



Report to: Schools Forum

Date of Meeting(s): 24th November 2022

Subject: School Funding Formula 2023/24 – Schools Block

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Summary: To provide details of the indicative DSG allocations for 2023/24 and proposed formula for allocation

Recommendation(s): For Schools Forum to note the contents of the report and to agree the funding formula factors and values.

Implications:

*What are the **financial** implications?* Contained within report

*What are the **staffing** implications?* n/a

Risks: n/a

Please list any appendices:-

Appendix number or letter	Description
1	Indicative Funding for schools
2	NFF Factor Values

1 SCHOOL FUNDING FORMULA 2023/24

- 1.1 The LA will remain responsible for determining the local schools funding formula model to be used to distribute final delegated budget allocations to individual schools (referred to by the DfE as the Nation Funding Formula “soft” approach). Each authority’s process must ensure that there is sufficient time to gain political approval before the APT (authority pro forma tool) deadline in January 2023. Political ratification means approval in line with the authority’s local scheme of delegation, so this may be decisions made by the council cabinet, cabinet member or full council.
- 1.2 The Government is committed to implementing the direct National Funding Formula (NFF) within the next 5 years and has published specific transition requirements for those LA’s not yet using the NFF. It was agreed by Forum in 2018/19 that Wigan’s local formula should mirror the NFF factors and rates and this has continued since.

2. SCHOOLS BLOCK

- 2.1 The NFF model for the schools block calculates an “indicative” budget for each individual school in their host Local Authority and the aggregated total of such forms the 2023/24 LA baseline schools block allocation. The schools block allocation is expressed as separate per pupil primary and secondary rates for each LA and includes funding for premises based on historic spend and growth on a formulaic basis. The published provisional allocation for 2023/24 is **£245,890,605** which is an increase of approx. £4.9 million on our 2022/23 actual allocation, inclusive of the supplementary grant (2.04% increase per pupil).
- 2.2 The minimum funding guarantee (MFG) for schools will continue to provide protection and stability to school budgets, but local authorities will have the flexibility to set a local MFG rate between +0% and +0.5% per pupil. The mandatory minimum funding levels also will continue to apply to ensure that all schools receive a minimum amount of funding per pupil and any funding arrangement agreed by the Local Authority must ensure that this is protected.
- 2.3 The schools block is ring-fenced, but the LA is permitted to transfer up to 0.5% of the schools block funding allocated to other blocks (i.e. high needs) with the agreement of their Schools Forum. At the forum meeting in June 2022 (ratified October 22) it was agreed that £0.750m from DSG underspends in 2021/22 could be utilised to support the High Needs block in 2023/24. In view of this and the current challenging financial climate for schools, there is no proposal to make any contribution from 2023/24 schools block to high needs. This position will be reviewed year on year going forward.

3. NATIONAL FUNDING FORMULA (NFF)

3.1 Formula Factors

Provided below is a summary of the formula factors in the NFF together with relevant information on their application. The values from the 2022/23 supplementary grant have been rolled in to the formula under the basic entitlement, free school meals and lump sum factors.

Pupil led funding

- **A basic per pupil entitlement (mandatory)**

The age weighted pupil unit is the fundamental building block of the formula. The NFF rates (post Area Cost Adjustment) for 2023/24 are:

Primary: £3,413
Key Stage 3: £4,811
Key Stage 4: £5,423

This represents a 2.4% increase on 2022/23 basic entitlement rates.

- **Minimum Funding Levels for Pupils**

The mandatory minimum per pupil funding levels have been increased for both primary and secondary schools by 0.5%. Provided below are details of the 2022/23 and 2023/24 minimum funding levels:

Primary: £4,265 (2022/23), £4,405 (2023/24)
Secondary: £5,525 (2022/23), £5,715 (2023/24)

- **Minimum Funding Guarantee (MFG)**

MFG provides protection to ensure that schools receive a minimum percentage increase per pupil on the pupil led factors of the formula. Under the 2023/24 funding formula the Local Authority can set the MFG between 0% and 0.5% per pupil.

- **Deprivation**

This is a compulsory factor and is identified through 2 measures –eligibility for Free School Meals (FSM) where this will be current and historic through the EVER6 measure and the level of deprivation in the postcode the student lives (IDACI). The EVER6 factor is now based on October census data rather than January. The IDACI factor uses 6 bands each of which attracts a different value to reflect varying levels of deprivation.

The current FSM factor value has increased by 2.4% compared with 2022/23. The EVER6 and IDACI factor values have been increased by an average percentage of 4.3%, which is a higher increase than the rest of the factors in the formula, meaning that a greater proportion of schools funding is being targeted towards deprived pupils than in previous years.

- **Low Prior Attainment**

This measure is an important tool for schools to identify pupils who are likely to require more support.

A pupil who does not achieve the expected level in Early Years Foundation Stage Profile on entry to primary school will attract an additional £1,161 (based on 2023/24 values) a year throughout their time in that school. A pupil who does not achieve the expected level at KS2 will attract an additional £1,760 (2023/24 values) while in secondary education.

The Low Prior Attainment pupil numbers are weighted to reflect the fact that the proportion of pupils reaching the expected standard in key stage 2 tests has changed over time.

The cancellation of assessments due to the pandemic means that attainment data is not available for those who would have taken the tests in 2020 and 2021. The same proportion of these pupils is assumed to have LPA as those who took the tests in 2019.

