



## North Northamptonshire Schools Forum: 19 January 2023

### Agenda Item 6

#### 2023-24 Schools Block Budgets

## 1 Introduction

1.1 This report sets out the:

- 2023-24 Schools Block DSG Allocation for Schools Forum to note.
- proposed 2023-24 Mainstream Primary and Secondary School Budgets for Schools Forum to agree to recommend to North Northamptonshire's Executive and Council for approval.
- proposed Growth Fund Budget for Schools Forum to agree to recommend to North Northamptonshire's Executive and Council for approval.

## 2 Background

2.1 In July 2022, the Department for Education announced a set of key figures and operational guidance for the Schools Block National Funding Formula to allow local authorities and schools to plan for budgets in 2023-24.

2.2 Schools Forum worked through the changes to Schools Block and the funding formula during the autumn term including full consultation with all schools in November 2022.

2.3 Pending the release of North Northamptonshire Council's 2023-24 DSG Settlement, Schools Forum at the December 2022 meeting have agreed the following recommendations:

- The adoption of the 2023-24 ACA adjusted National Funding Formula values in setting the 2023-24 mainstream funding formula for schools and academies.
- The formula to continue to use the current local factors for split sites unless otherwise instructed by the DfE.
- The Minimum Funding Guarantee to be set at 0.5% (the maximum allowed).
- To consider whether to transfer from Schools Block to the High Needs Block in 2023-24 at the January 2023 meeting.
- After which all remaining funding in Schools Block will be allocated to the Growth Fund.
- The de-delegation of £3.56 per pupil for Trade Union Facilities Time and £12 per pupil for School Effectiveness for Maintained Primary and Secondary Schools.

- 2.4 Subsequently, in December 2022, the DfE confirmed the schools funding settlement for 2023-24. As promised in the 2022 Autumn Statement, this included a one-off Mainstream Schools Additional Grant (MSAG) of £9.090m in 2023-24 only. As this funding will be incorporated into core budget allocations for 2024-25 for primary, secondary, and all-through schools, this will mean the funding being rolled into the schools national funding formula for 2024-25. This additional funding recognised the reversal of the employer contributions to national insurance (1.25% of pay) to school funding levels as well as increasing inflation on staffing, energy costs and other school cost pressures. Schools will have the flexibility to prioritise their spending of the MSAG to best support the needs of their pupils and staff and address cost pressures.
- 2.5 This report sets out the proposed budget plan and formula for 2023-24 in the context of the decisions already made by Schools Forum and the available funding.
- 2.6 Final decisions on the funding formula for schools are for Executive and Council to determine in February 2023, but the proposals they will consider are the ones which Schools Forum have developed over the last few meetings. This report seeks Schools Forum's views on the final proposals before they are considered by Executive and Council.

### 3. 2023-24 Schools Block DSG Allocation

- 3.1 The DfE announced the 2023-24 DSG Funding Settlement on 16<sup>th</sup> December 2022. The Schools Block reflected the Primary and Secondary Units of Funding advised in July 2022, updated to reflect the pupil numbers in the October 2022 census. The LA also received an Authority Proforma Tool (APT) (the mechanism for calculating and reporting mainstream formula budgets for 2023-24), which reflected October pupil and other data. The LA must submit a completed APT by 20<sup>th</sup> January 2023, subject to political ratification to the Education Skills Funding Agency (ESFA).
- 3.2 The process is that Schools Forum decides on those aspects of the DSG arrangements that are theirs to decide (e.g., Minimum Funding Guarantee, Growth Fund, Falling Rolls Fund) but other matters, including the overall funding and the formula itself are formally for the LA to determine. Schools Forum is invited to make a recommendation to Executive about the Schools Block. In turn, Executive makes recommendations to full Council in February 2023, where final decisions are made.
- 3.3 **Table A** sets out the 2023-24 Schools Block DSG allocation compared against 2022-23 DSG. They reflect a headline of 4.63% increase per Primary pupil and 5.68% increase per Secondary pupil, but most of this increase is through the inclusion of the School Supplementary Grant from 2022-23 into the main formula. There has been a decrease in the number of primary school pupils by 144 pupils (-0.48%) and an increase in secondary school pupils by 523 pupils (+2.62%) in North Northamptonshire as at October 2022 census.
- 3.3 Funding for premises factor including funding for National Non-Domestic Rates have increase by £27,597 (+1.54%).
- 3.4 Funding for Pupil Growth have decreased by £37,363 (-2.22%)
- 3.5 The DfE have rolled in the School Supplementary Funding in 2022-23 into the National Funding Formula for 2023-24 which is why Schools Block needs to be rebased in order to make an accurate comparison.

3.6 Following the 2022 Autumn Statement, the DFE will also be paying a new one-off grant in 2023-24 called Mainstream Schools Additional Grant (MSAG) to mainstream schools only. The DFE will release further school level details in Spring 2023. This grant will be rolled into Schools Block from 2024-25.

