6.14 The LA seeks Forum's views on whether the LA should target or prefer the primary unit values over the secondary unit values to any degree when allocating any remaining available formula funding.
- 6.15 This question was asked of schools responding to the consultation. Of the 37 schools that replied: 19 schools wanted to see Primary targeted exclusively, with the remaining 18 responding schools wanting no distinction between sectors made.
- 6.16 **Other formula factors – premises factors:** In addition to other considerations, and in keeping with established practice, the LA is proposing to continue with:
- Appropriate allocations for NNDR
 - Appropriate allocations for PFI
 - Retaining the current split-sites policy
- 6.17 **GROWTH FUND:** The forecast costs of growth, funded from both the Growth Fund and via the APT for “new and growing schools” are set out in **Appendix C**. This projection is based on the current policy, the expected growth in September 2021 and the current rates at which the LA supports growth.
- 6.18 This table also includes a forward projection of growth in these schools through to September 2025.
- 6.19 New school openings are treated as “New and Growing Schools”, and funded as such via the Schools Block formula rather than as bids to the Growth Fund.
- 6.20 It should be noted that the growth in secondary schools will be moving through year groups, and some will move from KS3 to KS4, becoming proportionately more

expensive to support due to the higher KS4 AWPU, over the KS3 AWPU. This will increase the cost to the Growth Fund.

- 6.21 The actual level of cost will depend on actual pupil numbers recorded in the census and on the final formula considerations in those financial years. The projections shown are at an average of the current 2021/22 funding values.
- 6.22 Existing growth pressures continue to shift away from Primary Schools and into Secondary Schools. The degree at which there will need to be expansion of existing secondary schools in September 2022 and beyond is not yet certain, but the projection includes a small level of expansion of existing schools.
- 6.23 The commitment on the Growth Fund for 2022/23 – projected in the appendix at 2021 funding levels – is projected at £1.9m. The actual cost will depend on actual pupil numbers recorded in the Autumn 2022 census, the prevailing 2022/23 funding formula values, and the possible need to identify further expansions resulting from the Spring 2022 admissions round. Therefore the actual cost is likely to be higher than £1.9m, but this increase cannot be quantified at this time.
- 6.24 The LA proposed and School Forum supported establishing a Growth Fund of £2.0m for 2021/22. Whilst commitments in Primary schools is expected to reduce in 2022/23, commitments to secondary school growth will increase, so again the LA is proposing to allocate £2.0m to the Growth Fund.
- 6.25 Funding for the Growth Fund is primarily supported from the as yet unannounced Growth element of the Schools Block. The actual allocation is expected to be announced in December 2021 alongside the release of the final DSG allocations and the final school census data.
- 6.26 Allocations will be available once the ESFA releases the data on their website, and will be shown to School Forum at the January 2021 meeting, alongside presentation of the proposed final formula.
- 6.27 **FALLING ROLL FUND:** The LA may set aside some of the school block funding in order to create a small fund to support Good or Outstanding schools with falling rolls, where planning data shows the surplus places will be needed within the next three financial years.
- 6.28 BCC last operated the Falling Rolls fund in the 2016/17 financial year. At the meetings of November 2016 and January 2017, Forum received reports on the Falling Rolls fund and subsequently decided against continuation of the fund.
- 6.29 The School Forum finance sub-group revisited consideration of a Falling Rolls fund for 2020/21 at their meeting of 16th July 2019. The decision was not to re-establish a Falling Rolls fund for 2020/21.
- 6.30 The wording of the current (though dormant) locally agreed criteria restricts eligibility to secondary schools. Given the current and expected pupil population in secondary schools, it is questionable whether any school would qualify for support under the

current criteria. Any re-establishment of a falling rolls fund would be at the expense of funding applied through the mainstream formula, reducing the available funds to all schools. The wording of the currently dormant Falling Rolls fund is reproduced in **Appendix B**

6.31 At this time the LA is not proposing to reinstate the Falling Rolls fund for 2022/23.

6.32 Summary of proposals:

- a. Note the changes made to the formula by the ESFA
- b. That the MFG be set at +0.5%
- c. The transfer of 0.5% of the Schools Block to High Needs, for the purposes of the Transformation Programme
- d. The lump sum be preserved at £125,000 for both Primary and Secondary
- e. That funds remaining after meeting mandated requirements be distributed to the AEN factors
- f. No bias of this distribution to either primary or secondary
- g. Premises factors (NNDR, PFI, Split Sites) are appropriately funded, consistent with previous years
- h. £2.0m be allocated to the Growth Fund
- i. No re-establishment of a Falling Rolls fund

6.33 Consultation with schools: the LA consulted with schools on various aspects of the funding formula for 2022/23. The consultation was communicated to schools through the Service Director Education, Skills regular newsletter, via email and through school forum members. The consultation ran from 22nd October to 12th November.