- **English as an Additional Language (EAL)**

EAL pupils will attract funding for 3 years after the pupil enters the statutory age school system. The EAL formula values are £583 (primary) and £1,574 (secondary).

- **Pupil Mobility**

The approach for this factor tracks census data over a three year period to identify any pupils who have joined the school on a 'non-typical' start date. Only a small proportion of our school population attract funding under this factor.

School Led Funding

- **Lump Sum**

This is a lump sum provided to all Primary and Secondary schools. The value of this factor for 2023/24 after area cost adjustment is £128,700 per school. A 2.4% increase on 2022/23 values.

- **Rates**

These are funded at the authority's estimate of the actual cost. For academies information is provided by the ESFA on the rates to include.

As previously reported the rates will no longer form part of a maintained schools delegated budget. In 2023/24, the LA is planning to opt in to the new rates process, whereby the ESFA will be retain the estimated rates value and then the LA will bill the ESFA directly.

- **Private Finance Initiative (PFI) contracts**

This will not apply for Wigan.

- **Split Sites**

This will not apply for Wigan as we do not currently have any schools on split sites.

- **Sparsity**

This factor targets extra funding for schools that are both small and remote. No school in Wigan currently meets the criteria.

3.2 Growth Fund

Growth funding is allocated to local authorities using a formulaic method based on lagged growth data. The allocations will be based on pupil data from the October 2022 census. It is not reflected in current allocations and will be issued alongside the final DSG allocation in December. Growth Funding received in 2022/23 totalled £0.895m, with a proportion used to support the funding of the NFF in view of growth in deprivation. The process for distributing the Growth Funding to schools is determined locally as set out in the reports previously presented to forum.

We will only know the final growth funding allocation for the January 2023 Forum meeting.

3.3 Notional SEND

Within the proforma to be submitted to the ESFA outlining our local funding arrangements it is necessary to identify those factors which make up the notional SEND allocations for schools. In Wigan, we have applied the same percentages for a number of years, namely:

Basic Entitlement: 3%
Deprivation: 7%
Lower Prior Attainment: 100%

Recent analysis published by the DfE indicates that the national average notional SEND budget equates to 11.3% as a percentage of overall schools block allocations (before MFG and capping and scaling). The median percentage is 10.8%. Currently Wigan's approach to notional SEND budget represents c. 9.6% of overall allocations. Modelling has been undertaken to review Wigan's Notional SEND budgets with a view to align this more closely with the national median. The outcome of this is detailed below with the respective percentage of the total Notional SEND compared with overall formula allocations.

- 1) Increase Basic Entitlement to 4.5% = 10.62%
- 2) Basic Entitlement remains at 3%, increase Deprivation factors to 20% = 10.86%
- 3) Increase Basic Entitlement to 4%, increase deprivation to 12% = 10.77%

It should be noted that, the notional SEN budget is not a budget that is separate from a school's overall budget. It is an identified amount within a maintained school's budget share or an academy's general annual grant. Its does not represent any additional funding.

Wigan has a separate process for determining and awarding funding in relation to disproportionate SEND as previously agreed with School Forum.

Action – Forum members are asked to consider and agree a change to the Notional SEND budget percentages as set out in options 1 to 3 above.

3.4 De-delegations

A report was presented at the October 2022 schools forum meeting, with a further report to be discussed at this meeting. It is proposed that an overall increase of 2.04% is applied.

4. INDICATIVE 2023/24 ALLOCATIONS AND FORMULA APPROVAL

4.1 At the last forum meeting it was agreed (subject to consultation):

- That the National Funding Formula factors and values will continue to be applied. Appendix 1 of this report lists the factor values and includes 2022/23 values for comparison.
- The Minimum Funding Guarantee (MFG) would be set at the maximum permitted 0.5% per pupil.

School level allocations have been modelled based on the above approach and are included with this report at Appendix 2. This includes comparisons with last year's funding allocations. NNDR funding has been removed from the 22/23 allocations stated for ease of comparison with 23/24 indicative figures.

Please note, the allocations shown are only indicative and will change following receipt of the final funding allocations based on the October 2022 census data. For the purposes of the indicative figures presented, the October 2021 census data has been used. Although the quantum of funding will be revised to reflect changes in pupil numbers in our final DSG allocation, the Primary and Secondary Units of Funding (PUF and SUF) per pupil remain the same and therefore changes in pupil demographics in the October 2022 census will impact on the final school level allocations.

4.2 Following the application of the above approach, as shown in Appendix 2, there is currently surplus funding of £0.143m. When the final allocations are produced in December/January it is likely that any surplus will be allocated due to changes in pupil characteristics. If, however, any surplus funding remains, it is proposed that this be allocated through the Basic Entitlement factor to ensure as many schools benefit from the funding as possible.

4.3 Last year, it was found after final modelling, that the NFF could not be afforded directly through the core schools block allocation and as such funds from the growth factor were used to cover the gap which had arisen due to increases in deprivation. The growth factor forms part of the schools block and is not considered to be a 'transfer' between funding blocks. If on final modelling this year, there is a similar gap, proposals on how to fund will be brought to the January meeting.

Action – Forum members are asked to consider the information above and the indicative allocation and confirm agreement of the principles to be applied for the 2023/24

5. RECOMMENDATIONS

- 5.1 To consider the information regarding Notional SEN budgets and to agree one of the three options presented.
- 5.2 To consider and agree the formula factors, rates and principles as set out in section 4 to be used for schools block allocations in 2023/24.
- 5.3 To note that growth funding allocations will only be available in December 2022.