

**Title: 2023/24 Individual
Schools Funding Proposals****Item: 6****Prepared by: Sian Kenny****Role: Strategic Manager –
Finance Business Partnering****Date:** 11 January 2022**Purpose:**

For Decision

For Information

Recommendation

It is recommended that the Schools Forum support the 2023/24 funding proposals set out in this report for the Individual Schools Budget (ISB) element of the Schools Block and a transfer from surplus available in the Growth Fund to the High Needs Block.

Local Authority members of the Schools Forum are also asked to note the impact of the implementation of the Core Offer on the funding formula for maintained schools.

Background

At the November Schools Forum, feedback from the Somerset County Council schools funding consultation with all maintained schools and academies was presented alongside the local authority funding proposals for 2023/24 which were supported by the Schools Forum.

On [14 December 2022 Somerset County Council Executive](#) agreed to the implementation of an LA Maintained Schools core offer based on a proposed charging model, with an effective date for new contracts of the 01 April 2023. The implementation of the core offer results in the removal of the de-delegation and education functions top slice from LA Maintained Schools budget shares.

On 16 December 2022 the Education and Skills Funding Agency (ESFA) confirmed the [Dedicated Schools Grant \(DSG\) funding allocations for 2023/24](#). The ESFA also confirmed the pupil premium funding rates for 2023/24 and provided information on the allocation of additional funding announced in the autumn statement.

The ESFA have updated the [schools operational guidance](#) and [the high needs funding guidance](#).

In addition to the DSG, mainstream schools will receive an [additional grant in 2023/24](#). School-level allocations of this grant will be published in spring 2023. Maintained schools and academies will receive this funding from April 2023.

The high needs block of the DSG will benefit from an additional £400m in 2023/24, through a top up to the DSG allocations. This is an increase of 4.6% to the high needs provisional allocations announced in July 2022.

The ESFA also published the [early years rates and operational guidance](#).

Further information on the High Needs Block and Early Years Block allocations will be presented to Schools Forum in February alongside the proposals to distribute the funding to settings.

This report focuses on the required level of funding for the Individual Schools Budget (ISB) element of the Schools Block for 2023/24 and surpluses available for transfer from the Growth Fund.

The local authority is responsible for making the final decisions on their formula, taking into consideration the view of the Schools Forum. Each local authority's process should ensure that there is sufficient time to gain political approval before the ESFA deadline on 20 January 2023. Somerset County Council Executive members will be asked to approve the schools block funding on 18 January 2023.

The deadline for confirmation of schools budget shares to mainstream maintained schools is the 28 February 2023.

2023/24 Schools Block Allocation and Individual Schools Budget (ISB)

Schools Forum members received information on the 2023/24 DSG provisional allocation, announced in July 2022, at an informal CPD meeting on 19 October 2022.

The 2023/24 DSG final allocations have been updated with pupil numbers from the October 2022 school census.

The final Schools Block allocation is based on the latest primary units of funding (PUF), and secondary units of funding (SUF), plus premises funding announced in July 2022 and growth funding announced in December 2022.

The DfE calculate the Schools Block 2023/34 PUFs and SUFs for each local authority using the July 2022 provisional allocation which is based on the October 2021 census. These are final units of funding for 2023/24 and are not updated at any later point.

Somerset	PUF	SUF
2022/23	4,680	5,770
2023/24	4,916	6,077
Change ¹	5.1%	5.3%

The PUFs and SUFs are then used to allocate schools block funding to local authorities in December 2022, using pupil numbers from the October 2022 census. Table 1 in Appendix

¹ The PUF and SUF increase includes the impact of incorporating last year's supplementary grant in to the 2023/24 NFF

1 shows a small reduction in primary school pupil numbers and an increase in secondary school pupil numbers.

The Schools Block includes Growth Funding which has been calculated by the DfE using the same methodology as last year, based on the growth in pupil numbers between the October 2021 and October 2022 censuses. This is calculated at middle layer super output area (MSOA), areas used by the Office for National Statistics based on population data in small geographical areas.

The 2023/24 Schools Block allocation for Somerset is £372.0m.

	2022/23	2023/24	Change	
	£m	£m	£m	%
Schools Budget	349.4	369.6	20.2	5.8%
Growth Fund	1.9	2.5	0.6	31.6%
Schools Block	351.3	372.0	20.8	5.9%

The Schools Budget allocation increase of £20.8m reflects demographic growth, DfE funding announcements and the inclusion of the 2022/23 supplementary grant.

Every school will receive the new minimum per pupil funding of £4,405 for primary age pupils and £5,715 for secondary age pupils next year.

Minimum Per Pupil Funding	2022/23	2023/24	Increase	Increase
Primary	4,265	4,405	140	3%
Secondary	5,525	5,715	190	3%

Since November 2017, the Schools Forum have supported the proposal to adopt the DfE NFF factors, values, and transitional arrangements where possible.

