

Schools Forum
Wednesday, 14 September 2022 at 8.00 am

Venue – Remote Meeting

<https://bradford.public-i.tv/core/portal/home>

PLEASE NOTE

All meetings will be held in public; the agenda, decision list and minutes will be publicly available on the Council's website and Committee Secretariat, Room 112, City Hall, Bradford.

The taking of photographs, filming and sound recording of the meeting is allowed except if Councillors vote to exclude the public to discuss confidential matters covered by Schedule 12A of the Local Government Act 1972. Recording activity should be respectful to the conduct of the meeting and behaviour that disrupts the meeting (such as oral commentary) will not be permitted. Anyone attending the meeting who wishes to record or film the meeting's proceedings is advised to liaise with the Forum Clerk Asad Shah who will provide guidance and ensure that any necessary arrangements are in place. Those present who are invited to make spoken contributions should be aware that they may be filmed or sound recorded.

1. APOLOGIES FOR ABSENCE

The City Solicitor will report the names of alternate Members who are attending the meeting in place of appointed Members.

2. DISCLOSURES OF INTEREST

To receive disclosures of interests from Members on matters to be considered at the meeting. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it only becomes apparent to the member during the meeting.

3. MINUTES OF 18 MAY 2022 & MATTERS ARISING (MINUTES)

1 - 18

As the 6 July meeting was not quorate, the Schools Forum is asked to review and to approve the minutes of the 18 May 2022 meeting. The note, which summarises the briefing that was held for members that attended the 6 July meeting, and which has been circulated to all members, is copied here for completeness.

4. **MATTERS RAISED BY SCHOOLS**

Members will be asked to consider any issues raised by schools.

5. **STANDING ITEM - DSG GROWTH FUND ALLOCATIONS (A)**

There are no allocations for consideration at this meeting.

6. **DFE CONSULTATION ON EARLY YEARS BLOCK FUNDING 2023/24 (I)**

19 - 28

The Business Advisor (Schools) will present a report, **Document OS**, which briefs the Schools Forum on the DfE's consultation on the Early Years Block for 2023/24 and on the implications of the DfE's proposals for the funding of providers delivering the early years entitlements, as well as for our Early Years Block management. The report provides the Local Authority's response to this consultation, which has been submitted. The deadline for responses is 16 September.

The Authority will shortly convene the Early Years Working Group, to consider more closely the DfE's proposals, as well as to consider our early years entitlement funding arrangements for 2023/24 in response to these. Interested Forum members are invited to attend this Group.

Members are asked to note that our consultation with providers on our early years entitlement funding arrangements for 2023/24 may not begin immediately following the Forum's October meeting, as is planned for our Schools Block and High Needs Block consultations (please see agenda item 9 below), depending on the timing of the DfE's announcement of the outcomes of the consultation and the publication of the 2023/24 Early Years Block operational guidance.

Recommended –

(1) The Schools Forum is asked to consider and to note the information presented.

(2) Members are invited to attend the Early Years Working Group.

(Andrew Redding – 01274 432678)

7. **SCHOOLS BLOCK 'HARD' NATIONAL FUNDING FORMULA - DFE CONSULTATION (I)**

29 - 36

The Principal Finance Officer (Schools) will present **Document OT**, which gives the Schools Forum sight of the Local Authority's response to the DfE's latest consultation on the transition to the 'hard' National

Funding Formula within the Schools Block. The deadline for responses was 9 September. A report on this consultation was presented to the Forum's 6 July meeting (Document OP).

Recommended –

The Schools Forum is asked to consider and to note the information presented.

(Jonty Holden – 01274 431927)

8. 2023/24 DSG & FORMULA FUNDING SUMMER ANNOUNCEMENTS - BRIEFING (I) 37 - 90

The Business Advisor (Schools) will present **Document OU** (Appendices 1, 2 and 3), which provides a briefing on the 2023/24 Dedicated Schools Grant settlement and formula funding arrangements, following the DfE's announcement on 19 July 2022. This report provides important background for the development of our formula funding arrangements for 2023/24.

Recommended –

The Schools Forum is asked to note the information presented and to begin to consider the implications for the 2023/24 DSG budget planning round and formula funding arrangements.

(Andrew Redding – 01274 432678)

9. OUTLINE - FORMULA FUNDING ARRANGEMENTS & CONSULTATIONS 2023/24 (I) 91 - 98

The Business Advisor (Schools) will present a report, **Document OV**, which outlines the working principles that are being considered in the development of Bradford's formula funding arrangements for 2023/24 for the Schools and High Needs Blocks.

The Authority anticipates presenting consultation reports, for Schools Block and High Needs Block formula funding arrangements, to the Schools Forum at the next meeting, with these consultations being published immediately after. Responses to consultations are expected to be considered by the Forum at its December meeting. The Schools Forum will then be required to make its final recommendations on 2023/24 DSG and formula funding arrangements at its January 2023 meeting.

In support of these processes:

Forum Members are invited to (remotely) attend a 'Formula Funding Working Group' session, on Tuesday 27 September (8am) or

Wednesday 28 September (8am) or Tuesday 4 October (8am). As in previous years, these sessions will enable Forum Members to consider in more detail the impact of national formula funding decisions and to explore and guide the proposals for 2023/24 for Bradford's Schools Block and High Needs Block formula funding arrangements that are anticipated will be set out for consultation in October.

The Authority will contact the District Achievement Partnership to arrange to discuss directly the proposals for the continuation of the EHCP Banded Model (the special school funding formula) for 2023/24.

Recommended –

- (1) The Schools Forum is asked to consider and to comment on the working principles.**
- (2) Members are invited to attend a 'Formula Funding Working Group' session.**
- (3) Members are asked for feedback on how best to communicate as early as possible this term with schools, academies and other providers about arrangements for 2023/24 (in advance of more formal consultation beginning in October).**

(Andrew Redding – 01274 432678)

10. WORK PROGRAMME AND SCHEDULE OF MEETINGS 2022/23 ACADEMIC YEAR (I) 99 - 102

The Business Advisor (Schools) will present a report, **Document OW**, which outlines the School Forum's 2022/23 Academic Year work programme.

Recommended –

The Forum is asked to note the proposed programme and to consider whether any additional items should be added.

(Andrew Redding – 01274 432678)

11. SCHOOLS FORUM STANDING ITEMS (I)

Updates on the following Forum standing items will be provided verbally where these have not been covered within other agenda items:

- Schools Forum membership
- Update from the High Needs Block Steering Group
- Update from the Schools Financial Performance Group (SFPG)
- Update on School / Academy Budgets

- Update from the Early Years Working Group (EYWG)
- Update from the Formula Funding Working Group (FFWG)
- Update on Primary School Places
- Update on Academies & Free Schools

The Forum is asked to note the information provided.

(Andrew Redding – 01274 432678)

12. AOB / FUTURE AGENDA ITEMS

Members will be asked for any additional items of business, for consideration at a future meeting.

13. DATE OF NEXT MEETING

Please see the published schedule of meetings – the next Forum meeting is scheduled for Wednesday 12 October 2022 (City Hall).

