



SCHOOLS FORUM

2023/24 School Funding

29 September 2022

Content Applicable to;		School Phase;	
Maintained Primary and Secondary Schools	X	Pre School	
Academies	X	Foundation Stage	X
PVI Settings		Primary	X
Special Schools / Academies	X	Secondary	X
Local Authority	X	Post 16	
		High Needs	

Purpose of Report

Content Requires;		By;	
Noting	X	Maintained Primary School Members	
Decision		Maintained Secondary School Members	
		Maintained Special School Members	
		Academy Members	
		All Schools Forum	X

1. This report presents the high level detail of Dedicated Schools Grant (DSG) Settlement and the National Funding Formula (NFF) for 2023/24 announced by the DfE in July.

Recommendations

2. That Schools Forum note the report, particularly the approach to be taken in the event of an affordability issue to align school budget allocations to the Schools Block DSG set out in Paragraph 12.

2023/24 School Funding

3. The 2023/24 provisional Dedicated Schools Grant (DSG) settlement has given information on the Schools, High Needs and Central Services Blocks;

Schools Block

4. The settlement information is based upon the October 2021 census. Nationally the overall increase in school funding is 1.9% per pupil compared to 2022/23. The DfE state that the overall increase to school funding when compared to 2022/23 is 7.9% per pupil.
5. Whilst the 2023/24 school formula allocations will be updated for the 2022 October census pupil characteristics such as free school meal eligibility the DSG allocation for the local authority will not. As a result, and in line with previous years, the DSG allocation may not be sufficient to meet the costs of delivering the National Funding Formula and individual school allocations may have to be adjusted through either capping or scaling to ensure affordability.
6. It remains a 'soft' funding formula for 2023/24 i.e. local authorities may set their own formula. 2023/24 continues the mandatory movement to the NFF for those authorities who have partially moved towards its delivery in one of two ways: the first being local authorities can only use NFF formula factors and the second being that local authorities must move to with 10% of the NFF values. The Leicestershire Funding Formula for 2022/23 fully reflects the NFF and these national changes therefore do not impact on the level of funding for Leicestershire schools.
7. The DfE have issued a consultation on proposed changes to the NFF from 2023/24 and the movement to a Direct NFF which will see funding allocations calculated nationally by the DfE with exceptionally limited flexibility for local authorities.
8. The changes to school funding for 2023/24 are:
 - Mainstreaming of the 2022/23 Supplementary Grant which results in an increase in the Minimum per Pupil Funding Level (MPPL)
 - MPPL 's set at £4,405 per pupil for primary and secondary £5,715 and as in previous years are mandatory
 - 2.4% increase to the basic entitlement, low prior attainment, FSM, English as an additional language, mobility and sparsity factors.
 - 4.3% increase to FSM6 and IDACI factors
 - 0% increase to premises factors
 - A minimum per pupil increase of 0.5%
9. Overall schools are guaranteed an increase of 0.5% per pupil from 2022/23 funding levels (combined 2022/23 NFF and Supplementary Grant) and there is no limit on gains within the NFF. The provisional position for all Leicestershire schools as published by the DfE is attached as Appendix 1. It should be noted that the DfE published allocations do not include premises funding and are purely the application of the 2023/23 NFF to October 2021 recorded pupil characteristics. The local authority has only recently received the dataset used by the DfE for generating the 2023/24 NFF baselines, as such they are unvalidated.
10. Overall 57 (25%) of primary schools are funded at the funding floor of plus 0.5% per pupil, a slight increase from 72 (32%) in 2022/23. 7 (16%) of secondary schools are funded at the floor which is unchanged from 2022/23. It should be noted that without

a nationally guaranteed increase per pupil these schools would not receive an increase in funding and are vulnerable to future decisions on levels of funding protection.

11. The increase in funding is per pupil, schools with falling rolls will not see increases in cash budgets. Schools with falling rolls can expect a cash reduction in budget as
12. As in previous years the local authorities Schools Block DSG is fixed at a rate reflecting pupil characteristics from October 2021, the school budgets it funds will be based on the pupil characteristics from the October 2022 census. Whilst the grant allocation will flex with changes in pupil numbers the local authority funding rate will not take account of changes in factors such as FSM, IDACI meaning local authorities are unfunded for any increases in the number of pupils qualifying for the additional factors. Should increase in these result in the Schools Block DSG being insufficient adjustments would have to be made to the funding formula, in these instances the DfE allow for local authorities to adjust MFG or generally scale back the allocation within the formula. Should an affordability issue arise the most appropriate adjustment would need to be made and would more likely need to be a capping or scaling adjustment.

High Needs Block

13. High needs funding has been increased nationally, authorities will receive a minimum increase of 5% per head of the 2-18 population and a maximum of 7% per head. Leicestershire remains at the funding floor with an 5% increase. It should be noted that the population factor only generates 34% of the High Needs DSG allocation with other funding more specifically allocated based on levels of attainment, deprivation and health/disability.
14. The provisional allocation is £99.8m and will be confirmed in December and is in line with expectations. Leicestershire continues to receive floor funding which for 2023/24 is 2.9%. Whilst this funding is reducing annually it should be noted that this allocation is the amount at which Leicestershire is funded above the funding generated by the national formula.
15. Pressure remains within the high needs block where the cost and number of SEN placements continues to further increase. The Council has recently engaged Newton Europe to support the local authority's transformation of SEND services through the Transforming SEND and Inclusion in Leicestershire (TSIL) programme.
16. Local authorities remain able to transfer funding of to 0.5% transfer funding from the Schools Block to High Needs following consultation with schools and the approval of Schools Forum and with the Secretary of State permission should Schools Forum not approve and for amounts exceeding 0.5%. Leicestershire is not proposing such a transfer for 2023/24 but it does remain an option for consideration in future years.
17. A consultation on the future of high needs funding was expected to follow the publication of the SEND review but is yet unsighted. Whilst not explicit the expectation is that this will now follow the outcome of the consultation on the SEND Green Paper, the timing of this is uncertain.

Central Services Block

18. The provisional settlement is £3.8m and remains split into two elements:

- On-going responsibilities – this sees an increase of 4.9% against a guaranteed increase of 2.5% nationally, the higher increase is a result of Leicestershire being a low spending authority when baselines were originally set. The cap on gains is set at 5.86%
- Historic Commitments – the DfE's expectation is that historic financial commitments should reduce over time continues and a reduction in this element is a further 20%. This element of funding meets the costs of some former and longstanding school related premature retirement costs and a guarantee remains that no authority will receive less funding than these commitments. This element of the settlement also makes a contribution to School Effectiveness to support maintained schools causing concern and is a pressure within that service that will need consideration within the Council's MTFS process. The DfE maintain their view that de-delegation is an option for local authorities to follow to ensure continuity of funding for non-statutory school improvement activity.

Early Years Block

19. No final information has yet been released on this block for 2023/24. However, the DfE are consulting on a change to the funding allocation which would result in a funding increase for Leicestershire, although we would still be at the floor level of funding.

Resource Implications

20. These are set out in the main body of the report.

Equal Opportunity Issues

21. None arising from this report

Background Papers

<https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2023-to-2024>

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