

2023-24 Schools Block Funding and Local Funding Formula Consultation

1. Purpose of the Report

To provide:

- a summary of the provisional 2023-24 Dedicated Schools Grant funding allocations and changes to the National Funding Formula.
- The proposals for the 2023-24 local funding formula consultation.

2. Provisional Indicative 2023-24 Schools Block Funding Allocation

The indicative local authority (LA) funding allocations for 2023-24 for the Schools Block have been announced, together with notional allocations for individual schools. The indicative funding allocation is based on pupil numbers for October 2021 and will be updated to reflect the October 2022 pupil numbers in December 2022.

Schools Block Funding Breakdown

	Actual 2022-23			Indicative 2023-24			Increase/ Decrease(-)	
	October 2021 Pupil No.'s	Unit of Funding	2022-23	October 2021 Pupil No.'s	Unit of Funding	2023-24	£000	%
		£	£000		£	£000		
Primary	66,717	4,592	306,381	66,717	4,814	321,147	14,766	4.82
Secondary	45,466	5,817	264,461	45,466	6,145	279,370	14,909	5.64
Premises & Mobility			6,111			5,891	-221	-3.61
Growth Funding			4,217			Not included		
TOTAL SCHOOLS BLOCK	112,183		581,171	112,183		606,408		

The provisional funding for 2023-24 does not include the funding through the growth factor. For 2023 to 2024, it will be calculated using the same methodology as in 2022 to 2023, based on the growth in pupil numbers between the October 2021 and October 2022 censuses.

Comparing 2022-23 and 2023-24 schools block excluding funding through the growth factor there is a £29.5m increase in funding (5.11%). This included the rolling in of the schools supplementary grant into the National Funding Formula.

3. Changes to the National Funding Formula (NFF) for 2023-24

The key changes to the schools NFF in 2023 to 2024 include the rolling the 2022 to 2023 schools supplementary grant into the NFF.

NFF factors have increased in addition to the amounts added for the school supplementary grant. These increases are:

- 4.3% to free school meals at any time in the last 6 years (FSM6) and income deprivation affecting children index (IDACI)

- 2.4% to the basic entitlement, low prior attainment (LPA), FSM, English as an additional language (EAL), mobility, and sparsity factors, and the lump sum.
- 0.5% to the floor and the minimum per pupil levels (MPPL)
- 0% on the premises factors, except for Private Finance Initiative (PFI) which has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 11.2% for the year to April 2022

4. Key features of the local authority formulae arrangements in 2023 to 2024

The Operational Guidance was issued for LAs to start to plan the local implementation of the funding system for 2023-24. Local authorities have the freedom to set the MFG in their local formulae between +0.0% and +0.5% per pupil. 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.

There are transition requirements on Local Authorities to bring the local formula closer to the NFF. Local Authorities are now only able to use the NFF factors in their formulas. They must also use all compulsory factors. A key change is that sparsity is now a compulsory factor.

Compulsory

- Basic entitlement
- FSM
- FSM6
- IDACI
- Minimum level of per-pupil funding for primary and secondary schools
- Prior attainment
- EAL
- Pupil mobility
- Sparsity
- Lump sum
- London fringe – compulsory for the eligible authorities

Optional

- Split sites
- Rates
- Private finance initiative (PFI) contracts
- Exceptional circumstances (with ESFA agreement)

Local authorities are required to move their local formula factor values at least 10% closer to the NFF, except where local formulae are already mirroring the NFF. These criteria do not apply to locally determined factors, for example premises factors. Nottinghamshire currently mirrors the NFF, therefore the criteria of moving 10% closer to the NFF does not apply to us.

If the local value in 2022 to 2023 was within 2.5% of the NFF value this is deemed to be mirroring the NFF. If the values mirrored the NFF in 2022-23 then they are deemed to be mirroring the NFF providing they remain within the 2.5% of the NFF.

For local authorities where an area cost adjustment (ACA) is applied, the comparison is made between the local factor values and the NFF factor values with the area cost adjustments applied.

