

REPORT TO: Executive Board

DATE: 8th December 2022

REPORTING OFFICER: Strategic Director, People

PORTFOLIO: Children and Young People

SUBJECT: The Funding Formula for Mainstream Schools and Academies for 2023-24

WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 This report will outline the proposal for the Dedicated Schools Grant (DSG) Schools Block Funding Formula for Halton mainstream schools and academies for the Council's financial year 2023-24.

2.0 RECOMMENDATION: That the Board approve the continuation of the National Funding Formula for 2023-24.

3.0 SUPPORTING INFORMATION

- 3.1 The Dedicated Schools Grant was split into four blocks; Schools Block, Central Schools Services Block, High Needs Block and Early Years Block from April 2018. The Schools Block supports mainstream primary and secondary schools and academies from reception to year 11. The Central Schools Services Block mainly supports the statutory functions carried out centrally on behalf of the schools and academies. The High Needs Block supports provision and central services for children with Special Educational Needs and Disabilities aged 0-25. The Early Years Block supports provision and central services for children aged 2 to 4 years.
- 3.2 The National Funding Formula (NFF) is used by the Department for Education to calculate the Schools Block element of the Dedicated Schools Grant allocated to Halton. The NFF contains a number of factors, mainly pupil-led and each schools' budget is calculated using the cash values assigned to each factor with the data from the October school census. Until such time as the "hard" National Funding Formula is introduced, it is for each local authority to decide upon the funding formula to be adopted each financial year. This is which factors we wish to use and, where permissible, what criteria is attached to those factors.
- 3.3 After consultation with schools and Schools Forum it was decided to move Halton mainstream schools and academies to the National Funding Formula for 2018-19 and have followed the NFF since that point.

3.4 The Council are required to now make a decision on the funding formula to be adopted for 2023-24. The changes to the NFF for 2023-24 are:

- The DfE are requiring local authorities to move closer to the NFF criteria and cash values as a step towards the implementation of a full NFF. We are already deemed to be mirroring the NFF criteria and cash values with the exception of the Pupil Mobility and Sparsity factors. Historically we have not adopted these two factors in Halton but they will be included in the 2023-24 funding formula as these are now mandatory factors.
- As long as our cash values are within +/-2.5% of the NFF cash factors we will meet the requirements for 2023-24. For 2022-23 apart from the Basic per pupil factor which was reduced for the transfer to the High Needs Block, every other factor used in Halton was at the NFF cash value.
- The final cash values used are dependent upon the pupil data and final grant allocation which will both be released mid-December. As long as funding allows, we will continue to fund at the NFF cash values.
- The Supplementary Grant which was paid as a separate grant in 2022-23 has been rolled into the NFF for 2023-24 as follows: Basic per pupil (primary) £97, Basic per pupil Key Stage 3 (KS3) £137, Basic per pupil Key Stage 4 (KS4) £155, Free School Meals Ever 6 (FSM6) primary £85, FSM6 secondary £124 and Lump sum £3,680.
- The DfE have uplifted by 2.4% the NFF cash values for basic entitlement, Free School Meals, Low Prior Attainment, English as an Additional Language, mobility, sparsity and the lump sum. The FSM6 and Income deprivation affecting children index (IDACI) cash values have been uplifted by 4.3%. The Funding Floor and Minimum Per Pupil Led factors have been uplifted by 0.5%. No uplift has been applied to premises factors, except for PFI which has increased by RPIX (11.2%) for the year to April 2022.

3.5 A consultation was issued early in September on the Schools Block funding formula to be used in Halton for 2023-24. The consultation is attached at Appendix A and the detailed responses at Appendix B.

Of the 14 schools that responded, all were in agreement with the continuation of following the NFF funding factors and criteria.

3.6 The MFG continues in 2023-24 but with a lower permissible range of 0.0% to plus 0.5%, meaning that a school's per pupil amount must increase by a minimum of 0.5% compared to the previous year.

The MFG is calculated to a per pupil amount which cannot be less than the previous year's per pupil amount multiplied by the MFG factor.

As stated in the consultation document, it is impossible to say what level of MFG the Council can afford until the October 2022 census data and final grant allocation is received. The grant settlements are typically released less than a week before Christmas and it is envisaged it will be mid-January before the final calculations are completed.

As in previous years, we will always strive to give the maximum MFG possible based upon the actual grant settlement. Of the 14 schools that responded, all were in agreement with the MFG being set at the January meeting

4.0 FINANCIAL IMPLICATIONS

- 4.1 If pupil numbers and cohort in each school remained the same for 2023-24, every school would see an increase in funding. However, it is known that in some schools, pupil numbers are falling. Therefore, where pupil numbers are falling schools will likely see a reduction in funding, however the two levels of safeguards – Minimum Per Pupil funding level and Minimum Funding Guarantee will ensure that on a per pupil basis schools will receive a minimum increase of at least 0.5% per pupil.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children & Young People in Halton

It is essential the funding allocated to schools ensures that they are sustainable and have the resources to invest in improving outcomes for all Halton children and young people.

