



# HILLINGDON

LONDON

## Consultation Paper – November 2021

### Schools Funding Formula 2022/23

Target audience: Headteachers  
Governing Bodies  
Finance Officers  
Schools Forum  
Senior Managers

Deadline for response: 30<sup>th</sup> November 2021

Queries on this consultation paper should be directed to:

**Graham Young**

Lead Finance Business Partner (Schools/DSG)

Tel: 01895 277687

e-mail: [gyoung@hillingdon.gov.uk](mailto:gyoung@hillingdon.gov.uk)

Formal responses should be made by accessing the Google form via the following link;

[Response form](#)

## 1. Introduction

- 1.1 The schools funding settlement for 2022/23 will be announced by the Secretary of State for Education in December 2021 and will be updated by using the October 2021 census pupil data. In the run up to this, the Department for Education (DfE) made several announcements in July 2021.
- 1.2 The key points in relation to the schools funding formula are as follows:
  - a) Funding through the schools NFF is increasing by 3.2% overall in 2022/23, and by 2.8% per pupil. The funding floor will ensure that every school is allocated at least 2% more pupil-led funding per pupil compared to its 2021/22 NFF allocation.
  - b) The structure of the formula remains unchanged.
  - c) Core factors will increase by 3%.
  - d) FSM Ever6 eligibility will be measured using the October census (previously this was January).
  - e) The minimum per pupil funding levels will increase by 2%, compared to 2021/22. This will mean that every primary school will receive at least £4,265 per pupil, and every secondary school at least £5,525.
  - f) Low Prior Attainment factor will use 2019 data following the cancellation of the assessments in 2020.
  - g) For any pupils joining between January and May 2020, the Mobility factor will use actual entry date as there was no census in May 2020.
  - h) No change to flexibility of local authorities/Schools Forum to set local formula in 2022/23.
  - i) Minimum Funding Guarantee (MFG) will continue to be set between +0.5% and +2%.
  - j) Local authorities will be able to transfer up to 0.5% of total schools block allocation to other blocks in 2022/23.
- 1.3 The local authority is required to consult with the Schools Forum annually on any proposed amendments to the School Funding Formula
- 1.4 This paper is being circulated widely to encourage engagement with schools and other stakeholders, to assist Schools Forum in making a final decision on the schools funding formula, prior to submitting the required details to the DfE in January 2021, who will advise on the suitability of the proposed funding formula.
- 1.5 The release of this paper allows just a short period of time for consultation with stakeholders as responses will be required to be returned by midnight on 30 November 2021. Schools Forum will then review the responses when they meet on 8 December 2021 before finalising the school funding formula at the January Schools Forum meeting.

## 2. School Funding Formula

- 2.1 2021/22 is the fifth year of the National Funding Formula (NFF) for schools. Whilst the DfE has confirmed that it is their intention to implement a 'hard' NFF (a consultation on the transition was released in the summer), local authorities will continue to determine final funding allocations for schools through a local formula in 2022/23.
- 2.2 In July 2021, the DfE published illustrative schools block funding figures for 2022/23. The indicative DSG Budget for 2022/23 confirms that the Schools Funding Block for Hillingdon will increase by approximately £6.4m, not including any change for pupil growth/shrinkage.
- 2.3 One of the areas that the local authority and Schools Forum are required to consult on each year is any proposed changes to the local funding formula. For 2022/23, Schools Forum has decided to consult on the following proposals.
- (i) **To increase core factors in the school funding formula by 3%, or**
  - (ii) **To move factors in the school funding formula 10% closer to the National Funding Formula. or**
  - (iii) **To leave factors in the school funding formula at the same rates as they were in the 2021/22 formula and continue to use AWPU as a balancing figure for the distribution of all additional Schools Block funds.**

## 3. Funding Principles

- 3.1 Schools Forum developed and agreed some funding principles as part of the funding formula review process that was undertaken to set the 2014/15 model. The benchmarking data at the time compared favourably with these principles which are set out below:
- To minimise the movement in funds between the Primary and Secondary sectors
  - To ensure that the funding split per pupil between the Primary and Secondary sector is generally in line with the national average of 1 to 1.29
  - To reduce the per pupil funding range in both the Primary and Secondary sector
  - To ensure that the least funded (per pupil) school does not receive reduced funding
  - To maintain the rate of funding per pupil allocated through the deprivation factor to approximately the national average
  - To set the rate of funding for EAL at the national average
  - To keep the loss of any group (e.g. small schools, infant schools etc) to a minimum

#### **4. Increase Core Factors by 3%**

- 4.1 As stated in section 1.2, the NFF for 2022/23 includes a 3% increase to the core factors. In 2021/22 School Forum elected to match the similar increase in factor rates to mirror the increases in the NFF and therefore applying an increase in 2022/23 would be a consistent approach.
- 4.2 When taking a final decision, Schools Forum will need to consider that by increasing the core factors by 3%, this will take the rates further away from the NFF rates which the DfE has indicated we should be moving towards.
- 4.3 The financial impact of applying a 3% increase to the core factors has been modelled and is detailed in the '3% uplift to LBH rates' tab in the attached Appendix D. It should be noted that AWPU would continue to be used as balancing factor, so the AWPU rates may in fact be slightly higher than indicated in the spreadsheet.

#### **5. Move Factors Closer to the NFF rates**

- 5.1 The DfE published a consultation in July 2021 on the next steps towards the NFF. Within this consultation, the DfE set out the long-term goal to transition towards a 'hard' funding formula. The DfE are not proposing, at this point, to set a fixed target date by which the hard NFF will be fully in place, but instead, will take a measured approach to the transition moving authorities progressively closer towards the NFF. Initial modelling indicates that generally a move to the NFF will impact more on primary schools in Hillingdon with a movement of funds to secondary as we move towards a hard formula. It is important to note that all schools are protected against per pupil funding losses through the MFG protection.
- 5.2 The initial proposal is that in 2023/24, authorities would be required to bring each of its local formula factors at least 10% closer to the NFF factor value, compared to how far the factor was from the NFF value in 2022/23. Schools Forum need to decide whether, to ease the transition, to move the LBH formula rates closer to the NFF rates in 2022/23. The '10% movement to NFF rates' tab in the attached Appendix D details the impact on the LBH rates if they were moved 10% closer to NFF. AWPU would continue to be used as balancing factor, so the AWPU rates may in fact be slightly higher than indicated in the spreadsheet.

#### **6. Leave factors at the 2021/22 rates**

- 6.1 The final proposal is to leave factors at the same rates as used in 2021/22. This will ensure that the rates do not move further away from the NFF and therefore should result in more stability for schools when the 'hard' NFF is fully implemented.
- 6.2 This proposal will result in the AWPU factor being used as a balancing figure and therefore any additional Schools Block funds will be distributed to **all** schools through this factor.

## **7. Appendices**

Appendix A - National funding formula for schools and high needs: 2022 to 2023

Appendix B - Schools revenue funding 2022 to 2023

Appendix C – 2022/23 NFF summary table

Appendix D - Formula Factor Rates Modelling