Table 1 in **Appendix B** illustrates the NFF for Nottinghamshire and the maximum and minimum values for the factors acceptable in 2023-24.

5. Implications for the Local Funding Formula (LFF)

The LA will continue to mirror the NFF within the acceptable range of factor values in **Appendix B-Table 1**.

Initial financial modelling for 2023-24, based largely on 2022-23 data, has been completed and there are 5 models. The models illustrated take account of the Minimum per Pupil increase for Minster School (see Section 6). The illustrative allocations are, however, still based on October 2021 census data, final allocations will be based on affordability once the actual funding settlement is received in December 2022 using October 2022 census and changes to pupil characteristics.

Model 1 assumes that there is no shortfall in funding, with a 0.5% Minimum Funding Guarantee. Models 2 and 3 illustrate two varying shortfalls with 0.5% MFG. Models 4 and 5 introduce a gains cap and impact small schools. Please refer to the detailed modelling spreadsheet for further information on how this impacts individual schools.

Model	Description	Impact
1	"With an affordable allocation no shortfall in funding - Illustrative funding for 23-24 based on numbers on roll as above Factors as National Funding Formula 0.5% Minimum Funding Guarantee"	Subject to sufficient funding then this is what we are aiming for. Last year there were significant increases in factors, particularly FSM, Mobility and Sparsity. Due to the lagged nature of the funding, the increases are not taken into account in the funding calculation, but we are expected to pay it out (it does work the other way round if factors decrease).
2	"Illustration with a shortfall of £600,000 in the formula 0.5% Minimum Funding Guarantee Pupil Factors reduced by £2 against the National Funding Formula"	Spreads the un-affordability across 262 schools (out of 329). Largest loss of funding is £9,181. Largest percentage loss is 0.13% of the total budget. Larger value losses are on the larger secondary school budgets, therefore a low percentage of budget.
3	"Illustration with a shortfall of £1,000,000 in the formula 0.5% Minimum Funding Guarantee Pupil Factors reduced by £4 against the National Funding Formula"	Similar to Model 2 just larger value. Spreads the pain of un-affordability across 262 schools (out of 329). Largest loss of funding is £18,364. Largest percentage loss is 0.26% of the total budget. Larger value losses are on the larger secondary school budgets, therefore a low percentage of budget.
4	"Illustration with a shortfall of £600,000 in the formula 0% Minimum Funding Guarantee Factors as National Funding Formula Gains Cap @ 11.4%"	Places the burden of not being able to afford the NFF onto 43 schools (out of 329). 12 of these schools lose more than £10k (up to £49k) and most of the 12 are small schools losing up to 13.75% of their budget.
5	"Illustration with a shortfall of £600,000 in the formula 0.5% Minimum Funding Guarantee Factors as National Funding Formula Gains Cap @ 8.8%"	Places the burden of not being able to afford the NFF onto 17 schools (out of 329). 12 of these lose more than £10k (up to £52k) and most of the 12 are small schools losing up to 14.22% of their budget.

6. Minster MPP disapplication request

In June 2020 school forum received a report regarding the application of the NFF Minimum Per Pupil (MPP) methodology for Minster School because it disadvantages the school for not having a standard number of year groups and a disproportionate number of primary and secondary pupils. This had significantly reduced the MPP protection that it would have received as a stand-alone secondary school.

The LA redetermined the budget allocation for Minster School accepting that it was a unique circumstance and submitted a disapplication request, approved by Schools Forum in 2020-21, 2021-22 and 2022-23 to the ESFA which was approved. The report highlighted that this amendment may be needed for the school in future years if no change was made to the NFF MPP methodology.

The forum are advised that no change has been made to the NFF MPP methodology therefore the amendment will be required for the school's 2023-24 funding and a disapplication request will need to be made again. School Forum approval of the disapplication is required. Once approved the disapplication will be sent to the ESFA for their approval.

7. School Improvement Grant

The Government consulted on the ultimate removal of this grant to Local Authorities (LA's) by 1 April 2023 and the grant has been halved for the financial year 2022-23. The grant allocation for 2021-22 was £642,941. As this calculation is based on the number of pupils attending maintained schools, the forecast for the 22-23 financial year is £279,084, final confirmation will be in the Autumn term.