On 20 December, the ESFA published the Authority Proforma Tool (APT) for 2023/24, which is the tool that the Local Authority is required to complete and return by 20 January 2023. The APT includes details of the Local Authority formula, values, and commentary/explanations of how the formula has been devised. The DfE uses this information to make a deduction from the ISB to fund academies, and the ESFA use the formula to notify academies of their general annual grant for the academic year 2023/24.

The APT includes the current dataset to be used when calculating the school budget shares for 2023/24. The formula data, factors and values are presented in Appendix 1.

If Somerset continues to adopt the NFF and transitional arrangements published by the DfE, the costs of the ISB will exceed the funding available (excluding Growth Fund) by £1.95m of which £0.7m relates to the Crewkerne and Ilminster restructure (see Appendix 1,

Table 4). The major changes for Somerset in 2023/24 are the increases in eligible children for Free School Meals (FSM) and English as an additional language (EAL 3).

The local authority is still working on the APT data - there are some outstanding queries regarding Exceptional Circumstances, and we are still awaiting a response from the EFSA. These issues could lead to some final adjustments to the budgets and, therefore, the current financial position.

Growth Funding

The 2021/22 Growth Fund surplus of £3.1m was brought forward into 2022/23. The current forecast balance for the end of 2022/23 is £2.5m.

The budget proposal is to carry forward the 2022/23 final balance in to the 2023/24 financial year and use £1.25m of it to fund the gap in Schools Block funding available for delegation to schools (ISB).

This will mean that we can continue to adopt the NFF and all mainstream schools will be funded in line with the NFF. It will avoid the need to apply a cap to individual school budgets or apply a reduction to the value of any of the formula factors.

The remaining balance, (forecast £1.25m) will be amalgamated with the 2023/24 Growth Fund allocation of £2.5m, giving total growth funding available of £3.7m.

The proposal is to use the total funding available in the following order of priority:

1. £0.7m for the Crewkerne and Ilminster restructure
2. £0.3m of implicit growth funding to be allocated to new and growing schools
3. £1.1m of forecast payments to schools, of which £0.4m is already committed, leaving £0.7m for other growth fund demand during the year
4. £1.5m transfer to the high needs block, to contribute to continued funding for priority non-statutory support services and provision and mitigate any reductions in services or the need for additional direct funding from schools. This was supported by the majority of schools in the October schools funding consultation and approved by Schools Forum in the November meeting.

It is worth noting that the DfE will potentially be centralising the growth fund nationally from April 2025.

LA Maintained Schools Core Offer

Somerset County Council Executive approved the proposal to change the traded offer that is available to LA Maintained Schools to buy, to improve the way that services respond to need in the system and to jointly mitigate against the ongoing reduction in government grants.

Services that are managed centrally on behalf of maintained mainstream schools and were previously funded through de-delegation and contributions from delegated funds are now included in the Core Offer Base Package and Business Manager Package.

Therefore, no de-delegation or education functions adjustment will be made to LA maintained school budget shares in 2023/24.

Core Offer costs for each school will be provided, including a full list of deliverables and comparison to last year's packages to the new offer to enable schools to assess the financial implications on their budget.

LA Maintained Schools will be able to purchase Core Offer Services from mid-January 2023, with a deadline of 10 February 2023. Delivery of Core Offer Services will start on 01 April 2023.

Next Steps

Somerset County Council Executive members will be asked to approve the schools block funding on 18 January 2023.

The LA will submit the APT to the ESFA by the deadline of 20 January 2023.

The LA will confirm final schools budget shares to mainstream maintained schools by the 28 February 2023.

2023/24 Schools National Funding Formula Data, Factors and Values

The formula dataset includes pupil numbers (Table 1) and other data (Table 2) such as free school meals, low prior attainment, and deprivation, which has been shown in comparison to 2022/23.

Table 1 – Pupil Numbers

Pupil numbers to be funded in the APT	2022/23	2023/24	Change in numbers	Change in %
Primary (years R – 6)	40,738	40,649	-89	-0.22%
Key Stage 3 (years 7 – 9)	16,623	16,803	180	1.08%
Key Stage 4 (years 10 – 11)	10,270	10,546	276	2.69%
Total	67,631	67,998	367	0.54%
<i>Note: Ghost pupils for new/growing schools</i>	57	57	0	
<i>Crewkerne & Ilminster restructure</i>	116	141	25	

The above pupil numbers differ from the October 2022 census numbers due to adjustments where it is known that pupil numbers will be significantly different in September 2023 for:

- new and growing schools, which have been opened for less than 7 years and are adding a cohort each September.
- schools involved in the Crewkerne & Ilminster restructuring from September 2022. This partly involves funding “ghost” pupils to ensure the schools are financially viable during the transition to their new structures.

The cost of additional pupils for new and growing schools is funded from the Growth Fund; this is known as implicit growth funding and is pro-rated (from September 2023 to March 2024).