5.2 Employment, Learning & Skills in Halton

None.

5.3 A Healthy Halton

None

5.4 A Safer Halton

None.

5.5 Halton's Urban Renewal

None.

6.0 RISK ANALYSIS

- 6.1 The High Needs Budget continues to be highly pressured due to the number of learners requiring support. The High Needs Review has been considering the changes needed in Halton to ensure that we can continue to appropriately support our children and young people with SEND whilst reducing costs.
- 6.2 Increased investment in schools through the National Funding Formula and promoting and developing increased inclusion in our schools and settings should reduce the need for additional support or specialist placements.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 The aim of the introduction of the national funding formula to create a system that supports opportunity, is fair, efficient, delivers funding straight to schools, transparent, simple and predictable.

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
National Funding Formula for schools and high needs 2023-24 (July 2022)	DfE website	Jill Farrell – Operational Director – Education Inclusion and Provision & Operational Director Resources
Impact of the schools NFF – EFA – (July 2021)	DfE website	Jill Farrell – Operational Director – Education Inclusion and Provision & Operational Director Resources
Schools Block National Funding Formula – Technical note (July 2022) High Needs Funding Operational Guide 2023 to 2024 (October 2022) Central School Services Block National Funding	DFE Website	Jill Farrell – Operational Director – Education Inclusion and Provision & Operational Director Resources

<p>Formula - Technical note - (July 2022)</p> <p>High Needs Funding Formula – Technical note (July 2022)</p> <p>School Revenue Funding 2023 to 2024 –Operational Guide (July 2022)</p>		
<p>School Forum agenda, papers and minutes</p>	<p>HBC website</p>	<p>Jill Farrell – Operational Director – Education Inclusion and Provision & Operational Director Resources</p>

Consultation on the Schools Block Funding Formula**Funding Formula**

We are required to consult with schools and academies on the method, principles and rules adopted for the funding formula to be applied to mainstream primary and secondary schools and academies.

As you will be aware, for the past three years we have followed the National Funding Formula (NFF) method, principles and rules. We are recommending that we continue this. The NFF for 2022-23 is as detailed below:

<u>Factor</u>	<u>Criteria</u>	<u>Primary NFF value 23-24</u>	<u>Secondary NFF value 23-24</u>
Basic per Pupil	A set level of funding for each pupil. For 23-24 this factor has had the supplementary grant added at Primary £97/KS3 £137/KS4 £155 and then uplifted by 2.4%.	£3,394	£4,785 KS3 £5,393 KS4
Deprivation - FSM	Funding for pupils who are currently eligible for FSM.	£480	£480
Deprivation – FSM Ever 6	Funding for pupils who have been eligible for FSM at some point in the previous 6 years. This has been had the supplementary grant added at Primary £85/Secondary £124.	£705	£1,030
Deprivation – IDACI	Income Deprivation Affecting Children Index. Funding is based on the deprivation level assigned to each pupil's home post code, banded A to G. However funding is only allowed for bands A to F.	F £230 E £280 D £440 C £480 B £510 A £670	F £335 E £445 D £620 C £680 B £730 A £930
Low Prior Attainment	Primary – where pupils have not achieved the expected level of development at EYFSP. Secondary – where pupils have not achieved the expected standard in KS2 at either reading, writing or maths.	£1,155	£1,750
English as an Additional Language	Pupils identified with a first language other than English can be funded for up to the first three	£580	£1,565

	years of statutory schooling. We fund for the maximum period of three years.		
Pupil Mobility	Provides funding for pupils who enter a school other than at the start of Autumn Term. A minimum threshold applies of 6% of pupil numbers. This is now a mandatory factor.	£945	£1,360
Sparsity	Funding for small schools located in areas where pupils would have to travel a set minimum distance to the next nearest school. This is now a mandatory factor.	Year Group size and distance tapers as per DfE	Year Group size and distance tapers as per DfE
Minimum Level of Per-pupil funding	A mandatory factor. <i>Combines all pupil-led factors and is not a stand-alone amount.</i>	£4,405	£5,503 KS3 £6,033 KS4
Total Pupil-led factors	Each LA is required to allocate at least 80% of the delegated Schools Block funding through the above pupil-led factors.		
Lump Sum	An amount per school up to a maximum of £175,000. Can be different for primary and secondary schools. Includes £3,680 for supplementary grant from 22-23	£128,000	£128,000
Split Sites	No schools in Halton are eligible for funding under this factor.		
LA Rates	LA Rates	Estimates will be set in December based on latest uplift information.	
PFI contracts	A factor to support schools that have unavoidable premises costs due to being a PFI school. In Halton we use a per pupil rate. RPIX increase of 11.2% as per DfE Guidance.	£374.31	£374.31
Exceptional Premises	In Halton, this is for the joint use of leisure facilities by contractual agreement with one school.		£160,276
Minimum Funding	The MFG can be set between 0% and +0.5%.		