Due to Covid and the inability to actually spend the grant, there is £974k of unspent grant in reserve as at 31st March 2022. £507k of this is earmarked to be spent in 2022-23 to cover the grant reduction and maintain the current structure.

The Government consultation ran concurrently with a DFE proposal to alter the schools' financial regulations to allow LA's to agree with Schools Forums the delegation on a per pupil basis for school improvement from the maintained schools' budgets. Information about the consultation outcomes can be accessed at the following link: [Government response - Reforming how LA SI functions are funded \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/consultations/government-response-reforming-how-la-si-functions-are-funded)

This Government decision is aligned with the proposals outlined in the Education White Paper 2022 which aims to have secured a largely academised education sector by 2030. At that point the responsibility for school improvement will sit with multi academy trusts, however for the next 7 years, at least, Nottinghamshire will continue to have statutory responsibilities for the significant number of pupils attending maintained schools and who deserve a good or outstanding education, 57% of all primary provision in Nottingham is currently maintained, this is above the East Midlands average of 52%.

The Nottinghamshire Plan 2021 – 2031 ambition 4 identifies the need for continued support to ensure all children benefit from the highest quality of education. Maintaining a school improvement service is key to ensuring all children can benefit from being able to attend 'good' or 'outstanding' schools.

The Local Authority holds statutory school improvement functions under part 4 of the Education and Inspections Act 2006 and their additional school improvement expectations set out in the

Schools Causing Concern (SCC) guidance. In summary, these activities require councils to monitor performance of maintained schools, broker school improvement provision, and intervene as appropriate.

The Education Improvement Advisers currently support and intervene in maintained schools at risk of being judged to be less than good to secure rapid improvement. In addition, this team coordinates and quality assures the support brokered from Requires Improvement (RI) schools and also provides essential intervention to maintained schools in crisis.

In living memory, there has always been significant active involvement of this team in maintained schools technically judged to be good and outstanding but at risk of special measures or serious weaknesses. Good or better schools are deemed to be self-improving with the limited available school improvement resource targeted at RI schools and those transitioning to a sponsored academy because of an adverse Ofsted judgment. Further details about the service and success of the EIS can be found in **Appendix A**.

The funding for the LA’s EIS (1 x Team Manager; 6x Advisers; 2 RR consultants) comprises:-

- £117K of LA revenue budget
- £106k from the sold service to schools
- £28K from the DSG (Former ESG funding)
- £497K from the school improvement grant

It should also be noted that when a maintained school goes into an adverse Ofsted category, there are additional support costs which have been covered by this grant. Once the grant has ceased, consideration will need to be given to costs arising from schools in adverse Ofsted category. Whilst, in principle, these costs could be transferred to the actual school (schools are required to cover significant costs from their own budgets), it should be noted that a feature of failing schools is often a weak budget position. The Secretary of State for Education retains a responsibility to convert the poorest performing maintained schools (that Ofsted has judged as “inadequate”) into academies, therefore some funding is available to support the transition. When a school academies, any negative budget deficits, remain with the LA and any surpluses transfer to the new academy.

This issue is being faced by LA’s across the country and there are a range of options to raise the funding required to maintain the current service. There is £974k of unspent grant in reserve as at 31st March 2022. £507k of this is earmarked to be spent in 2022-23 to cover the grant reduction and maintain the current structure.

£467k is the forecast balance on the reserve at 31st March 2023. The service offer consists of the £497k staffing costs and £300k targeted intervention. Therefore, £797k is required to maintain the full service offer for 2023-24. This requirement reduces to £330k due to the reserves. £130k of this is required to fund the staffing costs.

The LA is consulting on funding the School Improvement service via de-delegation. Options include varying the targeted intervention budget and therefore targeted intervention offer to vary the contribution required for 2023-24.

