

**Schools Forum**

**26 September 2022**

**School Funding 2023-24**

**This report is for decision**

**All Forum Members can vote on this item**

**1. Recommendations:**

That Schools Forum members:

- 1.1 Note the changes to the National Funding Formula
- 1.2 Approve the approach and modelling options to the 2023-24 Local Formula

**2. Purpose**

- 2.1 Following on from last year's consultation on the reforms to the National Funding Formula (NFF) the Schools Operational Guide 2023-24 was published on the 19<sup>th</sup> July 2022. This report aims to provide members with an update on the Government's plan to implement a direct NFF (where funding will be allocated directly to schools based on a single national formula) and to seek the basis on which consultation on the formula should be undertaken later in the autumn.

**3. Links to School Improvement Priorities**

- 3.1 Sandwell has an ambition to ensure that all schools and academies in the borough are rated as Good or Better by Ofsted. To achieve this during times of austerity will require astute and prudent usage of finite, and reducing, resources.
- 3.2 There remains significant financial challenges in the education sector at present. It is clear that proposed schools funding arrangements will not fully offset the effects over the last 10 years of inflation, the national pay awards, the apprenticeship levy, recent cost of living pressures and changes to employers pay

contributions. Equally, schools will also have to source many services once provided free by the council.

- 3.3 Given that these factors have impacted, over time, detrimentally on local budgets, the decisions taken by the current School Forum need to consider how the factors contained within the school's budget formula deliver an equitable spread of resources to all schools, which targets areas of need whilst protecting those that are most financially vulnerable.
- 3.4 Schools Forum will need to consider the impact of a "direct" National Funding Formula, if and when implemented, and the continued steps the borough should take to move towards this; taking in to account minimum funding guarantees to allow schools time to prepare for, and manage, future changes in funding.

#### **4. Report Details**

- 4.1 In 2023-24 each local authority can continue to set a local schools funding formula, however, they will be required to bring their own formulae closer to the schools direct NFF. There is an expectation that the full move to the NFF will be completed by 2027-28.
- 4.2 It has been confirmed that from 2023-24 local authorities will only be allowed to use NFF factors in their local formulae. This means that the looked after children (LAC) factor will no longer be an allowable factor.
- 4.3 From 2023-24 Local authorities must use all NFF factors – except for the locally determined premises factors which remain optional. This means that local authorities will have to use all 3 deprivation factors (FSM, FSM6 and all IDACI bands), as well as Low Prior Attainment, English as an Additional Language, Mobility, Sparsity and the Lump Sum.
- 4.4 From 2023-24 Local authorities must move their local formula factor values at least 10% closer to the NFF, except where local formulae are already mirroring the NFF. This is called "***tightening***".
- 4.5 For the purpose of the tightening criteria, local factor values within 2.5% of the respective NFF values are deemed to be mirroring the NFF. This means that local authorities which had factor values within +/- 2.5% of the NFF values in 2022-23 will be allowed to set their 2023-24 factor values anywhere within +/- 2.5% of the 2023-

24 NFF values. At the end of the transition period, no Local Authority will be required to move their factor values away by more than +/- 2.5% of the 2023-24 NFF because of the 10% tightening requirement

- 4.6 The 10% movement is calculated such that local authorities are required to bring their local formula factor values 10% closer to the NFF, compared to the difference between the local factor value and the NFF value in 2022-23. For example, if the difference between a local factor value and the NFF factor value was £500 in 2022-23, the maximum difference from the NFF value in 2023-24 is £450 (10% less than £500).
- 4.7 Appendix A below is an exemplification of indicative SMBC formula factor under tightening rule (i.e. 10% movement) whilst Appendix B showed the range of possible SMBC formula factors if decision is made to move to direct NFF.
- 4.8 Split site factor is subject to a separate consultation. This is covered in another report to the forum.
- 4.9 The schools supplementary grant is being rolled into the schools NFF from 2023-24.
- 4.10 The Minimum Funding Guarantee will continue in 2023-24 between +0.0% and +0.5%.
- 4.11 The basic structure of the high needs NFF for 2023-24 is not changing.
- 4.12 For 2023-24 the purpose of the Central Schools Services Block will follow the same approach as in 2022-23 and any changes / review will be for future years.
- 4.13 In light of the changes to the funding process it is proposed that 3 modelling options are undertaken for the schools block funding only which can be presented to the November meeting:
- (1) Minimum Transition (using the maximum transition period)
  - (2) Accelerated Transition (using a 2-year transition period)
  - (3) National Funding Formula

**5. Recommendations**

5.1 That Schools Forum note the changes to the local funding process for 2023-24.

5.2 That schools forum approve the approach to the modelling options

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Appendix A – MAXIMUM SMBC VALUE UNDER “TIGHTENING”

