
Schools Funding Formula Consultation 2023/24

Report being considered by: Schools Forum on 17th October 2022

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Item for: Decision **By:** All Forum Members

1. Purpose of the Report

- 1.1 To set out the requirements and changes for setting the primary and secondary school funding formula for 2023/24 and to approve West Berkshire Council's funding proposals to go out to consultation with all schools.

2. Recommendation(s)

- 2.1 Recommend to Schools Forum the consultation to be undertaken with all schools on:
- (1) West Berkshire Council's proposed school funding formula for 2023/24
 - (2) An up to 0.5% transfer from the Schools Block to other funding blocks
 - (3) The criteria to be used to allocate additional funds
 - (4) The proposed services to be de-delegated.

Will the recommendation require the matter to be referred to the Council or the Executive for final determination?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
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3. Introduction

- 3.1 2023/24 is the first year of transition to the direct schools National Funding Formula (NFF). Each Local Authority (LA) will continue to have some discretion over their schools funding formulae, in consultation with local schools. The LA is responsible for making the final decisions on the formula. Political ratification must be obtained before the 20 January 2023 deadline.
- 3.2 The Government has produced a number of policy and operational documents relating to the funding. These documents can be found on this webpage:

<https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

4. National Funding Formula

- 4.1 2023/24 is the first year of transition to the direct schools NFF. Local authorities:

- (1) Must use all NFF factors.
- (2) Will only be allowed to use NFF factors in their local formulae.
- (3) Must move their local formula factor values at least 10% closer to the NFF, except where local formulae are already 'mirroring' the NFF. (local factors within 2.5% of the respective NFF values are deemed to be mirroring the NFF).
- (4) Will continue to set a minimum funding guarantee in local formulae, which in 2023/24 must be between +0.0% and +0.5%.
- (5) Will again be able to transfer up to 0.5% of their total schools block allocations to other blocks of the DSG, with schools forum approval. A disapplication will continue to be required for transfers above 0.5%, or for any amount without schools forum approval.

4.2 The main features for 2023/24 are:

- (1) School funding through the NFF is increasing by 1.9% overall in 2023/24 and by 1.9% per pupil.
- (2) The core factors in the NFF (such as basic entitlement and the lump sum that all schools attract) are increasing by 2.4%.
- (3) Additional support is being directed to disadvantaged pupils, by increasing the FSM6 and IDACI factors in the schools NFF by a greater amount than other factors. These factors will increase by 4.3%, compared to their 2022/23 values.
- (4) The 2022/23 school supplementary grant has been rolled into the schools NFF ensuring that this additional funding forms an ongoing part of schools' core budgets. (Adding £97, £137 and £155 to the primary, key stage 3 and key stage 4 per pupil funding factors respectively; £85 and £124 to the primary and secondary FSM6 factors; and £3,680 to the school lump sum)
- (5) Every school attracts a lump sum of £128k through the NFF irrespective of size or phase.
- (6) Eligibility for sparsity funding depends on the distance the pupils living closest to the school would have to travel to their next nearest school, and the average number of pupils per year group. Primary schools qualifying attract up to £56,300 and all other schools up to £81,900.
- (7) For local accounting purposes, rates funding allocations will continue to feature in NFF allocation publications for all schools.
- (8) The minimum per pupil level guarantees a minimum amount of funding for every pupil. Every primary school will receive at least £4,405 per pupil, and every secondary school at least £5,715. (This includes £119, £155 and £173 per primary, KS3 and KS4 pupil respectively for the rolling in of the schools supplementary grant, plus a further 0.5% increase)

(9) The funding floor protects schools from year-on-year funding decreases, by ensuring a minimum increase in pupil-led funding per pupil compared to the previous year. In 2023-24, the formula ensures that all schools attract an increase of at least 0.5% in pupil-led funding per pupil compared to 2022/23. LA funding formulae must include a MFG that provides a similar protection to the funding floor.

4.3 High needs funding is increasing by £570m, or 6.3%, in 2023/24. The high needs NFF will ensure that every local authority receives an increase of at least 5% per head of population, and up to 7% before gains are capped.

4.4 Central schools services funding in 2023/24 is £292m (2022/23 £284m), an increase of 2.7%, to fund the ongoing responsibilities that LAs deliver for all pupils.

5. Schools funding allocation

5.1 Based on the October 2021 census data, our provisional funding available to allocate is £125.7m which is an increase of £5.9m (4.9%) on 2022/23. This excludes the growth fund which is allocated separately. The amount of funding we receive will change with the October 2022 census pupil numbers. (Note that the funding will not change as a result of pupil characteristics).