Option	Service Offer	Funding to be raised via de-delegation	£ per pupil de-delegation
1	Service offer- no direct interventions	£130k	£3.47
2	Service offer- half of current offer interventions	£230k	£6.13
3	Service offer- full interventions	£300k	£8.79

Without the additional funding identified the service would have to be reduced or cease. The income generated by the Team would be reduced / lost. There are a number of reasons why this is not considered a good option:-

- The expertise and capacity (by reducing the team) would be lost so the Authority would need to be externally procure these skills. This could be expensive and potentially cause delays in getting help to the school.
- It is not in the interests of the children to wait until the school performance has become inadequate before there is any intervention to raise standards and ensure safeguarding.
- Pupil outcomes would be adversely impacted by the delayed intervention process.
- The Local Authority would still require staff to co-ordinate the procurement of support for inadequate schools.

Following the response from School Forum on the rate of de-delegation, there will be a review and possible consultation on the service/ service offer for the future.

8. Consultation Proposals – Schools Block

The aim of the consultation is to mirror the National Funding Formula based on the indicative 2023-24 funding allocation for Nottinghamshire, with factor values within the acceptable range in **Appendix B-Table 1**. The local authority is required to consult on any changes to the LFF.

Question 1

To continue with the principle to mirror the NFF (in keeping with the acceptable minimum and maximum values) for each factor as detailed in Table 1

Are you in agreement with this proposal? Yes/No

Question 2

Local authorities have the freedom to set the MFG in their local formulae between +0.0% and +0.5% per pupil.

Are you in agreement with aiming to set the MFG at +0.5%?

Yes/No

Question 3

Modelling shows reducing pupil factors impacts more schools but by a lesser amount. In comparison a gains cap impacts fewer schools by a greater amount. Are you in agreement that if the formula is not affordable the preferred and first option to make this affordable is to reduce pupil factors e.g., the £2 and £4 reductions in the models (in keeping with the acceptable minimum and maximum values)?

Yes/No

Question 4

If there is a funding shortfall which Model do you prefer?

Model 2 and 3 reduces the factors.

Model 4 and 5 introduces a gains cap.

Question 5

Please provide any additional comments on the Models?

De-delegation

The DfE requires any funding that was subject to de-delegation in 2022-23 to be re-approved by Schools Forum if the de-delegation is to continue in 2023-24. The services to be de-delegated haven't changed nor have the proposed per pupil amounts.

Question 6 (to be answered by maintained schools only)

Do you agree to the de-delegation of the following in 2023-24?

- Free school meals eligibility assessment?
- Support to underperforming ethnic minority groups and bilingual learners?
- Contingency for crisis communications?
- Trade Union Facilities?

	Primary per pupil de-delegation	Secondary per pupil de-delegation
Free school meal eligibility assessment	£0.75	£0.75
Support to underperforming ethnic minority groups and bilingual learners	£5.03	£5.03
Contingency for crisis communications	£0.90	Nil
Trade Union Facilities	£1.56	£1.69

Question 7 (to be answered by maintained schools only)

Do you agree to the de-delegation of the School Improvement Service in 2023-24? Yes/No
Please rank the rates in order of preference (1 being the most preferred and 3 the least)..
Please note the service offer varies dependent on the rate.

	Primary per pupil de-delegation	Secondary per pupil de-delegation	Preference
Service offer- no direct interventions	£3.47	£3.47	
Service offer- half of current offer interventions	£6.13	£6.13	
Service offer- full interventions	£8.79	£8.79	

9. Consultation timetable

- 10th November Schools Forum meeting – decide content of consultation.
- 14th November consultation period opens
- 28th November consultation period ends
- Early December – circulation of consultation responses and proposed 2023-24 local funding formula.
- 8th December Schools Forum meeting – recommendation of local funding formula.
- Mid December 2023-24 final Schools Block funding allocation announced
- 20th January 2023 APT submission to ESFA

- Mid-January – political ratification of local funding formula.
- February 2023 – update to the Schools Forum on final 2022-23 local funding formula
- 28th February 2023- deadline for confirmation of schools' budget shares to mainstream maintained schools

10. Recommendation

That the Schools Forum:

- Offers its views on the options for addressing an affordability gap
- Agrees with the LA submitting a disapplication request for Minster School MPP calculation
- Consider and agree the proposed timetable for the schools funding consultation.
- As representatives of the EY & School forum actively encourage colleagues in the sector / other schools to engage in the consultation

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Appendix A

The work of the Education Improvement Team is crucial to ensuring that our maintained schools are supported and challenged to deliver a good or outstanding education to the pupils of Nottinghamshire.

