

NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

SCHOOLS FUNDING FORMULA 2023-2024

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To agree the local implementation of the school funding formula for the financial year 2023/24.
- 1.2 The DfE has updated the National Funding Formula (NFF) for 2023/24 with new factor values. Funding factors remain the same, but some technical changes are being made.
- 1.3 School funding through the NFF is increasing by 1.9% overall in 2023/24.
- 1.4 The NFF will provide a minimum per pupil level (MPPL) of £5,715 for every secondary school and £4,405 for every primary school.

2 BACKGROUND INFORMATION

- 2.1 On 19th July 2022, the DfE published provisional National Funding Formula (NFF) allocations at local authority level for schools, high needs and central school services funding blocks for 2023/24.
- 2.2 The 2023-24 funding allocation is the second year of the government's three year funding settlement as announced at the spending review last year and is the first year of transition to direct schools NFF.
- 2.3 Local authorities are now being directed to bring their local formulae closer to the NFF. The Schools Forum has been supportive of the North Lincolnshire funding formula being close to the NFF for several years and now it matches where appropriate with some flexibility remaining over the sparsity factor methodology. The table at appendix 1 shows the allowable factor value ranges which local formulae may use.
- 2.4 Key Changes in 2023-24

- 2.4.1 Additional support directed to disadvantaged pupils by increasing the deprivation factors by a greater amount than other factors, up to 4.3%.
- 2.4.2 Core factors such as basic entitlement and the lump sum will increase by 2.4%.
- 2.4.3 The MPPL levels are mandatory ensuring every primary school will receive at least £4,405 per pupil, and every secondary school at least £5,715. This includes £119, £155 and £173 per primary KS3 and KS4 pupil respectively for the rolling in of the School Supplementary Grant plus a further 0.5% increase.
- 2.4.4 The funding floor will ensure that all schools attract at least 0.5% more pupil-led funding per pupil compared to its 2022-23 NFF allocation.
- 2.4.5 The School Supplementary Grant (SSG) was introduced to support schools to meet the costs of the Health and Social Care Levy and wider costs in 2022-23. The grant funding in respect of pupils from reception to year 11 is being rolled into schools NFF ensuring this additional funding forms an on-going part of schools' core budgets. Appropriate adjustments have been made to NFF factor values and baselines to reflect this.
- 2.4.6 The NFF sparsity factor values have been set at £56,300 for primary schools and £81,900 for secondary schools. (2022-23 maximum levels were £55,000 and £80,000). Different values can be set in local funding formulae to a maximum permissible value of £100,000.
- 2.4.7 Local authorities have flexibility over the sparsity factor by the option to vary eligibility by reducing the average year group size or increase the distance threshold in their local formulae.
- 2.4.8 Local authorities will have freedom to set the Minimum Funding Guarantee (MFG) in local formulae between +0% and +0.5%.

3 OPTIONS FOR CONSIDERATION

- 3.1 Illustrative local authority and school level allocations have been published for the schools' block, high needs block and central school services block. The schools block provisional allocation for North Lincolnshire is £131.280m (excluding growth factor).
- 3.2 The Local Authority will implement the mandatory MPPL of £4,405 Primary and £5,715 Secondary for 2023/24.
- 3.3 The LA is able to apply the MFG of +0.5%.
- 3.4 A school is eligible for sparsity funding in the NFF if:
 - Its sparsity distance is equal to or above the main distance threshold, or above the tapered distance threshold (Between 1.6 to 2 miles for primary and 2.4 to 3 miles for secondary)

- The average year group size is below the year group threshold. The taper on year group size allows the smallest schools to attract the maximum sparsity funding.
- 3.5 The Sparsity factor can be increased to a maximum of £100,000 and a taper or a fixed sum can be applied through the NFF. In 2022-23 NLC allocated a fixed sum but opted to use the distance taper.
- 3.6 Premises funding in the NFF is based on historic spending at local authority level rather than on up to date costs and needs. This typically includes additional funding for PFI schools, schools with split sites and schools which face costs relating to exceptional circumstances. In advance of the hard NFF the ESFA will consider whether allocations can better reflect the actual costs that schools face.
- 3.7 Last year the LA applied to the ESFA to use the exceptional circumstances factor relating to school premises costs for schools with premises which have listed building status. The request was granted and can be used again in 2023-24.