**Table A – Schools Block DSG**

Schools Block	2022-23 DSG Allocation	Adjusted 2022-23 DSG Allocation	2023-24 DSG Settlement	Change	% Change
Primary schools unit of funding	£4,526	£4,526	£4,736	£209	4.63%
Number of pupils in primary schools	29,698	29,698	29,554	-144	-0.48%
Primary Schools Supplementary Grant		£3,786,531		-£3,786,531	
Total Primary Funding	£134,414,152	£138,200,683	£139,954,445	£1,753,762	1.27%
Secondary schools unit of funding	£5,858	£5,858	£6,190	£333	5.68%
Number of pupils in secondary schools	19,971	19,971	20,494	523	2.62%
Secondary Schools Supplementary Grant		£3,502,184		-£3,502,184	
Total Secondary Funding	£116,983,728	£120,485,912	£126,860,708	£6,374,796	5.29%
Premises factor, including national non-domestic rates (NNDR)	£1,795,380	£1,795,380	£1,822,977	£27,597	1.54%
Growth funding	£1,682,902	£1,682,902	£1,645,539	-£37,363	-2.22%
<b>Total Schools Block</b>	<b>£254,876,162</b>	<b>£262,164,877</b>	<b>£270,283,670</b>	<b>£8,118,793</b>	<b>3.10%</b>

Note:

School Supplementary Grant has been rolled into the National Funding Formula which determines Schools Block.

Mainstream Schools will also receive a one off Mainstream Schools Additional Grant of £9.09M in 2023-24. This will be rolled into Schools Block in 2024-25.

3.7 **Table B** sets out the DFE’s calculation for the Growth Funding.

**Table B: Composition of the Growth Factor in the Schools Block 2023-24**

Sector	No of NNC’s *MSOAs with schools (out of 40)	No with growing pupil numbers	Fte pupils total in growing MSOAs	Rate (including ACA of 1.00329) £	Allocation 2023-24 £
Primary	39	17	186.5	£1,525.0008	£284,412.65
Secondary	17	15	563.5	£2,282.48475	£1,286,180.16
New school allocation					£74,945.76
<b>Total Growth Allocation 2023-24</b>					<b>£1,645,538.57</b>

\*MSOA: Middle Super Output Area

Middle-Layer Super Output Areas (MSOAs) are a [statistical geography](#) created for the [Census of England and Wales](#). In 2021 there are 7,264 MSOAs in England and Wales, with a typical population of 7,000-10,000 people. Each MSOA sits within a local authority, and each local authority is divided into between one and 132 MSOAs depending on how many people live there.

3.8 The DFE’s Growth funding calculation is based on the difference in the number of pupils between October 2022 and October 2021 Census. Each school belongs to a MSOA. The increased positive difference implies that there is growth for that school therefore growth in their respective MSOA. As Growth funding is only allocated based on October Census, new schools with expected new pupils arriving would not have been included in the Growth funding allocation. That is why growth funding had reduced by £37,363 (-2.22%) from 2022-

23 despite the opening of the six new classes in North Northamptonshire in September 2023.

#### 4. Setting the 2023-24 Primary and Secondary Schools Budget

4.1 The National Funding Formula (NFF) factor values adjusted for North Northamptonshire Area Cost Adjustment of 1.00329 were used. The factor values used are illustrated in **Table C**.

**Table C – North Northamptonshire National Funding Formula Factor Values**

NNC NFF Funding Factors	2023-24 NNC Funding Rates ACA adjusted by 1.00329
Minimum Per Pupil Funding Levels - Primary	£4,405.00
Minimum Per Pupil Funding Levels - KS3	£5,503.00
Minimum Per Pupil Funding Levels - KS4	£6,033.00
Primary basic entitlement	£3,405.17
KS3 basic entitlement	£4,800.74
KS4 basic entitlement	£5,410.74
Primary / Secondary FSM	£481.58
Primary FSM6	£707.32
Secondary FSM6	£1,033.39
Primary IDACI F	£230.76
Primary IDACI E	£280.92
Primary IDACI D	£441.45
Primary IDACI C	£481.58
Primary IDACI B	£511.68
Primary IDACI A	£672.20
Secondary IDACI F	£336.10
Secondary IDACI E	£446.46
Secondary IDACI D	£622.04
Secondary IDACI C	£682.24
Secondary IDACI B	£732.40
Secondary IDACI A	£933.06
Primary EAL3	£581.91
Secondary EAL3	£1,570.15
Primary mobility	£948.11
Secondary mobility	£1,364.47
Primary LPA	£1,158.80
Secondary LPA	£1,755.76
Primary lump sum	£128,421.12
Secondary lump sum	£128,421.12
Primary sparsity	£56,485.23
Secondary sparsity	£82,169.45
Middle-school sparsity	£82,169.45
All-through sparsity	£82,169.45
PFI (RPIX) %	Not Applicable
MFG	0.50%

4.2 There will be two new and growing schools opening in September 2023. Stanton Cross Primary School will be opening two new Reception classes (60 pupils) and Weldon Village Academy will open four new Year 7 classes (120 pupils). As the pupils for these schools have yet to arrive when October 2022 Census was collected, North Northamptonshire did not receive any funding in Schools Block for these new pupils in the 2023-24 Schools Block DSG Allocation. However, the ESFA expects NNC to build these two schools into NNC's Local Authority's Proforma Tool when setting the 2023-24 mainstream school budgets.

