

## **AGENDA ITEM 7**

### **REPORT TO SCHOOLS FORUM**

**15<sup>th</sup> NOVEMBER 2022**

## **Schools Funding Consultation Report 2023-24**

### **SUMMARY**

1. Dedicated School Grant (DSG) to Local Authorities is allocated in blocks. There are blocks of funding for Early Years, Schools, High Needs and Central School Services. The Education and Skills Funding Agency (ESFA) uses the national funding formula to calculate the blocks within the DSG that are allocated to local authorities. Local authorities currently have some flexibility in how this funding is allocated to schools, within the framework and constraints set out by the ESFA.
2. Following reports to Schools Forum on 11th October 2022 a consultation exercise was undertaken on proposals for next year's funding arrangements.
3. This paper sets out the results of the recent local consultation with maintained schools and academies which covered preferences for the schools funding formula and a 0.5% transfer from the Schools to High Needs block for 2023/24. The schools forum should take into account the views of the schools responding before making their decision.

### **RECOMMENDATION**

4. Schools Forum is asked to support the proposals for the schools funding formula for 2023/24 (Q1-3) noting that:-
  - All Schools Forum members may vote on these proposals.
  - The local authority is required to consult with Schools Forum on the funding formula, however the local authority retains the final decision on the formula to be used.
5. Schools Forum is asked to consider and vote on a proposal to transfer 0.5% (c £0.800m) from the schools block to the high needs block in 2023/24 (Q4) noting that:-
  - All Schools Forum members may vote on this proposal.
  - It is a Schools Forum decision on whether to accept this proposal. In the event that Schools Forum does not agree, the DfE are able to decide if the local authority requests this.

## DETAIL

6. The council recently held a consultation on school funding arrangements for 2023/24. This took place between 12<sup>th</sup> October and 9<sup>th</sup> November. A copy of the consultation document issued to schools is attached at **Appendix A** to this report.
7. It should be noted that the options regarding the schools funding formula within the consultation have been calculated based on October 2021 pupil data, which was the basis for the indicative funding published by the ESFA for consultation purposes. The final local authority allocations are due to be confirmed in December 2022 taking into account October 2022 pupil data.
8. The proposals in this report regarding the Schools Funding formula may therefore be subject to change. A Schools Forum meeting has been arranged for 17<sup>th</sup> January 2023, where the full final proposals will be confirmed prior to submission to ESFA on 20<sup>th</sup> January 2023.

### Summary of the Consultation Responses

9. Of the 78 schools consulted with, 35 responses were received (compared to 31 in the previous year).
10. The breakdown of the 34 responses (which is a 44% response rate) is as shown in the table below:-

LA Primary	10
LA Secondary	1
Primary Academy	17
Secondary Academy	3
AP / Special Academy	4
<b>TOTAL</b>	<b>35</b>

11. Further detail on each of the proposals and consultation responses are provided below. A log of consultation response comments are set out in **Appendix B**.
12. The first three questions related to the Schools Funding formula and are considered together.

**Question 1 - Do you agree, funding permitting, to increase the formula factors in line with the NFF? This is an increase of 2.4% to the formula's core factors (plus lump sum), except for the PFI factor increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.**

**Question 2 - The Council seeks your views on whether you agree with the proposal to set the MFG at the maximum of plus 0.5%, assuming the level of funding permits this?**

**Question 3 - Do you agree to adjust the Basic Entitlement AWPU if funding allocated to the LA is greater than that needed to fulfil the National Funding Formula?**

13. The council is required to apply a funding formula in order to allocate schools block funding to schools. The ESFA sets a range of factors we are able to use in the formula. Within each of these factors there are also certain restrictions that can apply; for example the application of minimum per pupil funding levels.

Consultation Responses

14. All responses fully supported the proposals in Questions 1 to 3.

- Q1 - 35 Responded Yes
- Q2 - 35 Responded Yes
- Q3 - 35 Responded Yes

15. Schools Forum is asked to support the proposals for the schools funding formula for 2023/24 noting that:-

- a. All Schools Forum members may vote on this proposal.
- b. The local authority is required to consult with Schools Forum on the funding formula, however the local authority retains the final decision on the formula to be used.