4 ANALYSIS OF OPTIONS

- 4.1 The illustrative funding allocation is an increase of £6.185m from last years' final allocation (excluding growth funding). Final allocations will be published in December 2022 and will include any funding allocated for growth (£0.521m in 2022/23).
- 4.2 The application of the mandatory MPPL values will benefit three primary schools utilising £257k of funding.
- 4.3 If NLC apply the MFG value at the maximum permitted rate of +0.5% the adjustment would cost £108k benefitting 14 primary schools and two secondaries.
- 4.4 In the NFF schools sparsity allocations are tapered according to average year group size, so that the smaller the school the greater the allocation. Schools with a sparsity distance equal to or greater than the main distance threshold (2 or 3 miles) and an average year group size of less than half the year group threshold receive 100% of the sparsity funding for their phase.
- 4.5 Local authorities can instead determine schools' allocations by a continuous taper or a fixed lump sum. The continuous taper means schools with an average year group size of less than half the year group threshold will not receive 100% of the sparsity funding for their phase. Instead they will receive half the maximum. The fixed lump sum means all schools eligible receive the exact same sparsity amount irrespective of their size.
- 4.6 There are seven schools that could attract sparsity funding (19 in 2022-23).
- 4.6.1 Option 1 - Using NFF values and without the distance taper, six schools will benefit from this factor.

4.6.2 Option 2 - If the distance taper is applied one additional primary school would attract some sparsity funding and the funding via this factor would increase by approximately £8k to £834k which is affordable based on the provisional allocation.

4.6.3 Option 2 sees NLC continuing to use flexibility within the Sparsity factor to benefit more schools and requires marginally less funding via the MFG and is therefore closest to the NFF.

4.7 There are schools in North Lincolnshire that have grade II listed buildings status. These schools face additional cost pressures both in maintenance and energy efficiency. Last year the local authority was granted permission to use an exceptional factor for listed buildings and this has been continued for our local formula in 2023-24.

4.8 Flexibility on the use of Exceptional Factor - Premises has been the subject of the 2022/23 School Funding Formula Consultation with a proposal to disallow this in future national funding formula

5 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

5.1 There is a projected increase in funding of £6.185m for North Lincolnshire schools based on October 2021 pupil numbers. This will be updated in January 2023 when October 2022 pupil number are known.

6 OTHER IMPLICATIONS

6.1 The Government has consulted on how it will complete its reforms of the NFF, particularly on the following issues:

- The interaction between the NFF and high needs funding.
- Falling roles and growth methodology.
- Exceptional circumstances.
- Use of the Minimum Funding Guarantee and the Minimum Per Pupil Level.
- The funding cycle

6.2 Local variation to the funding formula for mainstream schools continues to be permitted for 2023/24.

7 OUTCOMES OF CONSULTATION

7.1 All schools will be consulted on funding formula proposals during October and November 2022 and any feedback will be reported at the schools' forum meeting in January 2023.

8 RECOMMENDATIONS

8.1 The Schools Forum is requested to:

- 8.1.1 Endorse the application of the MFG at the 0.5% which is the maximum permissible level provided it can be afforded; including use of DSG earmarked reserve if required.
- 8.1.2 Give a view on the sparsity options discussed.
- 8.1.3 Give a view on continuing the exceptional premises factor for listed buildings.
- 8.1.4 Final proposals for schools funding will be brought to the Schools Forum meeting in January 2023 on receipt of the final funding allocations in December 2022.

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Background Papers used in the preparation of this report –

National Funding Formula for schools and high needs Policy Document 2023-2024
Schools Revenue Funding 2023 to 2024 Operational Guide July 2022
Schools block national funding formula: technical note July 2022
Implementing the Direct National Funding Formula Government Consultation June 2022

Pupil Led Factors	2023-24 NFF		2023-24 Minimum		2023-24 Maximum	
	Primary	Secondary	Primary	Secondary	Primary	Secondary
AWPU - Primary	£3,394		£3,309.15		£3,478.85	
AWPU - Secondary KS3		£4,785		£4,665.38		£4,904.63
AWPU - Secondary KS4		£5,393		£5,258.18		£5,527.83
Deprivation						
FSM	£480	£480	£468	£468	£492	£492
FSM Ever 6	£705	£1,030	£687.38	£1,004.25	£722.63	£1,055.75
IDACI Band F	£230	£335	£224.25	£326.63	£235.75	£343.38
IDACI Band E	£280	£445	£273.00	£433.88	£287.00	£456.13
IDACI Band D	£440	£620	£429.00	£604.50	£451.00	£635.50
IDACI Band C	£480	£680	£468.00	£663.00	£492.00	£697.00
IDACI Band B	£510	£730	£497.25	£711.75	£522.75	£748.25
IDACI Band A	£670	£930	£653.25	£906.75	£686.75	£953.25
English as an Additional Language	£580	£1,565	£565.50	£1,525.88	£594.50	£1,604.13
Mobility - children starting school outside of normal entry dates	£945	£1,360	£921.38	£1,326	£968.63	£1,394
Prior Attainment	£1,155	£1,750	£1,126.13	£1,706.25	£1,183.88	£1,793.75
Other Factors						
Lump Sum	£128,000	£128,000	£124,800	£124,800	£131,200	£131,200
Sparsity	£56,300	£81,900	£54,892.50	£79,852.50	£57,707.50	£83,947.50