4.3 After applying Schools Forum December 2022 decisions to:

- Adopt the 2023-24 ACA adjusted National Funding Formula values in setting the 2023-24 mainstream funding formula for schools and academies for NNC
- Continue to use the current local factors for split sites unless otherwise instructed by the DfE
- Set the Minimum Funding Guarantee at 0.5% (the maximum allowed)

only £336,883.68 of Schools Block funding remained.

4.4 Schools Forum have the option to decide on either:

**For Decision:**

**Option 1: Put it the remaining £336,883.68 in Pupil Growth Fund Budget in Schools Block (preferred option) or**

**Option 2: Transfer the remaining £336,883.68 from Schools Block to High Needs Block which equates to 0.12% of Schools Block.**

4.5 Should Schools Forum wish to transfer more than £336,883.68 to either Pupil Growth Fund or High Needs Block, Schools Forum will need to consider either setting the budget with 0% MFG or capping and scaling the school budgets to enable setting a substantial Growth Fund Budget or /as well as be able to transfer up to 0.5% From Schools Block to High Needs Block.

4.6 NNC's Schools Forum considered the option of setting the MFG at 0% in the December 2022 meeting. It was decided that the extra funding released was minimal in the overall budget. If the MFG was to be set at 0%, only £367,187.63 remains of the Schools Block for available use. This option would only release an extra £30,303.95.

4.6 The outcome of the running NNC's Schools Funding Formula indicated that the minimum per pupil level funding protected 18 Primary schools totalling £1,295,697 and 1 Secondary school totalling £172,331.

4.7 The Minimum Funding Guarantee of 0.5% further protected another 7 Primary schools in ensuring every North Northamptonshire school and academy received at least a 0.5% increase. This totalled £37,818.

4.8 As North Northamptonshire recognises that many of our schools are struggling to balance its budgets in the current challenging and difficult economic climate, it is proposed that Schools Forum should set MFG at 0.5% which is the maximum allowed by the DfE and use the remainder of funding on one of the two options proposed above in paragraph 4.4.

- 4.10 North Northamptonshire is also not asking for a transfer to High Needs Block in 2023-24 but may do so should the need arise in future years.
- 4.11 Whilst the final decision of the Schools Funding Formula belongs to the LA, it is preferable that Schools Forum consider, agree, approve, and advise the LA the direction it should take.
- 4.12 Schools Forum is therefore asked to consider and agree the adoption of one of the two options be used as 2023-24 Mainstream Schools Funding Formula basis to set the 2023-24 Schools Block Budget.

## **5 Recommendations for Schools Forum**

5.1 Schools Forum are asked to note the contents of the report.

5.2 **Schools Forum are asked to:**

- a) approve that the Minimum Funding Guarantee to be set at 0.5% for 2023-24**
- b) indicate their support for the funding formula for 2023-24 as set out in section 4**
- c) consider and agree one of the two options to be adopted in the setting of the 2023-24 Mainstream Schools Funding Formula for submission to the ESFA as North Northamptonshire Council's APT for 2023-24 in paragraph 4.4.**
- d) approve the de-delegation of £3.56 per pupil for Trade Union Facilities Time and £12 per pupil for School Effectiveness for Maintained Primary and Secondary Schools.**
- e) identify any points they may wish to convey to Executive as part of their deliberations on the DSG budget for 2023-24.**

## **6 Next steps**

6.1 The LA will set the 2023-24 Primary and Secondary School Budget on the APT with the decisions made by Schools Forum.

6.2 In the event of Schools Forum failing to reach a consensus decision, the LA will proceed to adopt the option it thinks is the fair and equitable option namely Option 1 where there is a growing need for Pupil Growth Fund in North Northamptonshire Schools.

## **7 Financial implications**

7.1 Schools need to be aware of the decisions made by Schools Forum so that they can advise their respective Governing Body in setting their Individual School Budgets.

## **8 Legal implications**

8.1 Schools funding is governed by The School and Early Years Finance (England) Regulations 2022. It is important to ensure decisions are made within the regulations set.

## **9 Risks**

- 9.1 Whilst there is the risk that the financial decision is made by Schools Forum may be detrimental to a group of schools, the final decision would be in the interest of North Northamptonshire schools overall.

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