Please note that the planned dates of meetings for the 2022/23 academic year are as follows:

- Wednesday 12 October 2022, 8am (City Hall)
- Wednesday 7 December 2022, 8am (remote)
- Wednesday 11 January 2023, 8am (City Hall)
- Wednesday 18 January 2023, 8am PROVISIONAL MEETING
- Wednesday 8 March 2023, 8am (remote)
- Wednesday 17 May 2023, 8am (remote)
- Wednesday 12 July 2023, 8am (City Hall)

(A) Denotes an item for action (including where a formal view or recommendation is required).

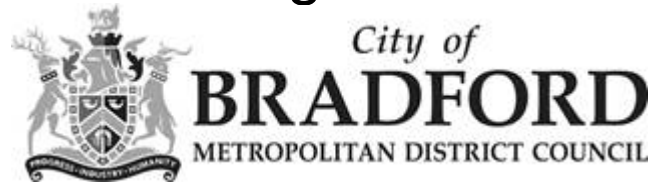
(I) Denotes an item for information.

Signposting of High Needs Information:

As per the schedule presented on 14 October 2020, “Forum members are expected to access ‘outside of the Forum meetings’ wider SEND information that is presented to other groups and that is already published, including information presented to the SEND Partnership. The Authority will signpost this information (webpage links) for Forum members at the bottom of agendas.”

SEND Partnership Board (minutes of meetings):

<https://localoffer.bradford.gov.uk/coproduction--feedback/send-strategic-partnership-board->



Note: These minutes are subject to approval as a correct record at the next meeting of the Schools Forum on 6 July 2022

Schools Forum meeting held remotely on Wednesday 18 May 2022

To view the archived recording of this meeting, please see here:
<https://bradford.public-i.tv/core/portal/home>

Commenced 08:05
Concluded 10:20

RECORD OF MEETING ATTENDEES, APOLOGIES AND ABSENCES

Schools & Academies Members

IN ATTENDANCE

Member	Membership Group
Dianne Richardson (Chair)	Maintained Primary Schools - Headteacher
Ian Morrel (Vice Chair)	Maintained Secondary Schools – Headteacher
Brent Fitzpatrick OBE	Academies Member
Melanie Saville	Academies Member
Helen Williams	Academies Member
Mathew Atkinson	Academies Member
Dominic Wall	Academies Member – Special School Academies
Bev George	Maintained Nursery Schools – Governor
Sian Hudson	Maintained Nursery Schools – Headteacher
Kathryn Swales	Maintained Primary Schools - Headteacher
Graham Swinbourne	Maintained Primary Schools - Headteacher
Lyndsey Brown	Maintained Special Schools - Headteacher
Kirsty Ratcliffe	Pupil Referral Unit (maintained)

APOLOGIES RECEIVED

Member	Membership Group
Ashley Reed	Academies Member
Michael Thorp	Academies Member
Victoria Birch	Academies Member
Carol Dewhirst OBE	Academies Member
Richard Bottomley	Academies Member – Alternative Provision Academies
Emma Hamer	Maintained Primary Schools – Governor
Nicky Kilvington	Maintained Primary Schools - Headteacher

NOT IN ATTENDANCE (WITHOUT APOLOGIES RECEIVED)

Member	Membership Group
Andrew Morley	Academies Member

Deborah Howarth	Academies Member
Heather Lacey	Academies Member
Sir Nick Weller	Academies Member
Wahid Zaman	Academies Member

Non-Schools Members

IN ATTENDANCE

Member	Membership Group
David Johnston	Officer Representing Vulnerable Children
Tom Bright	Teaching Unions

APOLOGIES RECEIVED

Member	Membership Group

NOT IN ATTENDANCE (WITHOUT APOLOGIES RECEIVED)

Member	Membership Group
Junaid Karim	Council for Mosques (Bradford)
Gillian Simpson-Morris	Representative of Early Years PVI Members

Substitute Members present at the meeting as a Member (not as an Observer)

Substitute Member	Membership Group

Substitute Members present at the meeting as an Observer (not as a Member)

Substitute Member	Membership Group
Alison Kaye	Academies Member
Michelle Farr	Academies Member – Special School Academies

Local Authority Officers present at the meeting

Officer	Position
Niall Devlin	Assistant Director, SEND and Inclusion
Raj Singh	Business Advisor
Andrew Redding	Business Advisor (Schools)
Asad Shah	Committee Secretariat
Marium Haque	Deputy Director, Education and Learning
Dawn Haigh	Principal Finance Officer (Schools)
Jonty Holden	Principal Finance Officer (Schools)

40% of the School Forum's membership (filled membership positions) must be present for a meeting to be quorate. This meeting was quorate, with 45% of members present (13 out of 29 currently filled membership positions).

618. DISCLOSURES OF INTEREST

Ian Morrel declared interests for agenda items 7, 9 and 10.

619. MINUTES OF 9 MARCH 2022 & MATTERS ARISING

The Business Advisor (Schools) reported on progress made on “Action” items from the 12 January meeting. He reported that:

- The minutes do not record any formal resolutions with items “for action”. However, they do record themes for further discussion, which come back to the Forum within reports to this meeting. This includes the High Needs Block working group (discussing the surplus balance).
- Regarding Item 614, and the request for an impact evaluation of the School Improvement Monitoring and Brokering Grant (SIMB), the Business Advisor is seeking this from the Assistant Director, School Improvement.
- Regarding Item 613, the Assistant Director, SEND and Inclusion, responded to the questions and comments that the Forum asked at the March meeting relating to the 2020/21 Exclusions Report, as recorded in the minutes. He provided some further information on how formula funding, and Pupil Premium Grant, is adjusted following permanent exclusion. He also advised that both Bradford Alternative Provision Academy and Park Aspire offer a small number of ‘step out’ places, for schools to commission directly with these settings. In response, the Chair advised that a member had asked at the March meeting for clarity on how these places can be accessed. The Chair suggested this matter will be included in discussions under agenda items 8 and 9. The Vice Chair agreed, adding that discussions should focus on a necessary review, which he has previously argued for, looking at how ‘step out’ (prevention places) provision is linked to the availability / sufficiency of funding, in that the net cost of such provision on schools is currently quite prohibitive. Within this review, the strategic impact of weighting such provision and funding for early intervention, in the primary-phase, must also be evaluated.

The Business Advisor reported on other matters arising:

- Scheme for Financing Schools April 2022: There were no directed revisions to the Scheme for April 2022 and therefore, our Scheme for maintained schools remains unchanged, except for a minor adjustment to the remove reference to the Salix Loan scheme (which has ceased). The formal adoption of the IRFS 16 reporting standard for leases by maintained schools has now been postponed until April 2024. Guidance is to be provided however, on how authorities can adopt the standard earlier than this.

Resolved –

- (1) That progress made on “Action” items and Matters Arising be noted.**
- (2) That the minutes of the meeting held on 9 March 2022 be signed as a correct record.**

620. MATTERS RAISED BY SCHOOLS

No matters were raised and no resolutions were passed on this item.

621. STANDING ITEM - DSG GROWTH FUND ALLOCATIONS

No allocations for 2022/23 were presented and no resolutions were passed on this item.

622. SCHOOLS FORUM MEMBERSHIP

The Business Advisor (Schools) presented, **Document OI**, which provided an update on the Forum's membership and composition and how the Local Authority will seek to refresh the Forum's membership for the 2022/23 academic year. Members were asked to approve the proposed approach to the election of the Chair and Vice Chair of the Schools Forum. Members were also asked to comment on, and approve, the Forum's Conduct of Meeting and Procedures document for 2022/23 (Appendix 2).