**Question 4 - Do you support the transfer of 0.5% (estimated at £800k) from the Schools Block to High Needs Block in 2023/24?**

16. The council consulted on a 0.5% (£0.800m) transfer from the schools block to the High Needs block. Information was provided to schools on the background to the proposal as part of the consultation document.

17. The full consultation document is attached at Appendix A to this report, but in summary the key points are:

- a. The ESFA expects most movements from schools block will be due to pressures on high needs budgets.
- b. The High Needs block in Stockton, in common with many around the country, is under considerable pressure due to increasing demands.
- c. At the end of the 2021/22 financial year the deficit against the Dedicated School Grant (DSG) was £5.48m.
- d. The DfE have announced that the High Needs NFF for 2023/24 will also have the same factors as at present, with £570 million of additional funding nationally. However, the Government's High Needs budget announcements only refer to one year's funding for 2023/24 and look no further ahead.
- e. Deficits on High Needs can only be recovered from DSG grant without Secretary of State approval to fund from other sources.
- f. Local authorities will continue to be able to transfer up to 0.5% of their Schools Block to the high needs block of the DSG, with schools forum

- approval. A disapplication will be required to the Secretary of State for transfers above 0.5%, or any amount without schools forum approval.
- g. The requested transfer is the same level as that requested and approved for the current year 0.5% (2022/23 = £0.752m).

### Consultation Responses

18. Of the 35 responses received **18 (51%) supported the proposal**, 17 (49%) did not. From the 18 that supported the proposal, 10 of the respondents were from Academy Trusts with the remainder from Maintained Schools. From the 17 responses that did not support the proposal 14 were from Academy Trusts (11 from the same Trust) and 3 from Maintained Schools.
19. The movement of up to 0.5% (approximately £0.800m) from the Schools block to High Needs is a Schools Forum decision. In the event that Schools Forum does not agree with the proposal, the DfE are able to decide, if the local authority requests this via the disapplication request process.
20. Schools Forum is asked to consider and vote on a proposal to transfer 0.5% (c£0.800m) from the schools block to the high needs block in 2023/24 noting that:-
- a. All Schools Forum members may vote on this proposal.
  - b. It is a Schools Forum decision on whether to accept this proposal. In the event that Schools Forum does not agree with the proposal, the DfE are able to decide, if the local authority requests this.

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## **School Funding 2023/24 - Consultation Document**

### **PURPOSE**

To seek views from maintained schools, academies and free schools on proposals in respect of Schools and High Needs Budgets for 2023/24. The results of this consultation will be presented at the School Forum Meeting on the 15<sup>th</sup> of November for relevant Forum Members to vote on each proposal.

Schools forums have a range of responsibilities relating to local funding formulae for mainstream schools. For example, they must be consulted by their LA on changes to local funding formulae for schools and Schools forums must decide on LAs' proposals to move up to 0.5% of the schools block to other funding blocks. This consultation fulfils the Forums responsibilities.

This consultation ends on **Wednesday 9<sup>th</sup> November 2022.**

### **BACKGROUND**

The Government have announced that nationally core schools funding (including funding for mainstream schools and high needs) is increasing by £1.5bn in 2023-24 compared to the previous year, on top of the £4bn increase in 2022-23.

High needs funding is increasing by a further £570m, or 6.3%, in 2023-24 – following the £2.6 billion increase over the last three years. This brings the total high needs budget to over £9.7bn. All local authorities will receive at least a 5% increase per head of their 2-18 population, compared to their 2022-23 allocations, with some authorities seeing gains of up to 7%. Alongside our continued investment in high needs, the Government remains committed to ensuring a financially sustainable system where resources are effectively targeted to need.

Funding for mainstream schools through the schools NFF is increasing by 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.

The Government are targeting a greater proportion of schools NFF funding towards deprived pupils than ever before- with 9.8% of the schools NFF allocated to deprivation in 2023-24.