6.34 The consultation consisted of two main sections. The first was open to all schools and sought opinion on:

- a. any block transfer to High Needs
- b. on the MFG
- c. on the prioritisation of any available funding after mandated commitments
- d. on whether primary should be prioritised in the distribution of any remaining available funding
- e. any other comments

6.35 The second section was open to the maintained mainstream schools only and asked their views on the areas open to de-delegation. The results of the de-delegation section are discussed in a separate paper elsewhere on the agenda.

6.36 Thirty-seven schools responded to the consultation:

	Maintained	Academy
Primary	11	15
Secondary	2	8
All-through		0
Special		0
PRU		1

Nursery	0	-
Grand Total	13	24

6.37 The summarised responses to the questions were:

		Yes	No
Q1	Agree to Block transfer	23	13
Q2	Comments received	Twelve from "Yes"	Seven from "No"
Q3	Agree to MFG 0.5%	36	1
Q4	Comments received	15 from "Yes"	One "No" response
Q5	Preferred formula option	A=31, B=0, C=1, D=0. E=5. F=0	
Q6	Prefer any sector? All / Primary	All = 18 , Primary = 19	
Q7	Comments received	Twelve comments,	

7. Future funding arrangements

- 7.1 On 8th July 2021 the DfE launched a consultation on establishing a firm, or hard national funding formula. The intent of the consultation is to obtain views of LAs, academy trusts, schools and other stakeholders on the introduction of a hard national funding formula from 2023-24
- 7.2 The results from that consultation have not yet been announced, however if the ESFA are to proceed with the introduction of a hard NFF from 2023-24 then this current formula setting round will be the last opportunity for local influence of the settlement to schools.
- 7.3 Bristol's Schools Block is funded at a level above that needed to implement a hard NFF in full. It is not clear whether that once any hard NFF is in operation if Bristol schools will be protected at this higher funding level by any future MFG or other floor mechanism. If there are no protections then some Bristol schools may see funding allocations fall in future years, in line with the NFF award alone.
- 7.4 The consultation closed on 30th September 2021, the DfE has not yet provided a time frame for announcing the results of that consultation.

Appendix A - comparison of 2022/23 NFF unit values to Bristol's 2021/22 formula unit values

	2022/23 National Funding Formula values	2021/22 National Funding Formula values	Local 2021/22 Formula Values
Factor			
Basic Entitlement (Primary)	£3,217	£3,123	£3,123
Basic Entitlement (KS3)	£4,536	£4,404	£4,404
Basic Entitlement (KS4)	£5,112	£4,963	£4,963
Free School Meals (Primary)	£470	£460	£497
Free School Meals (Secondary)	£470	£460	£497
Free School Meals Ever 6 (Primary)	£590	£575	£621
Free School Meals Ever 6 (Secondary)	£865	£840	£908
IDACI (P F)	£220	£215	£232
IDACI (P E)	£270	£260	£281
IDACI (P D)	£420	£410	£443
IDACI (P C)	£460	£445	£481
IDACI (P B)	£490	£475	£513
IDACI (P A)	£640	£620	£670
IDACI (S F)	£320	£310	£335
IDACI (S E)	£425	£415	£449
IDACI (S D)	£595	£580	£627
IDACI (S C)	£650	£630	£681
IDACI (S B)	£700	£680	£735
IDACI (S A)	£890	£865	£935
EAL3 (P)	£565	£550	£594
EAL3 (S)	£1,530	£1,485	£1,605
Low Attainment (P)	£1,130	£1,095	£1,183
Low Attainment (S)	£1,710	£1,660	£1,794

Lump Sum P	£121,300	£117,800	£125,000
Lump Sum S	£121,300	£117,800	£125,000

Appendix B – Falling Rolls bid criteria (dormant document, from September 2016)

Falling Rolls Fund Bid Criteria

As outlined in the EFA document “2014-15 Revenue Funding Arrangements”, Local Authorities may topslice the DSG in order to create a small fund to support good schools with falling rolls where local planning data show that the surplus places will be needed in the near future.