The Academies member, representing Special School Academies, confirmed that Michelle Farr has been elected to replace him as representative.

Forum members did not have any further comments on this report and did not ask any questions.

Resolved –

(1) That the information presented in Document OI be noted.

(2) That the proposed approach to the election of the Chair and Vice Chair of the Schools Forum for the 2022/23 academic year be approved.

(3) That Appendix 2 (Forum Conduct of Meetings and Procedures) for the 2022/23 academic year be approved.

LEAD: Business Advisor, Schools

623. UPDATE ON THE SCHOOLS BLOCK 'HARD' NATIONAL FUNDING FORMULA

The Principal Officer (Schools) presented the report, **Document OJ**, which provided an update on the DfE's published response to the consultation on the completion of the 'hard' National Funding Formula reforms, with changes to be implemented for the 2023/24 financial year.

Forum members did not have any comments on this report and did not ask any questions.

Resolved – That the information presented in Document OJ be noted.

LEAD: *Principal Finance Officer, Schools*

624. MAINTAINED SCHOOLS' OUTTURN (REVENUE BALANCES) 2021/22

The Business Advisor (Schools) presented a report, **Document OK**, which provided an overview of the position of revenue balances held by maintained schools at 31 March 2022.

Forum members did not have any comments on this report and did not ask any questions.

Resolved – That the information presented in Document OK be noted.

LEAD: *Business Advisor, Schools*

625. NATIONAL SEND AND ALTERNATIVE PROVISION REVIEW & CAPITAL SETTLEMENTS

The Business Advisor (Schools), together with the Assistant Director, SEND and Inclusion, presented **Document OL**, which provided an overview of the DfE's SEND and Alternative Provision Review, which was published on 29 March, as well as the Basic Needs and SEND capital settlements for 2022-2024.

In the discussion that followed the presentation of the report, Forum members made the following comments and asked the following questions:

- The member representing Academy Special Schools expressed his concern that Bradford may be excluded from the next wave of SEND free school applications, because we are not currently in deficit. He stated that new school provision is the essential way that high quality holistic learning environments are created. We therefore, need to push back to Government very strongly on this. This was echoed by the Chair, who asked whether the Forum can do anything to raise this issue with the DfE. The Assistant Director, SEND and Inclusion, stated that the Authority is committed to all options for the development of specialist places, including free schools, and that the Authority has already raised our concern with the DfE and ESFA regarding our possible exclusion from the free school wave.
- The member representing Academy Special Schools stated that the SEND Review is incredibly ambitious and, if successful, could change the SEND and AP landscape. There is strong theme in the Review of ensuring, without legislation, that health agencies pay for the health and therapy support services they are responsible for, irrespective of where these services are needed / delivered. If this theme is delivered in full, this will end how schools are currently subsidising the cost of health and therapy services. Locally, we need to start this transition now. The Strategic Director, Children's Services, responded that the Authority is in discussion with health colleagues (ICS systems lead), especially in the context of the creation of specialist places.
- The Assistant Director explained that the DfE's 'solutions', that are expressed within the SEND Review document are: increased standardisation (vs. local

discretion); the re-invention of 'early intervention'; increased partnership; workforce development; increased parental confidence; greater collaboration / co-ordination between SEND and Alternative Provision; return to mainstream inclusion. He emphasised that change in cost is a clear implication of these solutions, especially in the short term, where authorities will be required to invest in early intervention strategies at the same time as meeting the cost of the needs of existing children and young people. These solutions could also mean significant change in costs for schools and for other providers.

- The Vice Chair expressed his view that there is contradiction within the DfE's Schools White Paper, between encouraging innovation and independence, and increasing centralisation and standardisation. He asked whether and how the Authority could be impeded by this. He also asked whether developments in Bradford, including the establishment of the Children's Services Company, provide the opportunity to look at support service delivery innovatively, for example, via the pooling of budgets and staffing resources, the location of health services hubs, the distribution of children's social workers. The Assistant Director responding that the Authority is required to work within a regulatory framework, but he agreed that we need to seek to exhaust the creatively in the system and to work in partnership. This includes the re-design of services. Regarding the movement towards greater standardisation, we need to voice clearly in our response to the DfE's consultation that no child or young person should be 'worse off' as a result of changes, including possible changes in funding levels that may come from the development of a national top-up banding system.
- The member representing the teaching trades unions asked for some further statistics on our numbers of placements in independent provisions. The Chair advised that this information is included in the SEND statements that were been presented to the Forum in December and in March. The Strategic Director added that, although the number of placements has increased in recent years (and therefore, cost has increased), these placements as a % of our schools' population has remain static.

Resolved –

(1) That the information presented in Document OL be noted.

(2) That a letter is sent from the Chair to the Secretary of State to express the Forum's concern regarding the potential exclusion of Bradford from the new SEND free schools wave (on the grounds that our DSG account is not currently in deficit).

LEAD: *Business Advisor, Schools*

626 HIGH NEEDS BLOCK SURPLUS BALANCE DISCUSSION UPDATE

Linking with the previous agenda item on the SEND and Alternative Provision Review, the Business Advisor (Schools) presented a report, **Document OM**, which provided an update on the consideration of the surplus balance that is held within the High Needs Block at the end of the 2021/22 financial year. The report explained the discussions that have taken place with the Forum's Working Group, as well as with the Education and Skills Funding Agency (ESFA), since the last

Schools Forum meeting.

In the discussion that followed the presentation of the report, Forum members made the following comments and asked the following questions:

- A member representing Maintained Primary School Headteachers expressed his disappointment that monies from the surplus balance have not been / are not being injected into schools quickly. He stated that there should be a 4th strand of allocation, with funds being quickly allocated to support children with needs in schools now. The Business Advisor responded that the rationale for the approach that is set out in the report, in the Authority's view, is very clear. This rationale covers the retention of the majority of funds, the targeting of funds to 3 main priority areas, and the Authority's view about not progressing the allocation of funds into schools now in order to further enhance top-up and element 2 funding. The member responded that a 4th strand of allocation would be targeted to support children with needs in schools now.
- The Chair responded to express her frustration, regarding the sufficiency of SEND places, and that a strategic plan for the use of a proportion of the balance towards the 3 identified areas is not yet in place. The Vice Chair added that the Forum members that have attended the working group share a frustration, but there needs to be a clear strategic plan, which is going to take a little more time to develop as it is important to get this right.

Following some discussion on next steps, the timing of the plan, and whether the Forum's working group will meet again, the Forum requested that the Authority presents a plan for the use of the balance (towards the 3 identified areas) to the 6 July meeting, with the working group given the opportunity to meet to contribute to / discuss the plan (including in draft) before this meeting.

The Assistant Director explained that the Authority will seek to respond to this request, but that timescales are short. He emphasised that some of this work is also conditional on receiving advice from the ESFA on the use of High Needs Block funds.

Resolved –

(1) That the information presented in Document OM be noted.

(2) That the Authority presents a plan for the HNB surplus balance to the Forum at the 6 July meeting, with the Forum's sub group to meet in advance of this.

LEAD: Assistant Director, SEND and Inclusion

SCHOOLS FORUM STANDING ITEMS

627.

No further information was presented and no resolutions were passed on this item.

