



# Report to Schools Forum

**Date:** 6<sup>th</sup> December 2022

**Title:** NFF Operational Guidance and School Budget Proposals 2023-24

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## Recommendations:

### Schools Forum is asked to:

- a. Note the information set out in the report, including the accompanying appendices, showing indicative allocations for 2023-24. Note that modelling is based on October 2021 census data. Final DSG allocations are due in December 2022 and will be updated for October 2022 census data.
- b. Note the announcement made as part of the Autumn budget, we await the guidance around how this money will be distributed and how it will affect the funding formula. As above all modelling is based on the indicative allocations published in July 2022.
- c. To note the updated modelling for the Central Schools Services Block and the increased allocation for the High Needs Block for 2023-24.
- d. To agree to the disapplication request regarding the exceptional rent factor

## 1. Purpose of Report

- 1.1. The purpose of this report is to update Schools Forum on the modelling of the local funding formula for 2023-24.
- 1.2. Updated modelling is also provided for the Central Schools Services Block.
- 1.3. Work continues on the development of the DSG Management Plan template and this will inform the future model for demand against high needs budget to be considered by Schools Forum in January 2023.

## 2. Background

- 2.1. In October, Schools Forum would normally consider the updated Schools Revenue Funding 2023 to 2024 Operational [Guide](#) issued by the DfE and agree the principles

for the local funding formula in 2023-24. This meeting did not take place and the following assumptions have been applied to the initial modelling:

- a) Adopt the National Funding Formula factors.
- b) Adopt the Minimum Per Pupil funding levels at the values defined in the NFF and prorate (scale) of all other factors in the formula to match the available allocation of funding from the DfE.
- c) Set a Minimum Funding Guarantee (MFG) at +0.5%.

2.2. As agreed last year we will not consult with schools as there is no change to the MFG or on any proposals to move funding between DSG blocks.

### 3. Indicative DSG Allocation 2023-24

3.1. The provisional DSG allocation for the Schools Block, High Needs Block and Central Schools Services Block is as follows:

DSG Block	Provisional Allocation 2023-24	2022-23 Allocation	Increase/ (Decrease)	% Change
	£m	£m	£m	
Schools Block	403.492	387.291	16.201	4%
High Needs Block	117.719	112.02	5.699	5%
Central Schools Services Block	4.887	5.295	-0.408	-8%
<b>Total</b>	<b>526.098</b>	<b>504.606</b>	<b>21.492</b>	<b>4%</b>

3.2. The provisional allocation is based on the October 2021 census and will be updated for the October 2022 census in December.

3.3. The allocation for the schools block 2023-24 excludes the allocation for growth funding, a calculator is provided to local authorities to enable the potential growth funding to be estimated.

### 4. Schools Block – Modelling of the 2023-24 Formula

4.1. Using the indicative allocations as noted above, the local funding formula has been modelled using the principles listed above and applying a Minimum Funding Guarantee of 0.5%. Based on the October 2021 census data, the proposed model is affordable within the Schools Block budget available without needing to cap any gains.

4.2. Appendices 1 to 3 show the impact of the proposed model on funding rates, funding levels and school by school allocations. The impact is summarised below:

Illustrative Funding Levels Funding Factors	2022/23 Final Rates	2023/24 Indicative Funding Model
Scaling factor (% of NFF)	100.00%	100.00%
	£m	£m
Total through funding formula	387.72	404.95
Growth Fund	1.26	2.70
<b>Total cost to schools block</b>	<b>388.97</b>	<b>407.65</b>
<b>Met from :</b>		
Pupil Led Funding	381.18	400.03
Premises Funding	3.73	3.46
Growth Funding	2.37	3.28
<b>Transfer from Growth Reserves</b>	<b>1.68</b>	<b>0.88</b>
<b>Total Funding Available</b>	<b>388.97</b>	<b>407.65</b>

No. of Schools Protected	4	12
No. of Schools Capped	0	0

	£	£
Cost of MFG Protection	71,443	52,666

## 5. Disapplication request – Exceptional Rent Factor

- 5.1. Due to the length of time since the exceptional rent factor was agreed we are required to reapply to be able to continue using the factor.
- 5.2. The factor is used to support those schools that require additional premises, currently we fund three schools at a total of £86,678 this is included within the modelling and affordable.
- 5.3. To be able to use this factor we have to demonstrate to the DfE that only a small proportion of schools are eligible, that the cost is over 1% of their School Budget Share and that the Schools Forum have been consulted and agree to the disapplication.

## 6. Growth Fund

- 6.1. Appendix 4 shows the estimated use of growth funding in 2023-24 based on the current agreed criteria. The summary for the current year indicates that there will be an underspend against the allocation in the current year however school places

are proving difficult to predict and we have limited space in some year groups it would therefore be prudent to roll forward any underspend as an earmarked reserve to support future growth fund requirements.

6.2. The schools revenue funding guidance from the Department for Education (DfE) states that *“local authorities should report any unspent growth funding remaining at the year-end to the schools forum. Funding may be carried forward to the following funding period, as with any other centrally retained budget, and local authorities can choose to use it specifically for growth. Any overspent growth funding will form part of the overall DSG surplus or deficit balance.”*

## 7. Central Schools Services Block (CSSB)

7.1. The CSSB continues to provide funding for local authorities to carry out central functions on behalf of maintained schools and academies, comprising two distinct elements:

- ongoing responsibilities
- historic commitments

7.2. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is -2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 5.86%.

7.3. The indicative allocation for the CSSB for 2023-24 is £4.887, a reduction of £408k on the current year. Appendix 5 summarises the projected allocation for the CSSB over the next 3 years and the gap in funding. The estimated gap for 2023-24 is £11.9k taking into account the savings proposals agreed in January 2022.

## 8. High Needs Block

8.1. The provisional allocation for the High Needs Block in 2023-24 is £117.7m, an increase of £5.7m (5%) compared to the current year.

8.2. Detailed modelling on the high needs block, to include updated forecasts for this year and projected demand in future years, will be brought to the January meeting. This will also take into account recommendations from the DSG Spending Review Group on the prioritisation of funding to support the DSG Management Plan.

## 9. Early Years Block

9.1. The Early Years Block for 2023-24 will be announced in December 2022. The initial allocation is expected to be based on the January 2022 census.