In 2021/22 the Education Improvement Service provided intensive coaching and challenge primarily to those LA maintained schools judged to be requiring improvement or those vulnerable to an adverse judgement as a result of declining provision. There were 39 section 5 inspections of LA maintained schools and the impact of the strong partnership working of EIS and schools is clear:

- 13 of these inspections were of RI schools and 9 moved to good
- only one received a lower judgement at inspection
- Of the 13 RI schools only 3 remain RI
- EIS advisers provided direct support during each inspection, speaking to the lead inspector attending feedback and immediately adjusting support.

As a result of these improved outcomes:

- 2,699 children now attend a good LA maintained school which was previously judged to be RI
- 2,072 more children attend an LA maintained school judged to be good compared to 20/21.

The Education Improvement service ensures the LA meets its statutory duties in assessment, recruitment, and formal interventions:

- Providing moderation of key stage tests and teacher assessments
- Fulfilling the role of director's representative during the headteacher recruitment process for LA maintained schools (more than 20 recruitments this year).
- Recommending, issuing, monitoring, and lifting warning notices to governing bodies as appropriate.

The Education Improvement Service also provides a universal support offer to the 170+ schools that are currently Local Authority maintained:

- 26 good/outstanding schools had a review by EIS this year with recommendations and guidance given for improvement, 23 retained their good judgement at inspection
- The service is also responsible for running the East Midlands Education Support service which provides competitively priced CPD matched to the needs of Nottinghamshire schools which is accessed through a comprehensive website. All of the LA maintained schools accessed at least one event this year with the majority accessing 3 or more.

Appendix B- Table 1

	National Funding Formula including area cost adjustment (ACA)			2023 to 2024 authority proforma tool (APT) minimum		2023 to 2024 authority proforma tool APT maximum	
	2023-24			2023-24		2023-24	
	Primary	Secondary	Secondary KS3 Only	Primary	Secondary	Primary	Secondary
	Unit Value	Unit Value	Unit Value	Unit Value	Unit Value	Unit Value	Unit Value
	£	£	£	£	£	£	£
Minimum Per Pupil	4,405	5,503	6,033				
Basic Entitlement - per pupil							
Primary	3,403.40			3,318.32		3,488.49	
KS3		4,798.25			4,678.30		4,918.21
KS4		5,407.94			5,272.74		5,543.14
Deprivation - per eligible pupil							
FSM Current	481.33	481.33		469.30	469.30	493.36	493.36
FSM6	706.95	1,032.85		689.28	1,007.03	724.63	1,058.67
IDACI Band A	671.86	932.58		655.06	909.26	688.65	955.89
IDACI Band B	511.41	732.02		498.63	713.72	524.20	750.32
IDACI Band C	481.33	681.88		469.30	664.84	493.36	698.93
IDACI Band D	441.22	621.72		430.19	606.17	452.25	637.26
IDACI Band E	280.78	446.23		273.76	435.08	287.79	457.39
IDACI Band F	230.78	335.93		224.87	327.53	236.40	344.33
Low Prior Attainment - per eligible pupil	1,158.20	1,754.85		1,129.24	1,710.98	1,187.15	1,798.72
English as an Additional Language - per eligible pupil	581.61	1,569.34		567.07	1,530.10	596.15	1,608.57
Lump Sum - per school	128,354.56	128,354.56		125,145.70	125,145.70	131,563.42	131,563.42
Sparsity - per eligible school	56,455.95	82,126.86		55,044.55	80,073.69	57,867.35	84,180.03
Pupil Mobility - per eligible pupil	947.62	1,363.77		923.93	1,329.67	971.31	1,397.86
Minimum Funding Guarantee	0.0% -0.50%						