628. AOB / FUTURE AGENDA ITEMS

A member asked whether anything has been announced regarding additional funding to support schools with rising energy costs. The Business Advisor (Schools) responded to advise that, although the DfE has indicated that it is looking at this issue, no announcements have yet been made.

629. DATE OF NEXT MEETING

The next scheduled is Wednesday 6 July. This will be an 'in-person' meeting held at City Hall.

The provisional dates of meetings for the 2022/23 academic year are as follows:

- Wednesday 14 September 2022, 8am
- Wednesday 12 October 2022, 8am
- Wednesday 7 December 2022, 8am
- Wednesday 11 January 2023, 8am
- *Wednesday 18 January 2023, 8am PROVISIONAL MEETING*
- Wednesday 8 March 2023, 8am
- Wednesday 17 May 2023, 8am
- Wednesday 5 July 2023, 8am

Note: These minutes are subject to approval as a correct record at the next meeting of the Forum.

THESE MINUTES HAVE BEEN PRODUCED, WHEREVER POSSIBLE, ON RECYCLED PAPER

Note: This is a briefing note, which has been written following the Schools Forum meeting that was held on 6 July 2022. This meeting went ahead, with the agreement of the attending members, as an informal ‘briefing’ only, because the meeting was not quorate. No resolutions were made and no decisions taken. The minutes of the meeting held 18 May 2022 are moved forward to the next meeting to be held on 14 September for review / approval.

Briefing Note on the Informal Schools Forum meeting held on Wednesday 6 July 2022

Commenced 08:00, Concluded 10:05

RECORD OF MEETING ATTENDEES, APOLOGIES AND ABSENCES

Schools & Academies Members

IN ATTENDANCE

Member	Membership Group
Dianne Richardson (Chair)	Maintained Primary Schools - Headteacher
Ian Morrel (Vice Chair)	Maintained Secondary Schools – Headteacher
Graham Swinbourne	Maintained Primary Schools - Headteacher
Kathryn Swales	Maintained Primary Schools - Headteacher
Richard Bottomley	Academies Member – Alternative Provision Academies
Victoria Birch	Academies Member
Wahid Zaman	Academies Member

APOLOGIES RECEIVED

Member	Membership Group
Ashley Reed	Academies Member
Bev George	Maintained Nursery Schools – Governor
Brent Fitzpatrick OBE	Academies Member
Carol Dewhirst OBE	Academies Member
Dominic Wall	Academies Member – Special School Academies
Emma Hamer	Maintained Primary Schools – Governor
Heather Lacey	Academies Member
Helen Williams	Academies Member
Lyndsey Brown	Maintained Special Schools - Headteacher
Mathew Atkinson	Academies Member
Michael Thorp	Academies Member
Nicky Kilvington	Maintained Primary Schools - Headteacher
Sian Hudson	Maintained Nursery Schools – Headteacher

NOT IN ATTENDANCE (WITHOUT APOLOGIES RECEIVED)

Member	Membership Group
Andrew Morley	Academies Member
Deborah Howarth	Academies Member

Kirsty Ratcliffe	Pupil Referral Unit (maintained)
Melanie Saville	Academies Member
Sir Nick Weller	Academies Member

Non-Schools Members

IN ATTENDANCE

Member	Membership Group
David Johnston	Officer Representing Vulnerable Children
Tom Bright	Teaching Unions

APOLOGIES RECEIVED

Member	Membership Group

NOT IN ATTENDANCE (WITHOUT APOLOGIES RECEIVED)

Member	Membership Group
Gillian Simpson-Morris	Representative of Early Years PVI Members
Junaid Karim	Council for Mosques (Bradford)

Substitute Members present at the meeting as a Member (not as an Observer)

Substitute Member	Membership Group
Alison Kaye	Academies Member

Substitute Members present at the meeting as an Observer (not as a Member)

Substitute Member	Membership Group

Local Authority Officers present at the meeting

Officer	Position
Andrew Redding	Business Advisor (Schools)
Asad Shah	Committee Secretariat
Dawn Haigh	Principal Finance Officer (Schools)
Niall Devlin	Assistant Director, SEND and Inclusion
Sarah Flockton	Sufficiency Officer

40% of the School Forum's membership (filled membership positions) must be present for a meeting to be quorate. This meeting was not quorate, as only 34% of members were present (10 out of 29 currently filled membership positions).

At the beginning of the meeting, the Schools Forum recorded its thanks to Dianne Richardson, for her longstanding commitment to, and involvement in, the Schools Forum, as a member, Vice Chair and Chair. Dianne retires from the Schools Forum after this meeting.

The Schools Forum also recorded its thanks to Dominic Wall, for his longstanding commitment to, and involvement in, the Schools Forum as a member and as a former Chair. Dominic also retires from the Schools Forum after this meeting.

1. Minutes of the 18 May Schools Forum Meeting and Matters Arising

The minutes of the meeting 18 May 2022 have been moved forward for review / approval at the next meeting to be held on 14 September. The following was reported for information:

- **Item 622 (Schools Forum Membership):** An update on this was presented under agenda item 6.
- **Item 625 (SEND Review and Capital Settlements):** The Forum resolved that the Chair writes to the Secretary of State, to express concern that Bradford could potentially be excluded from the new wave of SEND free schools (on the grounds that our DSG account is currently in surplus). The Business Advisor reported that, with the agreement of the Chair, this resolution was superseded by the publication of the criteria and application process for the Free School Wave, on 10 June. The application process allows all local authorities to express their interest and to put forward their evidential cases for a new SEND free school.
- **Item 626 (High Needs Block Surplus Balance Discussion Update):** An update on this was presented under agenda item 10.

2. Matters Raised by Schools

It was reported that no matters have been raised.

3. Standing Item – DSG Schools Block Growth Fund Allocations

The Business Advisor reported that no allocations are presented to the Schools Forum for approval.

4. Schools Forum Membership Update

The Business Advisor (Schools) presented **Document ON**, which provided members with an update on the Forum's membership, continuing from the report (Document OI) that was presented on 18 May.

The Business Advisor reported that, following the recent process, Ian Morrel is confirmed as Chair, and Ashley Reed is confirmed as Vice Chair, of the Schools Forum for the 2022/23 academic year.

The Forum members present did not ask any questions, and did not have any comments, on this report.

5. Dedicated Schools Grant Outturn (Balances) 2021/22

The Business Advisor (Schools) presented **Document OO**, which provided the initial confirmation of carry forward balances held within the Dedicated Schools Grant at the close of the 2021/22 financial year.

The Forum members present did not ask any questions on this report. Comments on the High Needs Block balance were recorded under agenda item 10.

6. Schools Block 'Hard' National Funding Formula Consultation

The Business Advisor (Schools) presented **Document OP**, which provided a briefing on the DfE's latest consultation on the transition to the 'hard' National Funding Formula in the Schools Block, which was published on 7 June 2022. The deadline for responses to this consultation is 9 September 2022. The Business Advisor explained that the Authority will submit a response to this consultation over the summer, which will be shared with the Forum on 14 September.

The Business Advisor informed the Forum that the DfE has also just this week launched a consultation on Early Years Block funding for 2023/24. He reported the headline that, following the approach that the DfE proposes, Bradford would see only a 1% increase in Early Years Block funding rates in 2023/24. He stated that this proposed level of increase is very disappointing, especially when assessed against the growth of provider costs.