Table 2 – Other Data

DfE Dataset	Primary Pupil Numbers		Secondary Pupil Numbers		Primary % Change	Secondary % Change
	2022/23	2023/24	2022/23	2023/24		
Free School Meals	8,123	8,504	4,740	5,363	4.69%	13.14%
Free School Meals (Ever6)	8,683	8,803	5,741	5,971	1.38%	4.01%
IDACI band F	4,328	4,393	2,635	2,768	1.50%	5.05%
IDACI band E	5,180	5,164	3,186	3,243	-0.31%	1.79%
IDACI band D	417	429	289	315	2.88%	9.00%
IDACI band C	1,311	1,269	909	928	-3.20%	2.09%
IDACI band B	1,703	1,649	1,153	1,135	-3.17%	-1.56%
IDACI band A	0	2	1	2		100.00%
EAL 3	2,082	2,560	269	403	22.96%	49.81%
Mobility	271	381	19	39	40.59%	105.26%
Low Attainment	11,374	11,695	6,440	6,685	2.82%	3.80%

The NFF per pupil values that have been applied are set out in Table 3 below.

Table 3 – NFF Factors and Values

Formula Factor	2022/23 Formula Values		2023/24 Formula Values			
	£		£			
Per pupil - primary	3,217.00		3,394.00		5.5%	
Per pupil – Key Stage 3	4,536.00		4,785.00		5.5%	
Per pupil – Key Stage 4	5,112.00		5,393.00		5.5%	
<i>Amount per pupil</i>	Primary	Secondary	Primary	Secondary	Primary	Secondary
Free School Meals	470	470	480	480	2%	2%
Free School Meals (Ever6)	590	865	705	1030	19%	19%
IDACI band F	220	320	230	335	5%	5%
IDACI band E	270	425	280	445	4%	5%
IDACI band D	420	595	440	620	5%	4%
IDACI band C	460	650	480	680	4%	5%
IDACI band B	490	700	510	730	4%	4%
IDACI band A	640	890	670	930	5%	4%
EAL3	565	1,530	580	1,565	3%	2%
Mobility	925	1,330	945	1,360	2%	2%
Prior Attainment – per pupil	1,130	1,710	1,155	1,750	2%	2%
<i>Lump sum payments</i>						
Lump Sum	121,300	121,300	128,000	128,000	6%	6%
Sparsity Factor	55,000	80,000	56,300	81,900	2%	2%

2023/24 Schools Block Funding

Table 4 shows the values and dataset multiplied to show the total funding allocated against each of the formula factors, with the assumptions and recommendations agreed at previous Schools Forum meetings. The cost of funding the formula is compared to the funding available, and this identifies that in 2023/24 £1.95m of Growth Funding is required to support the main schools budget.

Table 4 – Total Funding Allocated and Use of Growth Fund Surplus

Formula Factor	2022/23	2023/24	Change	% Change
Primary AWPU	131,054,844	137,961,235	6,906,391	5%
KS3 AWPU	75,403,894	80,402,355	4,998,461	7%
KS4 AWPU	52,498,451	56,874,578	4,376,127	8%
FSM	6,045,778	6,656,249	610,472	10%
FSM 6	10,089,034	12,356,264	2,267,230	22%
IDACI	7,731,395	8,124,321	392,926	5%
EAL 3	1,588,651	2,115,273	526,622	33%
Mobility	275,041	413,767	138,726	50%
LPA Primary	12,853,116	13,507,161	654,045	5%
LPA Secondary	11,013,177	11,698,595	685,418	6%
Lump Sum	30,789,983	32,458,667	1,668,683	5%
Lump Sum Protection	155,668	89,600	-66,068	-42%
Sparsity	3,285,289	3,289,243	3,954	0%
Split sites	90,417	105,000	14,583	16%
Rates	3,457,960	3,426,429	-31,531	-1%
PFI funding	377,855	485,958	108,103	29%
Rural Technology	438,906	471,173	32,267	7%
Rents	24,750	33,250	8,500	34%
Other adjustments		42,610	42,610	
Total Funding for Schools Block Formula (excluding minimum per pupil funding and MFG)	347,174,209	370,511,728	23,337,519	7%
Minimum Funding Level	2,516,685	1,008,935	-1,507,750	-60%
MFG	609,673	299,328	-310,345	-51%
Total Cost of Funding Formula	350,300,566	371,819,991	21,519,424	6.1%
Schools Budget	349,399,366	369,583,600	20,184,234	6%
ESFA Rates Allocation Adjustment	-2,817	-20,042	-17,225	611%
Implicit Growth Funding	228,463	301,559	73,096	32%
Schools Block Transfer	0	0	0	
Use of Growth Fund	675,554	1,954,874	1,279,320	189%
Funding Available	350,300,566	371,819,991	21,519,425	6.1%
Balanced Position	0	0		