2023-24 will be the first year of transition to the direct schools NFF – with the end point being a system in which, every mainstream school in England is funded through the same national formula without adjustment through local funding formulae. The approach to tightening was confirmed in the government response to the first stage of the consultation on the direct NFF which was completed last year. In 2023-24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2022-23, unless they are already mirroring the NFF.

The DfE will publish final dedicated schools grant allocations for LA's in December 2022.

## **SCHOOL BUDGET**

The DFE have confirmed the following key elements of the schools National Funding Formula (NFF) in 2023/24:

- a. The core factors in the schools NFF (such as basic per-pupil funding, and the lump sum that all schools attract) will increase by 2.4%.
- b. 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. This means 9.8% of the schools NFF will be allocated according to deprivation in 2023-24.
- c. The minimum per pupil levels in 2023-24 will be set at £4,405 per pupil for primary schools and £5,715 per pupil for secondary schools. 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.
- d. The funding floor will ensure that every school attracts at least 0.5% more pupil-led funding per pupil compared to its 2022-23 NFF allocation.
- e. The 2022-23 schools supplementary grant has been rolled into the schools NFF. Adding the grant funding to the NFF ensures that this additional funding forms part of schools' core budgets and will continue to be provided.
- f. Local authorities will continue to set a Minimum Funding Guarantee in local formulae, which in 2023-24 must be between +0.0% and +0.5%.

### **Formula Factors Increase**

As mentioned above, as part of the 2023-24 operational guidance for local authorities there is a proposed increase to the NFF core factors. It is proposed to increase the formula's core factors by 2.4%. Premises funding will continue to be allocated at local authority level on the basis of data in the 2022-23 APT. From 2023-24, this will include local authorities' estimated 2022-23 rates figure. The PFI factor is increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.

### **Minimum Funding Guarantee**

The MFG is set by the Council after taking account of the views of schools and the Schools Forum. In 2023/24 this can be set between +0.0% and +0.5%. The Minimum Funding Guarantee (MFG) is a way to protect schools funding on a per pupil rate. It is proposed to implement a +0.5% MFG (subject to affordability) so all mainstream schools see an increase at this level for pupil led factors.

### **Basic Per Pupil Entitlement**

Otherwise referred to as AWPU (age weighted pupil unit) this is a compulsory formula factor that assigns funding on the basis of individual pupils, with the number of pupils for each school or

academy based on the previous October pupil census. These are not the minimum per-pupil funding levels referred to earlier. Stockton proposes that if there is any funding remaining after ensuring that all the formula factors and protections have been fulfilled that the balance will be allocated to all pupils through the basic entitlement (AWPU) factor.

**Question 1 - Do you agree, funding permitting, to increase the formula factors in line with the NFF? This is an increase of 2.4% to the formula's core factors (plus lump sum), except for the PFI factor increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.**

**Question 2 - The Council seeks your views on whether you agree with the proposal to set the MFG at the maximum of plus 0.5%, assuming the level of funding permits this?**

**Question 3 - Do you agree to adjust the Basic Entitlement AWPU if funding allocated to the LA is greater than that needed to fulfil the National Funding Formula?**

### **HIGH NEEDS BUDGET**

The High Needs block supports provision for pupils and students with special educational needs (SEN) and disabilities (SEND), from age 0 to 25, and alternative provision (AP) for pupils who, because of exclusion, illness or other reasons, cannot receive their education in mainstream schools.

As schools will be aware since the introduction of the new SEND code of practice in 2014, there has been a year on year increase in the demand placed on the High Needs Block due to increased numbers of children requiring SEN support and Education, Health and Care Plans (EHCPs).

At the end of the 2021/22 financial year the deficit against the Dedicated School Grant (DSG) was £5.48m. We continue to see an upward trajectory of spend and progress against actions to help mitigate some of the pressures have been significantly impacted by Covid 19 during the previous financial years which has hampered the Councils ability to reduce this deficit.

The Council is currently working on a revised High Needs Medium Term Financial Plan which will be presented to the Schools Forum at the November 2022 meeting.