The Chair asked what role Forum members have in making school and academy colleagues aware of the hard National Funding Formula changes. The Business Advisor responded that the Authority will lead on communicating these changes, at the level of detail that is appropriate, but that Forum members should use all opportunities that they have, when speaking to colleagues, to highlight that changes are coming and to encourage colleagues to watch out for the communication of these, especially via consultation publications and Bradford Schools Online.

The Chair asked whether the move to a more consistent definition of Notional SEND will have implications for Bradford. The Business Advisor responded that this move may have significant implications, both for mainstream schools / academies as well as for the High Needs Block. It is not yet possible however, to assess these implications. We await further guidance (possibly later this month within the Schools Block operational guidance) on changes that may be directed for 2023/24.

7. Formula Funding Development 2023/24

The Business Advisor (Schools) presented **Document OQ**, which provided an overview of local formula funding review priorities for the 2023/24 financial year across the Schools Block, the Early Years Block and the High Needs Block.

In presenting the report, the Business Advisor explained that we are likely to find the 2023/24 DSG and formula funding cycle to be challenging, across all 4 DSG blocks, due to the overall level of the DSG settlement we anticipate we will receive, and the relative position of this settlement against growth in costs.

The Forum members present did not ask any questions, and did not have any comments, on this report.

8. Update on the High Needs Block

The Business Advisor (Schools) introduced Document OR, which provided an update on the plan for the High Needs Block surplus balance and the development of new additional specialist places.

The Assistant Director, SEND and Inclusion, within his responses to member's questions, stated that the Authority will 'apply' for an SEND free school (the first stage being the submission of an expression of interest). Regarding the development of specialist places, the Chair asked whether the Authority could provide timescales for the 242 places that are listed in the report. The School Organisation and Sufficiency Manager responded that these schemes are at different stages of development. A number of these places are expected to be available during 2022/23 and for the beginning of the 2023/24 academic year. The Authority estimates that all the places will be available by the end of the 2023/24 academic year. It was also clarified that places in a new SEND Free School, if we are successful, will come in addition to the 242 listed in the report. The Business Advisor added that we need to consider carefully the extent to which we continue to create specialist places, in the context of the demographic trends in Bradford, the direction of travel of the national SEND Review, and the affordability of new places within our High Needs Block settlement going forward.

Regarding the update that was presented on the High Needs Block surplus balance, Forum members asked the following questions and made the following comments:

- Though the advice is that additional funding (if agreed and if affordable) cannot be delegated to schools and academies via the Schools Block until the 2023/24 cycle, a member representing maintained primary school headteachers asked why we cannot allocate additional element 2 funding to schools now? The Business Advisor responded that the £6,000 element 2 threshold is a nationally set figure, which we would need ESFA permission to deviate from, and that, as we reported at the last Forum meeting, we have 'moved on' from considering further enhancing element 2 and top-up funding at this time. The member responded that the Authority and Schools Forum should be working to relieve the pressure that is currently on schools and that an opportunity to do this is being missed. The Chair and the Business Advisor both responded to summarise the current position regarding the balance, and the rationale behind this. It is recognised that members may hold different views about this position, and about the cautious approach that is being taken.
- Responding to the plan for the allocation of £920,000 of the balance across 3 areas, the Vice Chair asked how these strands fit within the post-Ofsted action plan, who is the lead that will ensure that these strands have impact and where does health fit into this? The Assistant Director, SEND and Inclusion, responded that a focus on early intervention and inclusion, which these 3 strands support, is an important aspect of our post-Ofsted action plan and that accountability for this investment ultimately sits with him. The response to the Ofsted report will be signed off in September. Health, and other partners, are accountable for their actions and investment to the SEND Strategic Partnership Board. The Assistant Director reported that additional funding is being allocated from health and from social care, which the Board is monitoring. Regarding the £920,000 investment from the High Needs Block, he explained that we are seeking at this time to take a targeted, proportionate and staged approach, in the context of the worsening of the forecasted High Needs Block position, where the impact of initial investment can be reviewed before any further investment is made, and where

measures can be expanded and extended. The Assistant Director emphasised that there is already significant additional funding being allocated to schools and academies, in support of children and young people with SEND. Since 2019, for example, our number of EHCPs has increased by 41%, with accompanying top-up funding.

- The member representing the teacher trades unions asked for clarification on the trading status of the skills team, and whether this team is accepting new referrals (because he has heard that the team is not). The Assistant Director responded to clarify that the skills team is not currently traded and that referral services are running as normal. The Authority is currently running a pilot with 6 schools, which is aimed at assessing how services can be more impactful. A briefing for headteachers on this service will be presented in September. The member responded to emphasise that the Authority must ensure that the impact of investment (to continue a current service) is clearly assessed.
- The Assistant Director reported that the Council's Executive, at yesterday's meeting, approved investment from the Council's budget to increase the size of Children's Services assessment teams. The Chair responded that investment in capacity is very welcome news.

9. Schools Forum Standing Items

Nothing further was reported.

10. AOB / Future Agenda Items

No items were raised.

11. Next meeting

Please see the published schedule of meetings – the next Forum meeting is scheduled for Wednesday 14 September.

Schools Forum Matters Arising Document 14 September 2022

Final Confirmation of DSG Balances held at 31 March 2022 (at the end of the 2021/22 Financial Year)

This final confirmed DSG balances statement is updated from Document OO Appendix 1, presented on 6 July 2022, and is now inclusive of the final Early Years Block adjustment for 2021/22, which was confirmed by the DfE on 18 July 2022. Following this confirmation, the Early Years Block surplus balance held at 31 March 2022 is £287,082 greater than the initial figure that was presented in Document OO Appendix 1. All other figures for the other blocks are unchanged.

	Schools Block	High Needs Block	Early Years Block	Central Schools Services Block	Total DSG Balances
Forecast (presented 12 January 2022)	£6.375m	£21.739m	£4.001m	£0.000m	£32.115m
Final Confirmation Presented 14 Sept 2022	£6.684m	£23.021m	£4.176m	£0.231m	£34.112m
Difference £	+ £0.309m	+ £1.282m	+ £0.169m	+ £0.231m	+ £1.997m
Difference as a % of Current DSG Block Value	0.06%	1.22%	0.42%	6.54%	0.32%
Value committed within 2022/23 Planned Budget	£0.747m	£0.000m	£0.687m	£0.000m	£1.434m

Within the Schools Block balance of £6.684m are the following confirmed 'ring-fenced' balances:

- Growth Fund £1.051m
- Falling Rolls Fund £0.500m
- De-Delegated Funds £1.034m

Within the Early Years Block balance of £4.176m are the following confirmed 'ring-fenced' balances:

- De-Delegated Funds £0.072m
- Disability Access Fund £0.593m

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Matters Arising – Pay Awards (School Budgeting)

The purpose of this brief report is to ensure that Forum members are aware of the pay award information that became available at the end of the summer term. The pay awards, as announced / offered, for teachers and for support staff, will have budget implications for schools, academies and for other providers, as well as for the Dedicated Schools Grant. These implications are important to consider as we work through the 2023/24 Dedicated Schools Grant and formula funding setting cycle, between now and January.

