

NORTH LINCOLNSHIRE COUNCIL

SCHOOLS FORUM

SCHOOL FUNDING FORMULA 2023-24

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 Local Authorities are required to inform Education & Skills Funding Agency (ESFA) by 20 January 2023 of their school funding formula details following consultation with all schools.

2. BACKGROUND INFORMATION

- 2.1 On 16th December 2022 the ESFA published the 2023-24 Dedicated Schools Grant (DSG) Allocations, based on October 2022 School Census data. The allocation for North Lincolnshire is £167.638m (£158.902m in 2022/23) after deductions for business rates and the direct funding of high needs places by ESFA.
- 2.2 The element of DSG available for the Individual Schools Budget (ISB), for all mainstream schools is £131.631m before deductions for the funding of National Non Domestic Rates (NNDR) directly by the ESFA.

	2023/24	2022/23
Schools Block (£m)	131.631	124.901
Deduction for NNDR (£m)	1.650	1.661
Schools Block after deduction for NNDR (£m)	129.981	123.240

- 2.3 The Operational guide sets out how individual school budget (ISB) shares can be calculated. To continue the introduction of the National Funding Formula (NFF) the Department for Education (DfE) have consulted and now direct that all local authorities move closer to the NFF so that resources are distributed based on the individual needs and characteristics of every school in the country.
- 2.4 North Lincolnshire Council's local formula now reflects the NFF for all factors, except for Sparsity Funding and the Exceptional Premises factor (listed buildings). The factor values have been increased on top of the amounts

added for rolling in the schools supplementary grant and are detailed in appendix 1.

- 2.5 This report sets out the final proposals for the North Lincolnshire schools funding formula.

3.1 OPTIONS FOR CONSIDERATION

- 3.2 Local authorities have the freedom to set the Minimum Funding Guarantee (MFG) between 0 and 0.5% and on 6th October 2022 Schools Forum endorsed the application of the MFG at the maximum level affordable including use of DSG earmarked reserves as appropriate.
- 3.3 The NFF Sparsity factor has been incorporated into the formula using the optional fixed rate of £56.3k for primary schools and £81.9k for secondary schools and the new optional distance taper.
- 3.4 At the meeting in October 2022 the Schools Forum agreed to continue use of an Exceptional Factor for Listed Building Premises costs.
- 3.5 The Schools Forum needs to consider the contribution towards the costs of Educational Functions from maintained schools.

4. ANALYSIS OF OPTIONS

- 4.2 The proposed funding formula provides the maximum MFG of 0.5%. Six schools will receive MFG protection costing £45k.
- 4.3 The allocation of fixed rate sparsity funding will cost £1.146m and the additional distance taper a further £44k.
- 4.4 The Exceptional Factor - Premises will cost £72k in 2023-24. Two schools qualify for funding.
- 4.7 As in previous years, the local authority is proposing to set a single rate for both primary and secondary pupils to contribute 50% towards the cost of providing statutory duties for Educational Functions that it carries out for maintained schools. The rate has been static for several years and from 2023-24 an increase of £0.39 per pupil to £8.19 is proposed; this represents an increase of 5%. This keeps maintained schools on an equivalent arrangement to that of academies. Appendix 2 gives further details of the duties covered by this funding.

5 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 A Growth Fund of £100,000 and a Falling Rolls Fund of £50,000 is expected to meet any requirements.
- 5.2 A full breakdown of the cost of each factor is shown on the pro forma – appendix 3.

- 5.3 At the October meeting the Schools Forum supported funding the Sparsity Factor at the fixed rate and this is affordable in 2023-24 by using DSG earmarked reserve. However, it should be noted that this is unlikely to be sustainable in the longer term and would not be the continued option under the NFF when this is introduced formally. Funding the Sparsity factor at NFF levels would reduce the impact on reserves by £264k for 2023-24.
- 4.5 The proposed funding formula for 2023/24 will cost £132.444m and would require a contribution of £0.814m from the DSG earmarked reserve.
- 4.6 The DSG reserve for the Schools Block as at 31st March 2022 was £1.343m.

6 OUTCOMES OF CONSULTATION

- 6.1 All schools have been consulted on the funding formula. Seven responses were received.
- 6.2 Local authorities were directed to set a Minimum Funding Guarantee (MFG) be between nil and +0.5%; the consultation asked whether the maximum affordable MFG should be used. Most respondents supported using the maximum affordable MFG.
- 6.3 Schools were consulted on the methodology for the Sparsity factor, whether to adopt the NFF (taper the funding according to year group size meeting the average minimum); whether to taper according to year group size; or whether to give a fixed value to this factor so all eligible schools receive the same amount (albeit differing for primary & secondary phase). One school supported the fixed value for funding, four schools preferred using the NFF, one school preferred the taper by year group size and one school gave no clear response.
- 6.4 The consultation also included the option to taper the distance criteria to allow schools slightly outside the minimum to benefit from some funding. This option was supported by four schools and not by the other three schools.
- 6.5 All schools were consulted on the Exceptional Factor – Premises allowing NLC to recognise the additional cost pressures faced by schools that have premises with grade II listed buildings status. Five of the seven respondents supported continuing use of this factor.
- 6.6 Schools were invited to make Other Comments – one respondent commented on the level of funding in relation to significant inflationary costs faced by schools and requested that the Council makes representation to the government for full funding to cover pay and inflation costs in the 2023-24 Funding Formula. The government announced on 16 December that in addition to the DSG they will pay a Maintained Schools Additional Grant with school-level allocations being published in spring 2023.

