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School Forum 02 December 2021	
Report from Executive Director of People - Children Service	
DSG Funding Formula arrangements 2022/23	
Wards Affected:	All
Key or Non-Key Decision:	N/A
No. of Appendices:	One Appendix A Comparison of Slough LFF to NFF
Contact Officer(s):	**Kamaljit Kaur** **Interim Finance Business Partner** **Email: Kamaljit.karirkaur@slough.gov.uk** **Archa Campbell** **Interim Group Manager** **Email: Archa.campbell@slough.gov.uk**

1 PURPOSE OF REPORT

1.1 To agree with Schools Forum the proposed changes to Slough Schools block funding formula for the 2022-23 financial year.

2 RECOMMENDATIONS

2.1 That Forum members agree on the proposed items:

- Movement towards a full National Funding Formula in determining 22/23 budget share allocations
- Block transfer from High Needs Block to Central School Services Block (CSSB)

3 BACKGROUND

3.1. In 2021-22 schools and School Forum agreed to move 85% towards a full National Funding Formula but as per Fair School Funding Data released by NFF Slough is now 99% on NFF.

3.2. In 2021-22 It was agreed after consultation and discussion with school's forum not to transfer the permitted 0.5% from the schools block to the high needs block to mitigate some of the high needs overspend.

3.3. It is proposed that schools are asked the same question as above for 2022-23 financial year as High Needs block is in deficit and growing.

4 Central Schools Services Block (CSSB)

4.1. The items contained within this block are the same as in 2021-22 but the budget allocations to each area may be subject to change and will be resultant on the agreement to transfer funding from the HNB as in previous years to in order to re balance the incorrect base funding from 2017-18

5 Schools Block (SB)

5.1. Schools Forum is asked to consider to the transfer of 0.5% from the Schools Block to support the High Needs Block to mitigate some of the overspend in high needs block. DfE regulations permit up to 0.5% of the Schools Block to be transferred with Forum approval.

6 Changes to payments of Schools' Non - Domestic Business Rates (NNDR)

Centralising the payment of business rates for local authority-maintained schools and academies

6.1. For local authority-maintained schools the cost of business rates would be deducted at source by top slicing the DSG. Both ESFA and individual local authority-maintained schools would then gross the reduced cash movement back up by the amount of the rates obligation, so that this change does not give the erroneous impression that schools' budgets are being reduced. Both the local authorities' and the local authority-maintained schools' budgets would continue to include the rates funding, even though ESFA would no longer pay over physical cash. Otherwise, local authority-maintained schools' account balances would automatically decrease by the value of the business rates cost every year.

6.2. The DfE has published the government response following its consultation on centralising the payment of NNDR. This confirms that, from 1 April 2022, ESFA will pay NNDR directly to billing authorities on behalf of schools for 5 to 16-year-olds. From next year, maintained schools will no longer need to make NNDR payments to billing authorities.

6.3. Budget share allocations for 2022/23 will reflect the funding for NNDR although schools will not receive actual cash payments. Schools are still expected to record NNDR expenditure in their accounts as this remains a liability for the school, even though the actual payment is via the ESFA.

6.4. Any prior year adjustments from 2021/22 will be included in the budget share allocation for 2022/23 and schools will get this funding in cash terms. There will be no further adjustments beyond those for the 2021/22 financial year.

6.5. ESFA will cover additional rates costs associated with additional buildings on a school site which are used to deliver education for pupils at the school (for example, a sports hall that is used during school hours and at evenings by the wider community). However, ESFA will not cover the additional rates costs associated with buildings which are not used to deliver education for pupils at the school.

6.6. For a smooth transition to the new payment system, schools are advised to register buildings which are not used to deliver education for pupils at the school as a separate entity on the Valuation Office Agency's (VOA) rating list. This ensures that two individual bills are produced, meaning the bill data uploaded to ESFA by billing authorities will only relate to the parts of a school site used to deliver education and will exclude any other buildings. This is likely to apply to schools which contain:

- Several service providers (for example, a private nursery attached to a primary school).
- Other bodies which occupy specific buildings (for example, a caretaker's house or community swimming pool). Changes to payments of Schools' Non-Domestic Business Rates (NNDR)

7 Financial Implications

7.1 The financial implications have been detailed in the body of this paper and additional funding received would go towards mitigating inflationary costs pressures faced by schools.

8 ALTERNATIVE OPTIONS CONSIDERED

No alternative options were considered.

9 SUPPORTING INFORMATION

Not applicable

10 Legal Implications

There are no legal implications for this report.

11 Equality Implications

Not applicable