Regarding school budgeting, we strongly recommend that all schools and academies present to their governing boards, as soon as possible, an updated 3-year budget forecast, which includes the new costs of the pay awards. Given the timing of budget setting for 2022/23, it is very likely that schools and academies will need to immediately revisit their spending plans for their respective 2022/23 financial years. Maintained schools should do this within their quarter 2 budget monitoring, which will take place in October. Schools and academies will also need to revisit their spending plans for 2023/24 and 2024/25, and this should be looked at as soon as possible. We strongly recommend that maintained schools do this alongside their quarter 2 budget monitoring.

Teachers' Pay Award September 2022

Further information on the teachers' pay award at September 2022 is available here:

<https://www.gov.uk/government/publications/school-teachers-review-body-32nd-report-2022>

This is a link to the STRB's report, which sets out this Body's recommendations. The STRB's recommendations for September 2022 have been accepted by the DfE in full. The further movement to the minimum £30,000 Main Pay scale salary is confirmed within the STRB's recommendations. Most maintained schools will already be budgeting for this. However, the STRB recommends that all other scale points and allowances increase at September 2022 by 5%, which is 2% more than the 3% the DfE suggested in its evidence submitted in February. Most maintained schools will have budgeted for a 3%, not a 5%, pay award at September 2022. The DfE has indicated so far that no additional funding will be allocated to schools to support the cost of the September 2022 pay award. Whilst the DfE has not yet accepted any recommendations on the pay award for September 2023, and this will be subject to the annual review process, the STRB currently recommends a basic increase of 3% at September 2023. Most maintained schools will currently be budgeting for a basic increase of only 2%. We recommend at this time that schools adjust their 2022/23 budgets and 2022-2024 forecasts, and spending plans, to incorporate 5% (September 2022) and 3% (September 2023) basic pay awards. Schools should continue to budget for the further movement (final step) to the £30,000 minimum MPS salary at September 2023.

Support Staff / Officers' Pay Award April 2022

Further information on the National Joint Council (NJC) officers' / support staff pay award at April 2022 is available here:

<https://local.gov.uk/our-support/workforce-and-hr-support/local-government-services/green-book-payscales-and-other-7>

This is a link to the offer, which was published at the end of July. Whilst this is still an offer (although stated as a 'final' offer), it is now appropriate for maintained schools to adjust their budgets and forecasts, replacing previous estimates. The offer is that all scale points at April 2022 will increase by £1,925. This means that scale points will increase in % terms by between 10.5% (scale point 1) and 4% (scale point 43). We anticipate that the average % increase for staff in schools will be around 8%. Most schools currently will have budgeted only for a 2% blanket increase in salaries at April 2022. As such, the pay award as currently offered will have budget implications. This is an award offer covering 2022/23 only. Most maintained schools will currently be budgeting for a continuing 2% annual pay award from April 2023. Whilst we do not know yet what the pay award offer for April 2023 will be, we do recommend that schools now budget for more than a 2% award - at least 3% going forward.

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SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report briefs the Schools Forum on the DfE's consultation on the Early Years Block for 2023/24 and on the implications of the DfE's proposals for the funding of providers delivering the early years entitlements, as well as for our Early Years Block management. The Authority will shortly convene the Early Years Working Group, to consider more closely the DfE's proposals, as well as to consider our early years entitlement funding arrangements for 2023/24 in response to these. Interested Forum members are invited to attend this Group.

Date (s) of any Previous Discussion at the Forum

Our consultation on Early Years Block formula funding arrangements for 2022/23 was presented to the Schools Forum on 8 December 2021. The Forum made its recommendations on our current Early Years Single Funding Formula (EYSFF) on 12 January 2022.

Background

It is helpful to quickly remind Forum members of our recent considerations and actions relating to the Early Years Block, and of our existing EYSFF arrangements:

- In 2020/21, we began to reduce the proportion of our 3&4-year-old Early Years Single Funding Formula (EYSFF), that is allocated via the Deprivation & SEND supplement, with the intention to reduce this over 3 years from 9.5% to the average of our statistical neighbours, rounded up to 6%, in support of affordability and of maximising our Universal Base Rates, having also identified that we are currently spending a higher proportion of our EYSFF on this supplement than other authorities are. However, recognising the impact of the COVID-19 pandemic, we did not take the planned second step (to reduce from 8% to 7%) in 2021/22 and we retained 8% in 2022/23. The Regulations place a restriction on the use of supplements in the 3&4-year-old EYSFF; supplements cannot allocate more than 10% of total EYSFF funding.
- As a consequence of this retention, in part, we have continued to allocate reserves (one off monies from brought forward balances) held within the Early Years Block to protect the values of the 2-year-old and 3&4-year-old Universal Base Rates at their current year levels of £5.55 and £4.39 per hour. The 2022/23 planned budget incorporated £0.734m of reserves and we held £4.18m of reserves in total within the Early Years Block at the end of 2021/22. We have identified that we must continue to discuss how our EYSFF arrangements can most effectively, but sustainably, support the early years sector in its delivery of the entitlements going forward, recognising that reserves can only be spent once.
- In 2022/23, Bradford's rate of funding from the DfE for the 3&4-year-old entitlements increased from £4.69 to £4.86 per hour. This represented an increase of + 3.62% (+ £0.17). £0.15 of this increase was passed directly through to providers (£0.14 through the Universal Base Rate and £0.01 through the Deprivation and SEND Supplement). Bradford's rate of funding for the 2-year-old entitlement increased from £5.36 to £5.57 per hour. This represented an increase of + 3.92% (+ £0.21). £0.19 of this increase was passed directly through to providers through the 2-year-old Setting Rate. £0.02 was allocated to supported the cost of continuing 2-year-old access to the Early Years SEND Inclusion Fund (EYIF).
- In 2022/23, we retained £398,000 centrally within the Early Years Block, excluding the contribution to copyright licences. Within this sum, we returned to the Early Years Block the cost of the PVI Area SENCOS budget (£204,000), having transferred this to the High Needs Block on an exceptional basis in 2021/22. We also added a new contribution (£100,000) to support the Authority's capacity to deliver the EYSFF and other early years functions. We passed through to providers 97.5% of 3&4-year-old funding, excluding the use of reserves. The Regulations require a minimum pass-through of 95%. Our benchmarking continues to indicate that we are low central retainer of Early Years Block funds, compared with other authorities. The 97.5% is affected, not just by the values of budgets held centrally within the Early Years Block, but also by the additional cost of the 2-year-old entitlement. We have identified that the cost of funding the 2-year-old entitlement, at our current rates, exceeds its funding, due to the profile of hours that are typically funded across the year by term and 2-year-old access to EYIF. This is a position that we need to continue to monitor closely, to ensure that our 2-year-old funding approach does not place excessive pressure on our 3&4-year-old entitlement funding on an on-going basis.

Background (continued)

- Since April 2019, we have operated an amended Early Years Inclusion Fund (EYIF), supporting emerging SEND. The DfE has indicated within the current national SEND Review that how SEND is supported in early years will change, and that this is likely to have knock-on implications for early years entitlement funding, including for EYIF and for the Disability Access Fund (DAF).
- We have identified the critical significance of national DfE decisions concerning the continuation of the Maintained Nursery School Supplement. This Supplement has been confirmed as continuing for the current 3 year spending period (which covers up to March 2025). Following the DfE's uplift of funding rates, in 2022/23, we uplifted the sustainability lump sum protection that we allocate to our nursery schools, for the first time since 2017/18.
- We are currently introducing a new Bradford Provider Headcount Portal for providers to use to submit their entitlement delivery information to the Authority. We have signalled that, as the use of this Portal is extended, including to schools and academies, we will have an opportunity to consider whether our early years entitlement counting arrangements should adjust to be more responsive to changes in numbers within each term. There are pros for, and cons against, such a change in approach.