In Bristol, a small fund is available for those secondary schools & secondary academies to **bid for funding** if they meet **all** of the following criteria:

- 1) The school was deemed good or outstanding at their last Ofsted inspection (an EFA stipulation).
- 2) The School has a falling roll in this financial year or the school had a falling number on roll in the last financial year.
- 3) School is deemed to be significantly below PAN, (15%), when looking at total pupil numbers.
- 4) Where local planning data suggests vacant spaces will be needed within the next 3 years.
- 5) The School needs to show how it cannot support its number of pupils with the funding allocation. The School will be expected to cover the temporary funding shortfall from existing carry forward balances prior to application to the falling rolls fund.

If after review the bid meets these criteria, the allocation would be based on the following formula.

Formula Calculation

The formula would look at the actual census and compare it to the PAN of the school, funding an average of the difference between 85% of the PAN and the actual census across all the year groups.

Example:

Year Group	Year 7	Year 8	Year 9	Year 10	Year 11	Total
Actual Census: October 2014	122	134	147	133	151	687
School PAN	216	216	216	216	216	1080
85% of the PAN	184	184	184	184	184	920

Difference between 85% of PAN and actual census	65	50	37	51	33	233
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The total difference between 85% of PAN and actual census of 233 pupils is divided by 5 year groups to get an average of 46.6 pupils under PAN (233/5).

The 46.6 pupils are multiplied by the KS3 basic entitlement rate £4,103 (currently for 15/16) = **£191,200.**

Notes

- 1) Falling rolls bids are capped at a maximum of £200,000 per establishment per annum.
- 2) The deadline for applications to the falling rolls fund is **1st December** each year.
- 3) Unspent falling rolls funding will be used to support the overall DSG fund as directed by the Service Director of Education and Skills in consultation with the Head of Finance (People).

Appendix C – Current and projected Growth commitments

Type of Growth	Sector	School	Additional Forms of Entry				
			Sep-21	Sep-22	Sep-23	Sep-24	Sep-25
Growth Fund	Primary	Perry Court	1	1	1	1	1
Growth Fund	Primary	Ashton Gate	1	0	0	0	0
Growth Fund	Primary	Whitehall	1	0	0	0	0
Growth Fund	Primary	Cotham Gardens	1	0	0	0	0
Growth Fund	Primary	Marksbury	0	1	0	0	0
Growth Fund	Primary	Merchants Academy	1	0	0	0	0
Growing school APT	Primary	Marksbury	1	0	0	0	0
Growing school APT	Primary	Fairlawn	1	0	0	0	0
Growth Fund	Secondary	Orchard	1	1	0	0	0
Growth Fund	Secondary	Bristol Free Sch	1	0	0	0	0
Growth Fund	Secondary	Cathedral	1	0	0	0	0
Growth Fund	Secondary	City Academy	2	2	2	1	1
Growth Fund	Secondary	Fairfield	1	0	0	0	0
Growth Fund	Secondary	Redland Green	1	0	0	0	0
Growth Fund	Secondary	Bristol Brunel	3	2	2	1	1

Growth Fund	Secondary	Bristol Met	2	2	1	0	0
Growth Fund	Secondary	Colston Girls	2	2	1	0	0
Growth Fund	Secondary	Cotham	1	1	0	0	0
Growth Fund	Secondary	St Bedes	1	1	0	0	0
Growing school APT	Secondary	Trinity	6	6	6	6	6
Growing school APT	Secondary	Oasis Temple Q	0	0	8	8	8
Growing school APT	Secondary	Oasis S Bristol	0	0	6	6	6

TOTAL number of forms of entry (ie classes of 30)	29	19	27	23	23
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Type of Growth	Sector	Average amount for 7/12ths of year	Sep-21	Sep-22	Sep-23	Sep-24	Sep-25
Growth Fund	Primary	£2,452	4	2	1	1	1
Growing school APT	Primary	£2,452	2	0	0	0	0
Growth Fund	Secondary	£3,339	16	11	6	2	2
Growing school APT	Secondary	£3,339	6	6	20	20	20

TOTAL number of forms of entry (ie classes of 30)	28	19	27	23	23
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Forecast cost (£'000)	£2,645	£1,850	£2,678	£2,277	£2,277
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Growth fund cost (£'000)	1,897	1,249	675	274	274
Growing schools cost (£'000)	748	601	2,003	2,003	2,003
Total (£'000)	2,645	1,850	2,678	2,277	2,277

	Sep-21	Sep-22	Sep-23	Sep-24	Sep-25
TOTAL number of forms of entry (ie classes of 30)	28	19	27	23	23
Forecast cost (£'000)	£2,645	£1,850	£2,678	£2,277	£2,277