



Committee and Date

Cabinet

15 February 2022

Item

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Shropshire Schools Funding Formula 2023-24

Responsible Officer:	David Shaw
email: david.shaw@shropshire.gov.uk	Tel: 256479
Cabinet Member (Portfolio Holder):	Kirstie Hurst-Knight

1. Synopsis

In light of the recommendations of the Schools Forum, and in accordance with the Education and Skills Funding Agency (ESFA) operational guidance on schools revenue funding for the Shropshire schools funding formula for 2023-24, approval is sought from Cabinet for the proposed Schools Funding Formula.

2. Executive Summary

- 2.1. In July 2022 the ESFA published the 2023 to 2024 school revenue funding operational guidance for local authorities and school forums. The guidance confirmed the arrangements for distributing funding through the national funding formula (NFF) for schools, high needs and central services to schools.
- 2.2. At their meeting on 22 January 2018, Cabinet approved the recommendation from Shropshire Schools Forum to replicate the NFF, through Shropshire's local funding formula, which means 2023-24 will be the sixth year of the NFF being applied to the funding of the county's schools and academies.
- 2.3. This paper sets out the proposals, agreed by the Shropshire Schools Forum on 1 December 2022, for Cabinet approval.

3. Recommendations

- 3.1. That Cabinet accept the recommendation of Shropshire Schools Forum on the funding formula for Shropshire schools for the financial year 2023-24 for maintained schools, and the academic year 2023-24 for academies.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. The Secretary of State for Education announced in September 2017 planned changes to the school funding arrangements for 2018-19 and future years, placing a requirement on local authorities to formally consult with their maintained schools and academies on the schools funding formula to be applied in their local authority area.
- 4.2. Shropshire schools were consulted in the Autumn term 2017 on the basis for distributing the Schools Block of the Dedicated Schools Grant (DSG) to Shropshire schools and academies. Following this consultation Shropshire Schools Forum recommended, and Cabinet agreed, the distribution of individual school budgets for 2018-19 and future years would be aligned with and mirror the transitional NFF announced by the Government in July 2017.
- 4.3. Local authorities continue to have responsibility for determining their local funding formulas for allocating the Schools Block to their individual schools in 2023-24. As in the current financial year 2022-23 it will be compulsory for local authorities to include the national minimum per pupil funding levels in their local formulas for 2023-24.
- 4.4. The Government has confirmed plans to move to a 'direct' NFF in the future, which will determine school funding allocations directly, rather than through local funding formulae. Following a first stage consultation on process for completing the move towards a 'direct' NFF in 2021 a further, more detailed and technical, consultation took place in the summer of 2022. The outcomes of this will be announced later in the year.
- 4.5. At their meeting on 1 December 2022, Shropshire Schools Forum considered the specific arrangements for 2023-24, with a view to these arrangements being approved by Cabinet at their meeting in the Spring term, in line with ESFA guidance.
- 4.6. The proposed school funding formula, in complying with the Government guidelines, does not present any identified risks either to the local authority or schools.

5. Financial Implications

- 5.1. The school funding formula is used to determine how part of the Council's DSG allocation, in particular the Schools Block, is distributed to Shropshire maintained schools and academies. The individual school 'budget shares' determined by the

formula represent a significant proportion of the annual revenue funding for maintained schools for the financial year, and funding for academies for the academic year.

- 5.2. The funding for maintained schools is distributed through the local authority, while the ESFA uses the formula to allocate funding direct to Shropshire's academies and the county's one free school.

6. Climate Change Appraisal

- 6.1. There are no anticipated climate change implications from the proposals within this report, though it is recognised that the school leaders, governors and trustees can and do apply their delegated revenue budgets to support carbon reduction measures in the operation of their schools.