Details of the Item for Consideration

The DfE published a consultation on 2023/24 Early Years Block arrangements on 4 July 2022. This consultation can be found here:

<https://www.gov.uk/government/consultations/early-years-funding-formulae>

The deadline for responses is 16 September. We have already submitted a response, which is presented at Appendix 1.

This is a rather technical consultation, which does not present proposals at the level of operational guidance for local authorities to follow in 2023/24. This guidance is still to be published in the autumn term. The DfE has indicated however, that no significant changes in 'local rules' are currently planned for 2023/24. The consultation focuses instead on a) the national distribution of Early Years Block funding (including the distribution of the Maintained Nursery School Supplement) between local authorities, and b) on the merger of the school-led Teacher Pay and Pensions Grants into the Early Years Single Funding Formula. As such, this is a consultation perhaps more for local authority officers than for early years providers. However, what the DfE proposes will have direct implications for provider-level funding in Bradford in 2023/24.

The consultation's main focus is that the underlying data that forms the basis of the current national distribution of Early Years Block funding between local authorities – the proxy measures of additional need: Free School Meals, English as an Additional Language and Disability Living Allowance - has not been updated for some time and therefore, the national distribution of funding does not now accurately reflect the relative distribution of additional needs between authority areas. The DfE proposes to correct this in (and from) 2023/24; to use the latest datasets that are available now and then to update these annually thereafter. However, updating the data will produce significant swings in funding levels, with some local authorities gaining and some losing substantial amounts of early years funding compared with 2022/23. The DfE proposes to manage this by using 'floors and ceilings' in 2023/24: a floor of 1% (meaning that no local authority's funding rates, both for the 2-year-old entitlement as well as for the 3&4-year-old entitlement, will increase by lower than 1% in 2023/24; ceilings of 4.5% (3&4 year olds) and 8.6% (2 year olds), meaning that no local authority's funding rates will increase by more than 4.5% (3&4 year olds) and by 8.6% (2 year olds) in 2023/24. Thereafter, the DfE proposes to introduce an annual protection mechanism, which will prevent large unmanageable reductions in funding rates in any single year.

Illustratively, Bradford's position is as follows:

- 3&4-year-old funding: our current 2022/23 rate is £4.86 per hour. With the merger of the school-led Teacher Pay Pensions Grants (we summarise what this means below), our current 2022/23 rate is £5.00 per hour. This is our baseline on which to compare the impact of the DfE's proposals. Following the DfE's update of the underlying data, our equivalent illustrative 2022/23 rate is £4.99 i.e. our 2022/23 rate reduces by £0.01. With the DfE's proposed 1% floor, our illustrative minimum rate of funding in 2023/24 will be £5.05, which is £5.00 + 1%.
- 2-year-old funding: our current 2022/23 rate is £5.57 per hour. This is our baseline on which to compare the impact of the DfE's proposals. Following the DfE's update of the underlying data, our equivalent illustrative 2022/23 rate is £5.58 i.e. our 2022/23 rate increases by £0.01. With the DfE's proposed 1% floor, our illustrative minimum rate of funding in 2023/24 will be £5.63, which is £5.63 + 1.1% (there is rounding of these figures by the DfE).

Details of the Item for Consideration (continued)

- Maintained Nursery School Supplement: our current 2022/23 rate, including the merger of the school-led Teacher Pay and Pensions Grants, in £3.59 per hour. Using additional investment (an additional £10m nationally), the DfE proposes to set a new minimum funding floor for this Supplement. This illustratively is proposed at £3.80 per hour in 2023/24. On this basis, the Supplement funding that we receive in the Early Years Block will increase by £0.21 per hour (+5.8%). Please be aware though that this is not expected to affect the level of funding protection that individual maintained schools receive through the Authority's arrangements. This adjustment to the Supplement will simply better reflect the actual cost of the current protection to our Early Years Block, as the cost does currently exceed the funding we receive.

Please note that all funding rates presented here are illustrative, and will be adjusted by the DfE, both for the latest available datasets as well as for the outcomes of the consultation. The DfE has stated that confirmed rates will be published later in the autumn term.

In terms of how Bradford sits against other local authorities, following the update of the main 2-year-old and 3&4-year-old funding rates:

- 3&4 year olds funding: our current rate of £5.00 per hour is 62nd highest (out of 150 local authorities – range between £4.61 and £8.63). Following the update of the underlying data, our rate of £5.05 is 71st highest (range of £4.86 to £8.72). 51 authorities will receive the basic floor 1% increase in 2023/24 (about a 1/3rd of local authorities). 43 local authorities (again about a 1/3rd) are capped on 4.5%.
- 2 Year olds funding: 51 (about a 1/3rd of) local authorities, including Bradford, are currently funded at the lowest rate of £5.57 per hour (range between £5.57 and £6.87). Following the update of the underlying data, 39 authorities in total (about a 1/4), including Bradford, are funded on the lowest rate of £5.63 (range of £5.63 to £7.46). 65 authorities (about 2/5ths) will see 1% increases in 2023/24. 38 local authorities (about a 1/4) are capped on 8.6%.

In simple terms, Bradford is part of a group of local authorities that will only see 1% increases in funding rates in 2023/24, under the DfE's current proposals.

In terms of our responses to these proposals, it is difficult to argue against the DfE moving to use the latest available data to distribute Early Years Block funding, and it is also difficult to argue against the DfE now ensuring that the underlying data is annually updated and that a year-on-year protection mechanism is established to guard against unmanageable levels of turbulence. We support these proposals and the principles behind them.

The crux of the issue here is the very low levels of floor increases that the DfE's currently proposes, especially in the context of the current scale of inflation on prices and increases in salaries costs (including further expected increases in 2023). Where our Early Years Block funding rates only increase by 1%, 1% is likely to be the maximum increase that we can pass through to providers delivering the early years entitlements in 2023/24. However, as we've previously signalled, we have still to continue to deal with our structural overspending, which comes from two main factors, a) allocating 8% (rather than the average 6%) of our 3&4-year-old EYSFF monies on our Deprivation and SEND Supplement, whilst also maintaining a high value Universal Base Rate, and b) that the cost of our funding of the 2-year-old entitlement, including access to the SEND Early Years Inclusion Fund, exceeds the value of 2-year-old entitlement funding that we receive.

As we've presented elsewhere, for other elements of the Dedicated Schools Grant (DSG) settlement, a low 1% floor increase aligns with our assessment of the Autumn 2021 Spending Review, reinforced by the DfE's recent messaging, that the current 3-year national school and early years funding settlement has been heavily weighted towards 2022/23, with reduced increases to be allocated in 2023/24 and in 2024/25.

In current context, we would suggest that the DfE takes a longer multi-year approach to the update of the underlying data, meaning that the ceilings on gains should be reduced in 2023/24 in order to afford a higher value floor for all local authorities. This is a main point in our response.