Guarantee			
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Cash values

The final cash values used are dependent upon the pupil data and final grant allocation which will both be released mid-December. As long as funding allows, we will continue to fund at the NFF cash values.

The Supplementary Grant which was paid as a separate grant in 2022-23 has been rolled into the NFF for 2023-24 as follows: Basic per pupil (primary) £97, Basic per pupil (KS3) £137, Basic per pupil (KS4) £155, FSM6 (primary) £85, FSM6 (secondary) £124 and Lump sum £3,680.

Pupil Mobility Factor

This factor allocates funding to schools with a high proportion of pupils who have an entry date in the last three years that is not typical – i.e. the first census on which a pupil is recorded as attending the school not the October census (or the January census for a spring term intake to Reception class). To be eligible for funding the proportion of mobile pupils in a school must be above a threshold of 6%. In 2022-23, if we had used this factor we would have allocated a total of £79,796 between 15 primary schools.

Sparsity Factor

A school is eligible for sparsity funding if its sparsity distance is equal to or above the main distance threshold or above the tapered distance threshold AND the average year group size is below the relevant size threshold. In Halton for 2022-23 we only had one secondary school that was eligible for funding under this factor and we would not expect this to change for 2023-24.

NNDR

This is an optional factor but has always been used in Halton.

Exceptional Circumstances factor

The Exceptional Circumstances factor has been used to provide funding to Ormiston Bolingbroke Academy for the Joint Use of Brookvale Recreation Centre. This is an historic agreement for which we gained permission to continue to use this factor last year. The DfE allow the continuation of the factor for six years after agreement. The factor is uplifted each year by the same RPIX percentage as applied to the PFI factor, set by the DfE for 23-24 at 11.2%.

Minimum Funding Guarantee

The Minimum Funding Guarantee remains in place for 2023-24 with a permissible range of 0% to plus 0.5%. The MFG is calculated to a per pupil

amount which cannot be less than the previous year's per pupil amount multiplied by the MFG factor.

It is impossible to say what MFG level we will require, or can afford at this point in time. This can only be calculated when the final grant allocation and pupil data is received. The grant settlement is typically released just a few days before Christmas. There is insufficient time to allow the calculations to be completed, options modelled, a new consultation paper prepared, issued and responses received and considered before Schools Forum in January and the statutory DfE submission deadline. Therefore, as in previous years, we are asking that you agree to Schools Forum approving the MFG level at the January meeting when the Schools Block indicative budgets will be presented. If we do not submit a proposed Schools Block funding formula to the DfE by the deadline of 20th January it is possible that the DfE will impose a funding formula on us. As in previous years, we will always strive to give the maximum MFG possible based upon the actual grant settlement.

Indicative Schools Block budgets

The attached spreadsheet issued by the DfE shows the impact of the updated 2023-24 NFF formula and cash values. This is based on your October 2021 census data and therefore is not the amount of funding you will receive.

Consultation questions

1. Do you agree that we continue to adopt the NFF method, principles and rules adopted for the funding formula to be applied to primary and secondary schools and academies?

Yes/No

If no, please explain what you would prefer to use:

2. Do you agree to Schools Forum determining the level of the Minimum Funding Guarantee at the January meeting?

Yes/No

If no, please explain how you think agreement should be reached within the timescales set by the DfE:

Please respond no later than **5pm on Friday 30th September 2022** to ensure your feedback can be fed back to Schools Forum and subsequently to the Executive Board of the Council.

Responses to be e-mailed to anne.jones@halton.gov.uk

Appendix B

School	Date rec'	Q1	Q2	Comments
Woodside	08/09/2022	Yes	Yes	
Windmill Hill	08/09/2022	Yes	Yes	
St Gerards	08/09/2022	Yes	Yes	
Widnes A	22/09/2022	Yes	Yes	
The Grange	22/09/2022	Yes	Yes	
Wade Deacon	22/09/2022	Yes	Yes	
OCA	23/09/2022	Yes	Yes	
Sandymoor	23/09/2022	Yes	Yes	
Victoria Rd	27/09/2022	Yes	Yes	
The Bridge	27/09/2022	Yes	Yes	
Bridgewater Park	28/09/2022	Yes	Yes	
Palacefields	28/09/2022	Yes	Yes	
Daresbury	28/09/2022	Yes	Yes	
The Heath	28/09/2022	Yes	Yes	