

Divisions Affected - ALL

CABINET MEMBER: Deputy Leader of the Council (including Children, Education & Young People's services

17 January 2023

Formal Approval of Schools Funding Formula 2023/24

Report by Director of Children's Services

RECOMMENDATION

1. **The Cabinet Member is RECOMMENDED to** approve the final funding formula for 2023/24 subject to the decision by the Secretary of State for Education regarding permission to transfer 0.5% (£2.38m) from the Schools block to support High Needs expenditure.

Executive Summary

2. The final funding formula for schools and academies for 2023/24 needs to be formally approved politically before submission to the DfE by 20 January 2023. Schools Forum has been consulted in development of the funding formula for 2023/24 as a statutory consultee, but the decision on the final formula is made by the local authority.
3. The decision this year includes the request made to the Secretary of State for permission to transfer 0.5% (£2.38m) from the Schools block to support High Needs expenditure. The decision on Schools Funding will therefore be made subject to the approval of the Secretary of State. The deadline to confirm school budget shares to maintained schools is 28 February 2023.

Introduction

4. The local authority is required to set the pre-16 funding formula for each financial year, for all maintained schools and academies (including free schools, studio schools and university technical colleges), after consultation with Schools and Schools Forum about any proposed changes.
5. The local authority is responsible for making the final decisions on the formula but must gain political approval before the final formula for the 2023/24 financial year is submitted to the Department for Education (DfE) on 20 January 2023.

The National Funding Formula

6. In 2018/19 the government implemented national funding formulae for the Schools, High Needs and the Central Services Schools Block (CSSB) with local discretion on implementation up to and including for 2023/24.
7. 2018/19 saw the introduction of the national funding formula (NFF) for schools. This reform meant that for the first time, school funding was distributed to Local Authorities according to a formula based on the individual needs and characteristics of every school in the country. Local Authorities continue to be responsible for distributing money between schools.
8. Oxfordshire has consulted with all schools and academies and Schools Forum annually and it was agreed to implement the NFF as closely as possible subject to affordability.
9. The DfE has made some changes to the National Funding Formula for 2023-24, as follows:
 - Rolling the 2022 to 2023 schools supplementary grant into the NFF
 - NFF factor values increasing (on top of the amounts added for the schools supplementary grant) by:
 - 4.3% to free school meals at any time in the last 6 years (FSM6) and income deprivation affecting children index (IDACI)
 - 2.4% to the basic entitlement, low prior attainment (LPA), FSM, English as an additional language (EAL), mobility, and sparsity factors, and the lump sum.
 - 0.5% to the floor and the minimum per pupil levels (MPPL)
 - 0% increase to Premises factors

Outcome of Consultation with Schools and Schools Forum

10. Consultation with schools was carried out from 18 October 2022 to 7 November 2022. The results of the consultation were discussed at the School Forum meeting on 8 November 2022.
11. As Oxfordshire is implementing the NFF as closely as possible, there was no need to consult on this decision. Schools were consulted on the possibility of a block transfer to High Needs and on options for adjusted the national funding formula if the funding allocation was too little to implement the NFF in full or if more funding was available.

Consultation on Transfer to High Needs Block

12. Dedicated School Grant (DSG) to Local Authorities is allocated in blocks. There are blocks of funding for Early Years, Schools, High Needs and Central School Services. The blocks are ringfenced for 2023-24 (meaning funding can only be spent on the services/provisions covered by the blocks).

However, the DfE guidance allows for some transfer between blocks as stated below:

- The Schools Block will be ring-fenced in 2023 to 2024, however local authorities are able to transfer up to 0.5% of their Schools Block funding into another block, with the approval of their schools forum.
 - If local authorities wish to transfer any funding out of the schools block in 2023 to 2024, the department expects to see evidence of recent discussion and the schools forum vote.
 - To make such a transfer, local authorities should consult with local maintained schools and academies and the schools forum should take these views into account before making their decision.
13. Spend on High Needs is expected to exceed the grant funding available in 2023-24 by £20.6m and the deficit is expected to increase over the medium term.
14. The consultation asked Schools whether they wished to support a transfer to the High Needs Block, 90% of respondents did not support this.

School Forum members voted against top-slicing the Schools block.

High Needs Block: Disapplication request

15. As Schools Forum did not support the transfer from the Schools block and given the forecast overspend within the High Needs block, Oxfordshire have appealed the decision with the Secretary of State. A disapplication request was submitted to transfer 0.5% or £2.38m from the Schools Block by the DfE deadline of 18 November 2022.
16. The Secretary of State has indicated that a response will not be available ahead of the submission date for the formula of 20 January 2022.

Oxfordshire Funding Formula

17. The School Funding Formula for 2023/24, has been modelled to replicate the NFF.
18. In line with timescales in previous years, the DSG settlement was announced on 16 December 2023.

