

West Northants Schools Forum: 18 October 2022
Agenda Item 6
DfE/ESFA Funding Announcements 2023/24

1 Background

- 1.1 This report sets out details of the National Funding Formula (NFF) 2023-24 policy publication for schools and high needs
- 1.2 2023-24 is the second year of a three year increase to the national core school budget of £7 billion. This will increase the national core schools budget to £56.8 billion by 2024-25 from £49.8 billion in 2021-22. The increase for 2022-23 was £4b, 2023-24 will be £1.5b and 2024-25 another £1.5b.
- 1.3 At a national level, funding through the schools NFF is increasing by 1.9% overall in 2023-24, and 1.9% per pupil, compared to 2022-23. Taken together with the funding increases seen in 2022-23, this means that funding through the schools NFF will be 7.9% higher per pupil in 2023-24, compared to 2021-22.
- 1.4 The provisional announcement for WNC schools is that they will receive a £10.1m (2.4%) of this national increase in 2023-24 (the increase from 2021-22 to 2022-23 was £26.2m, 6.8%).

Gross DSG (i.e. includes academy funding)	Schools Block £m	High Needs Block £m	CSSB £m	Early Years Block £m	Total £m
2022/23*	320.5	61.1	4.3	26.6	412.5
Provisional 2023/24	327.8	64.3	3.9	26.6	422.6
Increase /(decrease) from prior year	7.3	3.2	-0.4	0	10.1
% Increase / (decrease) from prior year	2.3%	5.2%	-9.3%	0.0%	2.4%

* The early years block of the final settlement and the import/export adjustment of the high needs block are indicative; the final grant figure will be provided by the ESFA in July 2023. But we expect the High Needs Budget to be lower by £0.6m based on the July 2022 update of the import/export funding.

2 National Funding Formula for schools and high needs

- 2.1 The Department for Education (DfE) published on 18 July an update on the policy paper of the National Funding Formula (NFF) 2023-24 and high needs. Details can be found at

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

- 2.2 The Government's proposals for 2023-24 school funding:

- Additional support 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. 9.8% of the schools NFF will be allocated according to deprivation in 2023-24.
- The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract will increase by 2.4%.
- Through the minimum per pupil funding levels, every primary school will receive at least £4,405 per pupil, and every secondary school at least £5,715.
- The funding floor will ensure that all schools attract at least 0.5% more pupil led funding per pupil compared to its 2022-23 NFF allocation.
- Rolling the 2022-23 school supplementary grant into the schools NFF ensuring that this additional funding forms an on-going part of schools' core.
- 2023-24 will also be the first year of transition to the direct schools NFF. LAs must use the formula factors in the NFF and be 10% closer to NFF rates for the factors than in 2022-23. WNC already use all NFF factors but were lower than NFF rates for the AWPU (age weighted pupil unit) as discussed below. All other factors mirrored NFF rates

2 NFF for High Needs 2023-24

2.1 The department has confirmed the following aspects of the high needs NFF:

- the funding floor is set at 5% so each local authority will see an increase of at least 5% per head of their 2 to 18 population (as estimated by the Office for National Statistics)
- the gains cap is set at 7%, allowing local authorities to see gains up to this percentage increase under the formula, again calculated on a per head basis of their 2 to 18 population

2.2 The provisional increase in the high needs block for WNC is £3.1m. However, the July 2022 DSG final settlement for 2021-22 gave the latest update to the import/export adjustment which reduced this part of the grant by £61k. We are a net importer but this part of the high needs block has reduced from £1.13m to 0.52m Our modelling assumes that this is the level of funding we can expect the same import/export levels which means the provisional increase is only £2.5m. This will cover growth from 2022-23 but leaves nothing additional for future growth within 2023-24. The growth within the high needs block has been £4.2m between 2020-21 and 2021-22 (calculated on 55% of the County Council) and is estimated to be a £6.9m increase between 2021-22 and 2022-23. Current forecast outturn for 2022-23 is £0.4m overspent (period 3 June position). Work on the High Needs Deficit recovery plan is therefore even more key given this announcement.

3 Central schools' services NFF 2023-24

3.1 The central services school block provides funding to local authorities to carry out central functions on behalf of maintained schools and academies. The block comprises of two elements: ongoing responsibilities and historic commitments and funding will continue for 2022-23.

3.2 However, the historical funding part of the block is being unwound each year by a 20% reduction. The services funded by this are gradually having their costs "shunted" to the general fund and this is built into the medium term revenue plan. However, there are historical teachers' pension costs of approximately £1.3m that are funded from the historical funding which cannot be moved across to the

general fund. We expect to see a protection in this part of the DSG funding from 2024-25 onwards so that it does not fall below this level.

CSSB	2022-23 £m	2023-24 £m	Change £m	Change %
Ongoing Responsibilities	2.09	2.16	0.07	3%
Historical Funding	2.18	1.75	-0.44	-20%
Total	4.27	3.91	-0.37	-9%

4 Notional school budgets 2022-23

4.1 Notional school budget allocations calculated by the Education Skills Funding Agency (ESFA) have been published and attached as Annex 1 (for information) to demonstrate the NFF. It should be noted that the published allocation of school notional budgets for 2023-24 by the ESFA is for illustrative purposes and is not the actual funding a school will receive through the formula for 2023-24. The actual baselines used for the NFF for individual schools differ to the published NFF by school as it does not take local factors and rates into account in the calculation.

