

Funding update for 2023/24 and national funding consultations

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Schools Block (1)

- The Supplementary Grant has been rolled into the schools NFF in 2023/24
- The NFF factor values have been increased on top of the amounts that have already been added for the schools Supplementary Grant.

The Free School meals at any time in the last 6 years (FSM6) and income deprivation affecting children index (IDACI) factors have been increased by 4.3%

The basic entitlement, free school meals (FSM), low prior attainment (LPA), English as an additional language (EAL), mobility, and the lump sum factors have been increased by 2.4%

Local authorities are expected to move their factor rates 10% closer to the NFF factor values

The minimum funding guarantee has been set at 0.5% per pupil

Schools Block (2)

- Based on the illustrative funding allocations released by the Department of Education for 2023/24 52% of our primary schools and 53% of our secondary schools will only be receiving an increase of 0.5% per pupil
- This is a concern given that the proposed pay awards are higher than anticipated
- The LA has asked all maintained schools to update their MTFP's this term to take account of forecast funding settlement and the anticipated pay awards for teaching and non-teaching staff by **21 November 2022**.
- **Table 1** shows a comparison of the schools in the City in receipt of protection in the financial year 2022/23 compared to the illustrative funding allocations for 2023/24

Schools Block (3)

Table 1: Number of schools in receipt of the minimum funding guarantee (MFG) and the number of schools on the school national funding formula (NFF)

	2022/23	2023/24	Variance
Primary schools on MFG	53	39	-14
Primary schools fully on the schools NFF	22	36	14
Secondary schools on MFG	12	10	-2
Secondary schools fully on the schools NFF	7	9	2
Total number of maintained schools and academies	94	94	

Schools Block (4)

Table 2: Forecast increases in pupil-led funding for schools on the schools NFF

	Primary	Secondary
>0.5% but less than 1%	5	-
>1% but less than 2%	7	2
>2% but less than 3%	11	3
>3% but less than 4%	7	4
>4% but less than 5%	6	-
Total number of schools	36	9



Central Schools Services Block

- No change to how central schools services funding for ongoing commitments is calculated in 2023/24
- Further cut of 20% applied to historic commitments funding in 2023/24 – This bring the total reduction in historic commitments funding between 2020/21 to 2023/24 to £3.275m.

Table 3: Comparison of funding in the Central Schools Services Block 2022/23 to 2023/24

	2022/23 (£m)	2023/24 (£m)	Variance
Ongoing commitments	1.664	1.697*	0.033
Historic commitments	2.905	2.234	(0.581)
Total Funding	4.569	4.021	

*Based on October 2021 pupil numbers, to be updated to reflect the pupils on the October 2022 school census in December 2022

High Needs

- All LAs receiving an increase of between 5% and 7% per head of 2-18 population for 2023/24
- Nottingham will receive the ceiling 7% increase which equates to an indicative £3.661m increase.
- Aiming to ensure funding for schools and settings to support high needs pupils reflects true cost pressures including:
 - HLN top-up bands increased in line with pay award
 - Special school funding review

EY funding - background

- Early Years National Funding Formula (EYNFF) was introduced in April 2017 and determines the hourly funding rates that each LA is paid to deliver the 2,3, & 4 Year old entitlements
- Designed to take account of proportions of designed of children with additional needs based on free school meals (FSM) eligibility, English as an additional language (EAL) and being in receipt of Disability Living Allowance (DLA), as well as an Area Cost Adjustment (ACA) applied to staffing and premises related costs.
- Each LA's hourly funding rate under the EYNFF is applied to the pupil numbers on the School Census and Early Years Census each January to determine the LA's DSG Early Years Block allocation.
- Since 2017 the data underpinning those original LA rates has not been updated. Where funding rates have been increased, it has been by applying a standard same pence/hour rate increase to each LA's funding rate.

Key EY consultation proposals

- Using more recent and/or refined datasets for FSM, EAL and DLA and re-calculating the LA rates on this basis
- Making some changes to the ACA methodology and updating with most recent rateable values data
- Merging the separate Teachers' Pay & Pension grant currently provided to schools for early years pupils into the overall DSG 3 & 4 year old rate
- Introducing a minimum funding rate for Maintained Nursery School supplementary funding

EY Implications

- Area Cost Adjustment changes are having a significant impact on the national funding distribution
- Updates to other datasets less of a concern
- Nottingham moves to the funding floor, with only a 0.9% rate increase for 2023/4 (5p/hour for 3 & 4 YO, 6p/hour for 2YO)
- Gains are capped at 4.5% for 3 & 4 YO and 8.6% for 2YO
- Our consultation response advocated a more even distribution of funding growth in the current economic climate
- Difficult situation to manage and local EY formula consultation required if the merging of the separate teachers pay and pension grant goes ahead
- No local benefit from the introduction of the Maintained Nursery Supplementary funding floor.

Implementing the Direct National Funding Formula Consultation (1)

- Over the Summer the DfE released their next consultation 'Implementing the Direct National Funding Formula (NFF)'
- This is the next consultation in a series of consultations to be carried out by the DfE as they move towards the introduction of the direct NFF
- DfE have stated that they do not have a fixed date by which the direct NFF will be implemented but they expect to have moved onto it within the next 5 financial years, that is by 2027/28 at the latest
- The deadline for submitting the consultation response was 9 September 2022

Implementing the Direct National Funding Formula Consultation (2)

- The consultation focused on:
 - The transfer of funding from schools budgets to the high needs block
 - A national notional SEN budget
 - Pupil growth and falling rolls funding
 - Split site funding
 - Premises: Exceptional circumstances
 - Moving to a simplified pupil-led funding protection under the direct NFF
 - The annual funding cycle
 - Notification of the ESFA of planned school re-organisations and changes in pupil numbers
 - De-delegation

Implementing the Direct National Funding Formula Consultation (3)

- **Key issues** that were highlighted in the LA's response to the consultation:
- **Pupil Growth and falling rolls:**
 - Welcome local flexibility to allocate funding where needed which helps support place planning
 - There should not be a standard rate per pupil or lump sum – we feel levels of deprivation should be taken into account
 - Concerned could generate less funding than previously received
 - No mention of what the DfE intend to do about current commitments, will they be honoured if LA's receive less than has already been agreed?
 - Still so many unknowns how will work in practice. No definition as to what constitutes 'significant growth', what will the thresholds be and how is funding going to be allocated for falling rolls?
 - Support the proposal to remove the restriction that falling rolls funding can only be provided to schools judged good or outstanding.



Implementing the Direct National Funding Formula Consultation (4)

- **Split Sites:**
 - Do not believe that split site funding should be based on the average maximum values made by LA's in 2021/22 as these do not accurately reflect actual costs.
 - Not all costs are driven by the distance between schools, for example running two kitchens, additional caretaking and administration staff, additional telephone systems, second curriculum internet connection and insurance costs.
 - There needs to be a mechanism for schools to reclaim costs if they open a split site in year that has not been accounted for in the NFF
- **The annual funding cycle:**
 - Multi-year funding settlements would be helpful for schools budget planning and guidance on a sensible planning assumption for subsequent % increases to NFF rates and the MFG to use in MTFP's