6. Local Formula

6.1 West Berkshire Council replicates the NFF as far as possible. However, after pupil characteristic changes and any transfers of funding, the formula will need to be altered to ensure we remain within the total funding available. There are a number of options for ensuring affordability, as detailed in the consultation.

6.2 All schools and the Schools Forum will be consulted on the formula but it remains a Local Authority decision on how the funding is allocated to schools through the formula factors. There is no requirement to stick to the NFF rates, or to use all the factors other than the mandatory minimum per pupil funding factor, basic entitlement and deprivation factors.

6.3 The DfE recognises that some authorities still cannot afford to pay off the historic deficit from the DSG over the next few years. The DfE now runs three programmes offering direct support to ensure effectiveness and sustainability of local authorities' high needs systems:

- (1) Safety valve
- (2) Delivering better value in SEND (DBV)
- (3) ESFA support programme.

6.4 West Berkshire is in group 2, DBV.

7. Block Transfers

7.1 Local authorities continue to be able to transfer up to 0.5% of their schools block to other blocks of the DSG, with schools forum approval. If approved, this would enable a transfer of up to £628k, leaving £125.1m to be allocated to schools. A 0.25% transfer would amount to £314k leaving £125.4m to allocate to schools.

- 7.2 Setting a balanced budget on the High Needs Block continues to be a significant challenge. The year-end position at the end of 2021/22 was an overspend of £3.6m and the forecast overspend on this block is set to reach £5.3m by the end of 2022/23. Consideration should therefore be given as to whether to support a block transfer for 2023/24. Block transfers need to be approved annually.
- 7.3 There are also pressures on both the Early Years Block and the Central Schools Services Block which could potentially be supported by a block transfer.
- 7.4 Block transfers need to be approved annually. Transfers have previously been approved in 2020/21 0.25% (£263k), 2021/22 0.5% (£549k) and 2022/23 0.25% (£300k) to support the High Needs Block.

8. Additional funds outside the School Formula

- 8.1 School funding regulations allow a few exceptional circumstances to be funded outside the formula and be top sliced from the DSG. The funds are:
- (a) Growth funding
 - (b) Funding for schools in financial difficulty
 - (c) Funding from the high needs block to allocate to schools which have a disproportionate number of high needs pupils.
 - (d) A falling rolls fund.

Criteria for allocating these need to be agreed and are included in the consultation document at Appendix B, C and D.

9. De-delegations, Education Functions and Health & Safety Service (maintained schools)

- 9.1 De-delegated services are for maintained schools only. Funding for these services must be allocated through the formula but can be passed back, or 'de-delegated' for maintained primary and secondary schools with schools forum approval.
- 9.2 Education responsibilities held by local authorities for all schools are funded from the Central Schools Services Block of the DSG. Education responsibilities held by local authorities for maintained schools only, are funded from maintained schools budgets, with agreement of the maintained schools members of schools forums.
- 9.3 In order to meet the requirements of the employer under the Health and Safety at Work etc. Act 1974 and the Management of Health and Safety at Work Regulations and other related legislation, a full schools health and safety service will be provided to all maintained schools. All maintained schools will need to agree to be part of this collective agreement to equitably fund the service.

10. Proposals

- 10.1 To approve the attached consultation to go out to schools asking the following questions:

1. Do you agree that, subject to final affordability, West Berkshire should mirror the DfE's 2023/24 NFF as closely as possible and that this formula should be used to calculate funding allocations? Yes/No

2. How would you support applying the NFF Sparsity Factor? In full/minimum

3. Do you agree that any shortfall or surplus in funding is addressed by adjusting the AWPU values? Yes/No

4. What percentage transfer of funding would you support from the Schools Block to the High Needs block? A) 0%, B) 0.25%, C) 0.5%.

5. Would you support any of this transfer supporting any of the other funding blocks? Yes/No

6. Do you agree with the criteria set to access additional funds outside the school formula? Yes/No

7. Do you agree with the proposed De-delegated Services, Education Functions and Health and Safety Service for all maintained schools? Yes/No

11. Next Steps

11.1 The consultation will last for 3 weeks from 19 October 2022 to 9 November 2022.

12. Conclusion

12.1 Since the government intends to move towards a "hard" NFF formula it is logical for West Berkshire to continue to replicate these rates as far as possible.

12.2 When the actual allocation is received in December the formula will be allocated according to the principles above with political ratification being made in January 2023.

13. Appendices

Appendix A: Briefing and Consultation document for schools.

Appendix B: Criteria for awarding Growth Funding

Appendix C: Criteria for awarding the maintained Primary Schools in Financial Difficulty Fund

Appendix D: Criteria for allocating the Additional High Needs Fund

Appendix E: Equalities Impact Assessment