4.2 WNC's School Funding Formulae has been a locally agreed formula working in collaboration with the Council and Schools Forum in accordance with the DfE statutory guidelines of implementation of the NFF within the timescales. WNC local formula factors and funding rates have mirrored the NFF factors for many years. The rates of those factors for 2022-23 mirror the NFF with the exception of the AWPU (age weighted pupil unit). The AWPU was reduced to balance to the overall available funding for the Schools block after locally agreed high needs funding (specialist services) and PFI costs are taken into consideration. As a result, the base position and protections within the calculations built into the Authority proforma Tool (APT) received by Local Authorities for calculating school and academy budgets will have a different prior year base as compared to the published NFF school budgets.

4.3. The local authority will first calculate provisional school budgets upon publication of the first Authority Proforma Tool (APT). The first tool we receive is based on the current 2022-23 pupil data which allows LAs to model proposed changes to funding from the formula as if it were applied to the current year. If received in time we will use this to provide modelled budgets for schools to view alongside the options in the schools consultation.

4.4. Later in the Autumn term a final APT is provided to LAs which is updated to include the October 2022 school census data. The draft formula budgets for schools can then be modelled and brought to the Schools Forum in December alongside the results of the school consultation. The final DSG settlement is usually received after the December Schools Forum but we will only revisit the Schools Forum vote if the settlement is significantly different to that previously modelled and agreed in December. The APT tool is then submitted to Government mid-January 2023.

4.5 A comparison of funding factor rates and NFF rates is detailed as below and 2022-23 rates as reported in January 2022, as part of the School Forum approval of WNC formulae:

Factor	2022-23 NFF	2022-23 Local WNC formula	2023 to 2024 (NFF)
Minimum per pupil funding - Primary	4,265	4,265	4,405
Minimum per pupil funding – Secondary KS3	5,321	5,321	5,503
Minimum per pupil funding – Secondary KS4	5,831	5,831	6,033
AWPU basic entitlement - Primary	3,228	3,152	3,405

AWPU basic entitlement – Secondary KS3	4,551	4,438	4,801
AWPU basic entitlement – Secondary KS4	5,129	4,949	5,411
Primary FSM	472	472	482
Secondary FSM	472	472	482
Primary FSM6	592	592	707
Secondary FSM6	868	868	1,033
Primary IDACI F	221	221	231
Primary IDACI E	271	271	281
Primary IDACI D	421	421	441
Primary IDACI C	462	462	482
Primary IDACI B	492	492	512
Primary IDACI A	642	642	672
Secondary IDACI F	321	321	336
Secondary IDACI E	426	426	446
Secondary IDACI D	597	595	622
Secondary IDACI C	652	652	682
Secondary IDACI B	702	702	732
Secondary IDACI A	893	893	933
Primary EAL3	567	567	582
Secondary EAL3	1,535	1,535	1,570
Primary LPA	1,134	1,134	1,159
Secondary LPA	1,716	1,716	1,756
Primary mobility	928	928	948
Secondary mobility	1,334	1,334	1,364
Primary lump sum	121,700	121,699	128,421
Secondary lump sum	121,700	121,699	128,421
Primary sparsity	55,182	55,181	56,485
Secondary sparsity	80,264	80,263	82,169
All-through sparsity	80,264	80,263	82,169
Supplementary Grant - Primary basic per-pupil	0	97	included above
Supplementary Grant - KS3 basic per-pupil	0	137	included above
Supplementary Grant - KS4 basic per-pupil	0	155	included above
Supplementary Grant - Primary FSM6 per-pupil	0	85	included above
Supplementary Grant - Secondary FSM6 per-pupil	0	124	included above
Supplementary Grant - Lump sum	0	3,680	included above

(all rates shown above include area cost adjustment ACA for WNC of 1.00329)

5 Recommendations for schools forum

5.1 This paper is for information – Schools Forum are recommended to note the information provided.

6 Next steps

6.1 The next steps are to consider the 2023-24 schools consultation proposals and high needs budget proposals.

7 Financial implications

7.1 This report is for information but details the likely increases schools can expect in their formula funding for 2023-24 individual schools budgets. It provides caution around the

published NFF budgets and how they can differ to actual amounts received. It also details the high needs funding increases and likely inadequacy to cover forecast growth in that area and also provides information on the central schools services block decrease but provides assurance that services will not be reduced as a result due to the costs being picked up by the general fund.

8 Legal implications

8.1 There are no legal implications

9.1 Risks

9.1 The report highlights a number of risks, most significantly around the risk that the high needs block funding increase is not adequate to cover the growth and the risk that in future years, any further unwinding of the historical part of the CSSB will take it below the unavoidable pre-2013 teachers pension costs.

Report Author:

Officer names: Beth Baines

Emily Taylor

Officer title Senior Finance Business Partner

Strategic Finance Business Partner

Email address: beth.baines@westnorthants.gov.uk

Emily.taylor@westnorthants.gov.uk