The DfE have announced that the High Needs NFF for 2023/24 will also have the same factors as at present, with £570 million of additional funding nationally. For Stockton this means an additional £2.19m is estimated. However, the Government's High Needs budget announcements only refer to one year's funding for 2023/24 and look no further ahead.

For 2023/24 local authorities will continue to be able to transfer up to 0.5% of their schools block to the high needs block of the DSG, with schools forum approval. A disapplication will be required to the Secretary of State for transfers above 0.5%, or any amount without schools forum approval.

Last year both schools and the Forum supported a transfer of 0.5% (£0.752m) from the Schools Block to the High Needs Block. It is proposed that this remains at 0.5% for 2023/24 (estimated at approximately £800k but subject to change based on the final formula).

The Council consider this proposal a fair balance where the transfer will be minimised to ensure schools receive the maximum possible increase in their budgets to reflect the on-going pressures

that they have identified in recent years, whilst the DSG deficit and shortfall in the High Needs budget is addressed.

**Question 4 - Do you support the transfer of 0.5% (estimated at £800k) from the Schools Block to High Needs Block in 2023/24?**

**TIMETABLE**

The outputs from the consultation will be reported to the School Forum meeting on 15<sup>th</sup> November 2022. The table below summarises the next steps;

Date	Process
<b>9 November 2022</b>	<b>Consultation closes</b>
15 November 2022	Consultation outcomes to Schools Forum
18 November 2022	Deadline for Secretary of State Disapplication request to be submitted (if needed).
20 January 2023	Deadline for submission of final 2023 to 2024 APT to ESFA
28 February 2023	Deadline for confirmation of school's budget shares to mainstream maintained schools.



### Consultation Questions

**Question 1 - Do you agree, funding permitting, to increase the formula factors in line with the NFF? This is an increase of 2.4% to the formula's core factors (plus lump sum), except for the PFI factor increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.**

	Response	Comments
Yes		
No		
No views		

**Question 2 - The Council seeks your views on whether you agree with the proposal to set the MFG at the maximum of plus 0.5%, assuming the level of funding permits this?**

	Response	Comments
Yes		
No		
No views		

**Question 3 - Do you agree to adjust the Basic Entitlement AWPU if funding allocated to the LA is greater than that needed to fulfil the National Funding Formula?**

	Response	Comments
Yes		
No		
No views		

**Question 4 - Do you support the transfer of 0.5% (estimated at £800k) from the Schools Block to High Needs Block in 2023/24?**

	Response	Comments
Yes		
No		
No views		

Please complete and certify this sheet and return electronically with your consultation to: [andy.bryson@stockton.gov.uk](mailto:andy.bryson@stockton.gov.uk) by 5pm on Friday 9<sup>th</sup> November 2022.

If you are unable to include electronic signatures could you please provide authorisation within the body of the email from both the Headteacher and Chair / Clerk to Governors.

**Name of School:** .....

.....

**Chair or Clerk to Governors (Please specify)      Headteacher**

.....

**Print Name**

**Print Name**

## Appendix B

**LOG OF CONSULTATION RESPONSES**

**Question 1 - Do you agree, funding permitting, to increase the formula factors in line with the NFF? This is an increase of 2.4% to the formula's core factors (plus lump sum), except for the PFI factor increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.**

<b><u>RESPONSE NO.</u></b>	<b><u>COMMENT</u></b>
1	Only if funding permitting. Does this have any bearing on the lack of additional DfE contributions. This will need transparency.
2	As long as there is enough funding.
3	Yes, funding permitting. This ensures a clear funding formula in line with the NFF.