7 RECOMMENDATIONS

- 7.1 Schools Forum endorse the distribution of the individual schools budget using the proposed funding formula.
- 7.4 Maintained schools representatives of the forum approve the contribution of £8.19 per pupil toward the costs of Education Functions that the LA provides on behalf of maintained schools.

STRATEGIC LEAD – FINANCE

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Background Papers used in the preparation of this report –
Schools Revenue Funding 2023-24: Operational Guide
National Funding Formula for Schools and High Needs Policy Document 2023-24

Appendix 1

Funding Formula Factor Values				
Pupil-Led Factors	2022-23		2023-24	
	Primary	Secondary	Primary	Secondary
AWPU - Primary	£3,217		£3,394	
AWPU - Secondary KS3		£4,536		£4,785
AWPU - Secondary KS4		£5,112		£5,393
Deprivation				
FSM	£470	£470	£480	£480
FSM Ever 6	£590	£865	£705	£1,030
IDACI Band F	£220	£320	£230	£335
IDACI Band E	£270	£425	£280	£445
IDACI Band D	£420	£595	£440	£620
IDACI Band C	£460	£650	£480	£680
IDACI Band B	£490	£700	£510	£730
IDACI Band A	£640	£890	£670	£930
English as an Additional Language	£565	£1,530	£580	£1,565
Mobility - children starting school outside of normal entry dates	£925	£1,330	£945	£1,360
Prior Attainment	£1,130	£1,710	£1,155	£1,750
Other Factors				
Lump Sum	£121,300	£121,300	£128,000	£128,000
Sparsity	Up to £55,000	Up to £80,000	£56,300	£81,900
Minimum Per Pupil Funding Level (MPPL)	£4,265	£5,525	£4,405	£5,715

2020 - 2021 Education Functions

Ongoing functions and responsibilities the local authority holds for maintained schools	
General Duties grant ends 2017/18. Contribution proposed from DSG Maintained Schools	2023 - 2024 full year estimate (£):
Statutory and Regulatory duties:	
<p><i>Functions of LA related to best value and provision of advice to governing bodies in procuring goods and services</i></p> <p><i>Budgeting and accounting functions relating to maintained schools</i></p> <p><i>Functions relating to the financing of maintained schools</i></p> <p><i>Authorisation and monitoring of expenditure in respect of schools which do not have delegated budgets, and related financial administration</i></p> <p><i>Monitoring of compliance with requirements in relation to the scheme for financing schools and the provision of community facilities by governing bodies</i></p> <p><i>Internal audit and other tasks related to the authority's chief finance officer's responsibilities under Section 151 of LGA 1972 for maintained schools</i></p> <p><i>Functions made under Section 44 of the 2002 Act (Consistent Financial Reporting)</i></p> <p><i>Investigations of employees or potential employees, with or without remuneration to work at or for schools under the direct management of the headteacher or governing body</i></p> <p><i>Functions related to local government pensions and administration of teachers' pensions in relation to staff working at maintained schools under the direct management of the headteacher or governing body</i></p> <p><i>Retrospective membership of pension schemes where it would not be appropriate to expect a school to meet the cost</i></p> <p><i>HR duties, including: advice to schools on the management of staff, pay alterations, conditions of service and composition/organisation of staff; determination of conditions of service for non-teaching staff; appointment or dismissal of employee functions</i></p> <p><i>Consultation costs relating to staffing</i></p> <p><i>Compliance with duties under Health and Safety at Work Act</i></p> <p><i>Investigation and resolution of complaints relating to maintained schools</i></p> <p><i>Provision of information to or at the request of the Crown relating to schools</i></p> <p><i>School companies</i></p> <p><i>Functions under the Equality Act 2010</i></p> <p><i>Establish and maintaining computer systems, including data storage</i></p> <p><i>Appointment of governors and payment of governor expenses</i></p>	25,000
	£25,000

Education Welfare:	
<i>Inspection of attendance registers</i>	0
	£0
Asset management:	
<i>General landlord duties for all maintained schools (Sch 1, 10a (section 542(2) Education Act 1996; School Premises Regulations 2012) to ensure that school buildings have:</i>	82,000
<ul style="list-style-type: none"> • <i>appropriate facilities for pupils and staff (including medical and accommodation)</i> • <i>the ability to sustain appropriate loads</i> • <i>reasonable weather resistance</i> • <i>safe escape routes</i> • <i>appropriate acoustic levels</i> • <i>lighting, heating and ventilation which meets the required standards</i> • <i>adequate water supplies and drainage</i> • <i>playing fields of the appropriate standards</i> 	
<i>General health and safety duty as an employer for employees and others who may be affected (Health and Safety at Work etc Act 1974).</i>	2,000
<i>Management of the risk from asbestos in community school buildings (Control of Asbestos Regulations 2012).</i>	
	£84,000
Central support services:	
<i>Clothing grants</i>	18,000
<i>Provision of tuition in music, or on other music-related activities</i>	
<i>Visual, creative and performing arts)</i>	
<i>Outdoor education centres (but not centres mainly for the provision of organised games, swimming or athletics)</i>	14,000
	£32,000
Premature retirement and redundancy:	
<i>Dismissal or premature retirement when costs cannot be charged to maintained schools</i>	0
	£0
Monitoring national curriculum assessment:	
<i>Monitoring of National Curriculum assessments</i>	59,000
	£59,000