Description	NFF FACTOR VALUES 2023/24 1		NFF FACTOR VALUES 2022/23 2		SMBC FACTOR VALUES 2022/23 3		SMBC MAXIMUM FACTOR VALUES 2023/24 4	
	Primary amount pp	Secondary amount pp	Primary amount pp	Secondary amount pp	Primary amount pp	Secondary amount pp	Primary amount pp	Secondary amount pp
Primary (Years R-6)	£3,394.00		£3,217.00		£3,512.00		£3,659.50	
Key Stage 3 (Years 7-9)	£4,785.00		£4,536.00		£4,977.00		£5,181.90	
Key Stage 4 (Years 10-11)	£5,393.00		£5,112.00		£4,977.00		£5,271.50	
Prim Minimum PP funding	£4,405.00		£4,265.00		£4,265.00		£4,405.00	
Sec Minimum PP funding	£5,715.00		£5,525.00		£5,525.00		£5,715.00	
<b>Description - Additional Needs Funding</b>								
FSM	£480.00	£480.00	£470.00	£470.00	£176.00	£176.00	£215.40	£215.40
FSM6	£705.00	£1,030.00	£590.00	£865.00	£161.00	£372.00	£318.90	£586.30
IDACI Band F	£230.00	£335.00	£220.00	£320.00	£0.00	£0.00	£0.00	£0.00
IDACI Band E	£280.00	£445.00	£270.00	£425.00	£77.00	£350.00	£106.30	£377.50
IDACI Band D	£440.00	£620.00	£420.00	£595.00	£485.00	£676.00	£498.50	£692.90
IDACI Band C	£480.00	£680.00	£460.00	£650.00	£551.00	£771.00	£561.90	£788.90
IDACI Band B	£510.00	£730.00	£490.00	£700.00	£602.00	£855.00	£610.80	£869.50
IDACI Band A	£670.00	£930.00	£640.00	£890.00	£630.00	£900.00	£661.00	£939.00
EAL	£580.00	£1,565.00	£565.00	£1,530.00	£846.00	£1,227.00	£832.90	£1,292.30
Mobility	£945.00	£1,360.00	£925.00	£1,330.00	£0.00	£0.00	£0.00	£0.00
Low Prior Attainment	£1,155.00	£1,750.00	£1,130.00	£1,710.00	£1,225.00	£1,776.00	£1,240.50	£1,809.40
Lump Sum	£128,000.00	£128,000.00	£121,300.00	£121,300.00	£129,057.00	£129,057.00	£134,981.30	£134,981.30
Split Site					£129,057.00	£129,057.00		

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**Appendix B – RANGE OF POSSIBLE SMBC VALUE UNDER DIRECT NFF**

Description	NFF FACTOR VALUES 2023/24		NFF FACTOR VALUES 2022/23		SMBC FACTOR VALUES 2022/23		SMBC INDICATIVE FACTOR VALUES 2023/24			
							LOWER LIMIT	UPPER LIMIT		
Primary (Years R-6)	£3,394.00		£3,217.00		£3,512.00		£3,309.15	£3,478.85		
Key Stage 3 (Years 7-9)	£4,785.00		£4,536.00		£4,977.00		£4,665.38	£4,904.63		
Key Stage 4 (Years 10-11)	£5,393.00		£5,112.00		£4,977.00		£5,258.18	£5,527.83		
Prim Minimum PP funding	£4,405.00		£4,265.00		£4,265.00		£4,294.88	£4,515.13		
Sec Minimum PP funding	£5,715.00		£5,525.00		£5,525.00		£5,572.13	£5,857.88		
Description - Additional Needs Funding	Primary amount per pupil	Secondary amount per pupil	Primary amount per pupil	Secondary amount per pupil	Primary amount per pupil	Secondary amount per pupil	Primary Lower Limit	Primary Upper Limit	Secondary Lower Limit	Secondary Lower Limit
FSM	£480.00	£480.00	£470.00	£470.00	£176.00	£176.00	£468.00	£492.00	£468.00	£492.00
FSM6	£705.00	£1,030.00	£590.00	£865.00	£161.00	£372.00	£687.38	£722.63	£1,004.25	£1,055.75
IDACI Band F	£230.00	£335.00	£220.00	£320.00	£0.00	£0.00	£224.25	£235.75	£326.63	£343.38
IDACI Band E	£280.00	£445.00	£270.00	£425.00	£77.00	£350.00	£273.00	£287.00	£433.88	£456.13
IDACI Band D	£440.00	£620.00	£420.00	£595.00	£485.00	£676.00	£429.00	£451.00	£604.50	£635.50
IDACI Band C	£480.00	£680.00	£460.00	£650.00	£551.00	£771.00	£468.00	£492.00	£663.00	£697.00
IDACI Band B	£510.00	£730.00	£490.00	£700.00	£602.00	£855.00	£497.25	£522.75	£711.75	£748.25
IDACI Band A	£670.00	£930.00	£640.00	£890.00	£630.00	£900.00	£653.25	£686.75	£906.75	£953.25
EAL	£580.00	£1,565.00	£565.00	£1,530.00	£846.00	£1,227.00	£565.50	£594.50	£1,525.88	£1,604.13
Mobility	£945.00	£1,360.00	£925.00	£1,330.00	£0.00	£0.00	£921.38	£968.63	£1,326.00	£1,394.00
Low Prior Attainment	£1,155.00	£1,750.00	£1,130.00	£1,710.00	£1,225.00	£1,776.00	£1,126.13	£1,183.88	£1,706.25	£1,793.75
Lump Sum	£128,000.00	£128,000.00	£121,300.00	£121,300.00	£129,057.00	£129,057.00	£124,800.00	£131,200.00	£124,800.00	£131,200.00
Split Site					£129,057.00	£129,057.00				

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