**Question 2 - The Council seeks your views on whether you agree with the proposal to set the MFG at the maximum of plus 0.5%, assuming the level of funding permits this?**

<b><u>RESPONSE NO.</u></b>	<b><u>COMMENT</u></b>
1	However, whilst we accept this is to meet additional needs within the LA we would like to see a more detailed plan if this was approved on how this will be allocated such as additional SEN provision. If there is a need for alternative education/specialist provision can this additional top slice be allocated?
2	Yes, funding permitting. This protects school funding on a per pupil rate so all mainstream schools see an increase at this level for pupil led factors. If an MFG of plus 0.5% is not affordable, we recommend a lower MFG with any remaining funding allocated to adjust the Basic Entitlement AWPU.
3	Any increase in funding is a positive

**Question 3 - Do you agree to adjust the Basic Entitlement AWPU if funding allocated to the LA is greater than that needed to fulfil the National Funding Formula?**

<b><u>RESPONSE NO.</u></b>	<b><u>COMMENT</u></b>
1	Yes. If funding remains after the NFF and MFG rates covered in Questions 1 and 2, we recommend that this funding is allocated to adjust the Basic Entitlement AWPU to benefit all pupils in Stockton.
2	Agree 100% that this would be the fairest way to distribute the extra funds if the exist.

**Question 4 - Do you support the transfer of 0.5% (estimated at £800k) from the Schools Block to High Needs Block in 2023/24?**

<b><u>RESPONSE NO.</u></b>	<b><u>COMMENT</u></b>
1	Although – it should be noted that as a school that is in receipt of many pupils

	that have high needs funding, there has been no per pupil increase in funding (for pupils accessing EMS provision) for a number of years. Given that costs per pupil have risen – this is effectively a cut in funding over time. Something that is unlikely to be sustainable in the long run. Schools across the borough benefit from HNF particularly when those pupils attend EMS provision or there is inreach/outreach or consultations from those provisions. Without the transfer (or looking to increase it at some point), providing EMS services will become an increasing stretch for schools with an EMS.
2	Constantly supporting the pot with additional funds is not the long term solution to the High Needs funding crisis. This needs to be addressed separately, not supported by the school's block.
3	Schools need to additional funding in order to support SEND pupils within school. Applications for Top Up funding are rarely approved and the payments to school are always delayed and have to be pursued to be obtained. Schools can best support without the additional paperwork etc. which causes stress and time allocations by school to attempt to obtain.
4	However, whilst we accept this is to meet additional needs within the LA we would like to see a more detailed plan if this was approved on how this will be allocated such as additional SEN provision. If there is a need for alternative education/specialist provision can this additional top slice be allocated?
5	However, as the 0.5 additional contribution has been approved over the last few years to support the costs of the LA. I feel it would be prudent to share the transparency of how this additional 800k will be allocated directly to the provision of resources and curriculum support within the SEN wider provision. This transparency is necessary in order that a holistic overview is afforded to all schools in SBC to ensure all needs of SEN children are met. It is anticipated that this will not be on addition staffing as resources should be school based.
6	<p>Whilst we support retaining the transfer of 0.5% from the Schools Block to High Needs block in 2023/24, the consultation and NFF only affects mainstream settings. The consultation mentions the transfer of approximately £800k to the High Needs Block from the schools block, plus significant additional funding from the DfE for High Needs. Given the ongoing deficit (over £5m at the end of 2021/22), is the HN MTP currently being prepared going to ensure special schools receive a fair increase in overall funding (base and top-ups) to ensure parity with mainstream settings?</p> <p>There still appears to be no consideration for children in special schools to receive the increases in “other core factors” or when grants are rolled into the NFF (as is the case for the SSG from 23/24). Given the methodology for special school funding, unless significant changes are made, this could only be achieved by an increase in top-up values, i.e. high needs funding. As previously suggested, the easiest way to ensure per pupil increases are not double funded would be to apply the same increase to a separate range of top-up values for pupils in special schools and special academies. This distinction of bandings for children in mainstream compared to special schools is widely used across other Local Authorities.</p>
7	No. We recommend that the 0.5% (estimated at £800k) stays within the Schools Block to support all pupils in Stockton. We recommend that High Needs Block expenditure is met from the High Needs Block budget, including the estimated additional funding of £2.19m for 2023/24.
8	Forum also need to discuss and consider the implications of NHF to special schools and academies. Increases to funding for 23/24 need to reflect increases in HNF to the LA and be fair and equitable with mainstream.