7. Background

- 7.1. The latest operational guidance on schools revenue funding arrangements for 2023-24 was published by the ESFA in July 2022. The guidance included updates to the NFF for 2023-24, along with new factor values and a number of technical changes.
- 7.2. The Government has also published the illustrative local authority level allocations for 2023-24 for the Schools, High Needs and Central School Services blocks within the DSG and illustrative NFF calculations for the Schools Block for all maintained schools and academies in each local authority area.
- 7.3. The following key elements of the schools NFF have been confirmed by the Government for 2023-24:
 - School funding is increasing by 1.9% overall, however this increase is based on the 2022-23 allocation including the supplementary grant. In 2023-24 the funding for the supplementary grant is included within the NFF allocation. The NFF continues to distribute this based on the needs of schools and their pupil cohorts.
 - For 2023-24 additional support is being directed towards disadvantaged pupils by increasing the values of the FSM6 (free school meals Ever 6) and IDACI (Income Deprivation Affecting Children Index) deprivation factors by more than other factor values in the formula: these deprivation factors are increasing by 4.3%.
 - The minimum per pupil funding levels will be set at £4,405 for primary schools and £5,715 for secondary schools. These levels were £4,265 and £5,525 respectively in 2022-23. This represents the rolling in of the supplementary grant and at least a further 0.5% increase per pupil. The minimum per pupil funding levels is not to be confused with the age weighted pupil units (AWPU) funding levels within the NFF.
 - The 2023-24 NFF funding floor is set at 0.5%. This is a decrease to the usually maximum level of 2%. This means that every school will attract an

increase in their pupil-led funding of at least 0.5% per pupil, compared to their baseline.

- Further to the consultation on changes to the payment process of schools' business rates, the business rates payment system for schools will be centralised and ESFA will pay billing authorities directly on behalf of state funded schools from 2022-23 onwards.
- In 2023-24 funding allocated through the growth factor will be based on the observed differences between the primary and secondary number on roll between the October 2021 and October 2022 school censuses. The transitional protection has been removed as no LA received it in the 2022-23 DSG growth allocation and therefore no LA would be eligible for it.
- In 2023-24, local authorities that receive historic commitments funding as part of their Central Schools Services Block (CSSB) DSG allocation were again subject to their allocation being reduced by 20% compared to their 2022-23 allocation unless evidence was provided to show that the value of ongoing commitments is greater than the level at which the historic commitments funding will be reduced to. For Shropshire this would result in a loss of DSG of £219,380. Officers submitted evidence to the ESFA to show that the value of ongoing prudential borrowing and termination of employment costs is far greater than the level at which the historic commitments funding will be provisionally reduced to in 2023-24. The ESFA has approved this evidence and protected those allocations. Consequently, the Central Schools Services Block (CSSB) DSG allocation has only been cut by £45,220 rather than the full 20% figure of £219,380.

- 7.4. Shropshire Schools Forum has a statutory consultative and advisory role in respect of school funding, while the responsibility for determining and approving the funding formula rests with the local authority. A Schools Forum meeting in September considered a detailed report on the proposed funding arrangements for 2023-24
- 7.5. Schools Forum considered a paper on the *School Funding Arrangements 2023-24* at their meeting on 2 December 2022 – copy of the report is appended to this report (Appendix A). They considered and agreed a number of additional specific technical arrangements for 2023-24 designed to align the local funding formula for Shropshire schools and academies as closely as possible to the NFF.
- 7.6. As well as applying the NFF formula values and weightings, Schools Forum agreed the following:
- A lump sum split site factor value of £15,000 for Ludlow Primary School to be allocated in 2023-24.
 - To transfer any remaining balance, up to 5% of the Schools Block, into the High Needs Block after fully funding individual schools in line with NFF.
 - To ensure a proportional impact on all schools, in the event that the Schools Block allocation for 2023-24 is not sufficient to fully fund the local formula in line with the NFF, to reduce the minimum funding guarantee (MFG) as necessary, and within allowable limits, to ensure affordability. Following this,

if also required, Schools Forum agreed to reduce the age weighted pupil unit (AWPU) factor on a consistent basis across all Shropshire schools.

8. Additional Information

- 8.1. On 16 December 2022 the Department for Education announced that, in the 2023 to 2024 financial year, mainstream schools will be allocated additional funding through the 'mainstream schools additional grant' (MSAG) 2023 to 2024. This is in addition to the schools' allocation through the schools NFF, as detailed in the report above. Shropshire has been allocated £6.8 million in MSAG.
- 8.2. Additional funding will be received in the High Needs Block to support non-mainstream schools, including special schools.

9. Conclusions

- 9.1. Cabinet is recommended to approve a schools funding formula for 2023-24 that delivers funding to Shropshire schools and academies through the application of the NFF formula factors and weightings.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Local Member: All

Appendices [Please list the titles of Appendices]

Schools revenue funding 2023 to 2024 – Operational guidance – July 2022 - [Pre-16 schools funding: local authority guidance for 2023 to 2024 - GOV.UK \(www.gov.uk\)](#)
Schools Forum website - [Agenda for Schools Forum on Thursday, 1st December, 2022, 8.30 am — Shropshire Council](#)