19. At the meeting of Schools Forum on 17 January 2023, Schools Forum will be consulted on a model that delivers the National Funding Formula in full. It should be noted that applying the full NFF factor values does not allow enough funding for the provisionally agreed contribution to the Growth Fund (£0.66m). There is sufficient funding in the Growth Fund to defer the annual contribution.

The formula factor rates for Oxfordshire are shown in table 1 below.

20. A further model will show a transfer of £2.38m, which aligns with the block transfer request to the Secretary of State. This would reduce Schools funding below the National Funding Formula level. The suggested methodology is to reduce the Age Weighted Pupil Unit (AWPU) funding factor rates by 0.72%.

The figures at the bottom of table 1 show the reduced Age Weighted Pupil Unit factor should £2.38m be transferred to High Needs. This represents the position if the disapplication request was agreed by the Secretary of State.

21. Feedback from the consultation with School Forum will be presented verbally to the Cabinet Decision meeting.

Table 1 - Schools Funding Formula 2023-24

Funding Factors - Full National Funding Formula (NFF) with ACA	NFF Primary Unit Value 2023-24	NFF Secondary Unit Value 2023-24
Area Cost Adjustment (ACA) – A multiplier that is applied to basic per pupil, additional needs and formula elements of school led funding for Oxfordshire	1.02223	1.02223
1. Basic per-pupil funding		
Age Weighted Pupil Unit (AWPU) - Basic Entitlement	£3,469.45	
Age Weighted Pupil Unit (AWPU) - Basic Entitlement KS3		£4,891.37
Age Weighted Pupil Unit (AWPU) - Basic Entitlement KS4		£5,512.89
2. Deprivation		
Free School Meal eligibility	£490.67	£490.67
Ever6 FSM	£720.67	£1,052.90
Targeted Deprivation – IDACI Band F	£235.11	£342.45
Targeted Deprivation – IDACI Band E	£286.22	£454.89
Targeted Deprivation – IDACI Band D	£449.78	£633.78
Targeted Deprivation – IDACI Band C	£490.67	£695.12
Targeted Deprivation – IDACI Band B	£521.34	£746.23

CMDDL4

Targeted Deprivation – IDACI Band A	£684.89	£950.67
4. English as an additional Language (EAL)	£592.89	£1,599.79
5. Pupil Mobility	£966.01	£1,390.23
6. Low Prior Attainment	£1,180.68	£1,788.90
7. Lump sum - as NFF (amended for 0.5% transfer below)	£130,845.44	£130,845.44
8. Sparsity	£57,551.55	£83,720.64
10. Split Sites - (ACA not applicable)	3 Academies at £30,000	
11. Rates	As Actual Rates	
13. Exceptional Premises factors	As Actual Rents	
14. Minimum per pupil level (MPPL)	£4,405	£5,715
- Key Stage 3		£5,503
- Key Stage 4		£6,033
Minimum Funding Guarantee (MFG)	0.5%	
Growth Fund Contribution	£0	

DSG Schools Block Funding	£m
	£476.7
	Total Funding allocated through the Schools Funding Formula as NFF
	£476.7

Proposal if Block Transfer agreed	£	
	AWPU revised Factor Values to achieve £2.38m:	
	- Primary	£3,444.52
	- Key Stage 3	£4,856.23
- Key Stage 4	£5,473.28	
	£m	
DSG Schools Block Funding	£476.7	
Total Funding allocated through the Schools Funding Formula	£474.3	
Balance - Transfer to the High Needs Block	£2.383	
Transfer as a percentage of eligible Funding	0.50%	

22. The amounts allocated by each factor in the annexes are subject to further checks and amendments leading up to and following submission to the DfE by 20 January 2023.

Financial Implications

23. The report deals with the funding formula for schools and academies for 2022/23 and there are no further financial or staffing implications discussed in this report. Schools and academies are responsible for managing the deployment of the delegated funding they receive.

Comments checked by:

Sarah Fogden, Finance Business Manager,
Sarah.Fogden@Oxfordshire.gov.uk

Legal Implications

24. There are no legal implications.

Comments checked by:

Paul Grant, Head of Legal and Deputy Monitoring Officer
Paul.Grant@Oxfordshire.gov.uk

Staff Implications

25. There are no new or additional staffing implications.

Equality & Inclusion Implications

26. Where the local authority continues to have discretion in funding decisions made, priority will be given to the needs of vulnerable pupils and the Council's aims of raising attainment, narrowing the attainment gap and safeguarding children.

Sustainability Implications

27. There are no new or additional sustainability implications.

Risk Management

28. The key risk is the affordability of the formula within the funding envelope of the grant & that has been considered in the main body of the report.

Kevin Gordon
Director for Children's Services

Contact Officer: Sarah Fogden, Finance Business Partner
Sarah.Fogden@Oxfordshire.gov.uk

January 2023