Merger of school-led Teacher Pay and Pensions Grants

The DfE proposes that the Teacher Pay and Pensions Grants (TPG / TPENG), that are currently allocated to maintained nursery schools and to primary maintained schools and academies that delivery the entitlements, be merged into the Early Years Block from April 2023. This merger would increase our 3&4-year-old rate of funding within the Early Years Block illustratively by £0.14 per hour.

These grants are currently only allocated to schools and academies, to reflect the additional costs that these have in relation to their employment of teachers. Following the merger of these grants into the Early Years Block, in order to retain the distribution of this funding to schools and academies, there will need to be a revision to the Early Years Single Funding Formula (EYSFF). The DfE proposes that authorities be permitted, and be strongly encouraged, to establish a Quality Supplement within their EYSFFs, so that this funding can be targeted to providers that employ teachers and that incur additional costs as a result.

Details of the Item for Consideration (continued)

We await further instruction from the DfE, via the Early Years Block operational guidance, on exactly how authorities should respond here, and what the expectations of, and restrictions on, a new Quality Supplement will be. For example, must providers evidence that they employ a (full time) teacher in their delivery of the 3&4-year-old entitlement, that is also a member of the Teacher Pension Scheme, and how would they evidence this?

Accepting that further guidance is required, if the TPG and TPENG grants are merged into the Early Years Block, we do envisage introducing a Quality Supplement at April 2023. To not have such will dilute this funding, which will result in winners and losers being created simply as a result of technical change. We would wish to avoid this as best as possible. We will discuss this further with the Early Years Working Group and we will consult with providers on any new Quality Supplement as part of our 2023/24 consultation.

It is important at this stage to highlight that the merger of the TPG and TPENG is likely to have a knock on implication for our Deprivation and SEND Supplement. The Regulations restrict overall spending on supplements to 10% of 3&4-year-old EYSFF funding. We currently estimate that the full replication of TPG and TPENG funding via a new Quality Supplement will take 3%. On this basis, we could not continue to spend 8% through our Deprivation and SEND Supplement in 2023/24, as well as fully replicate the TPG and TPENG funding. We would need to reduce Deprivation and SEND Supplement spending to at least 7%. The DfE is aware of this issue, and may provide some flexibility for local authorities. However, the merger of these grants may provide a further reason, or impetus, for us to continue to reduce our Deprivation and SEND Supplement spending, as we set out in our original plan in 2019. We will discuss this further with the Early Years Working Group. In our response to the DfE's consultation, we have suggested that it would be more straightforward for local authorities for the grants to remain separate, notwithstanding that their merger into the Early Years Block will simplify administration for the DfE.

2023/24 EYSFF Development

It is expected that local authorities will continue to exercise local control over their funding of the early years entitlements, on an on-going basis, via the Early Years Block. The DfE's movement to hard National Funding Formula does not currently extend to the Early Years Block. There are significant restrictions in place already, which control how local authorities fund providers for their delivery of the early years entitlements.

Apart from our response to directed changes, such as the merger of the Teacher Pay and Pensions Grants and the subsequent development of a Quality Supplement, we do not envisage making substantial technical amendments to how our Early Years Single Funding Formula (EYSFF) operates in 2023/24. We have previously identified however, some significant matters that we will need to consider within our proposals. These are more focused on values of rates of funding that our EYSFF allocates to providers, rather than technical changes in how our EYSFF operates.

In summary, the main issues that we will need to consider in the development of our Early Years Single Funding Formula (EYSFF) for 2023/24 are:

- What levels of increases in provider entitlement delivery funding rates are affordable, within an expected (currently proposed) overall 1% settlement from the DfE.
- Our responses to any (as yet unannounced) material changes in the DfE's Early Years Block operational guidance, when this is published later in the autumn term.
- Our response to the anticipated (currently proposed) merger of the Teacher Pay and Pensions Grants into the EYSFF: how we replicate this funding stream through a new Quality Supplement.
- The continued review of our % of spending on the Deprivation and SEND Supplement, which is now, perhaps, one of the more pressing matters for review. We have continued to allocate reserves (one off monies from brought forward balances) held within the Early Years Block to protect the value of the 3&4-year-old Universal Base Rate at its current year level of £4.39 per hour. Our modelling indicates that we cannot continue to afford (and to continue to uplift) a Universal Base Rate at this level when we also spend 8% on the Deprivation and SEND Supplement. The critical matters for us to resolve are how our EYSFF arrangements are sustainable by the time one-off monies are no longer available, and what the balance should be between Universal Base Rate funding and additional funding that is targeted towards deprivation. The inclusion of a new Quality Supplement provides new context for these discussions.
- That our spending on the 2-year-old offer currently exceeds the funding we receive in the Early Years Block specifically for the 2-year-old offer. This places financial pressure on the Early Years Block, as well reduces the funding that is available to support the 3&4-year-old entitlement. Recognising this, we began in 2022/23 to take small steps, by not fully passing through to providers the increase in the 2-year-old funding rate that we received from the DfE. We must assess how this action continues in 2023/24, in order to contribute to securing the financial sustainability of the Early Years Block.

Details of the Item for Consideration (continued)

- How the cost of the early years centrally managed SEND and high needs activities is apportioned between the Early Years and the High Needs Blocks. Whilst we anticipate that the vast majority of the Early Years Block will continue to be spent on funding that is passed out to providers through entitlement funding rates, we need to ensure that early years SEND support costs are appropriately charged. The cost of the Early Years SEND Service and Portage (following the 'exceptional' transfer in 2021/22) remained charged to the High Needs Block in 2022/23. We are minded to return this cost to the Early Years Block in 2023/24.

We anticipate that we will continue to protect the funding of maintained nursery schools as we do currently.

Regarding our Early Years SEND Inclusion Fund (EYIF), we anticipate that we will continue to apply in 2023/24 our current EYIF approach, with 2 year olds also continuing to be eligible. We anticipate also proposing to retain our Disability Access Funding (DAF) at the increased rate of £1,000. The DfE's national SEND Review does propose that the early years sector is brought into the national SEND system. This will potentially alter early years SEND and EHCP systems and support mechanisms, including financial support mechanisms. The DfE has indicated that these changes will likely require a review of the Early Years Block, especially in relation to the EYIF and the DAF. At this time, we do not have any details, and we are not clear about timescales for changes, but it is possible that the DfE could alter its guidance for local authorities on how the EYSFF, EYIF and DAF mechanisms are to operate 2023/24. If changes are made, we will review our responses with the Early Years Working Group and then consult with providers.

We continue to roll out the new Bradford Provider Headcount Portal for the collection of entitlement delivery information from providers. This Headcount Portal replaces the previous Bradford Provider Gateway that PVI providers, and also that schools and academies that deliver the 2-year-old entitlement, used to submit their entitlement delivery information to the Local Authority. The Authority's medium-term aim is that the Bradford Provider Headcount Portal will also be used to collect 3&4-year-old entitlement delivery information from schools and academies, meaning that the submission of this entitlement delivery information via the Headcount Portal will replace the current approach, whereby this information is extracted from the school's / academy's termly census return that is submitted to the DfE. There are significant advantages to using a discrete mechanism for the collection of entitlement delivery information from all providers. We anticipate taking further steps in the roll out of the new Portal to schools and academies in 2023. At this time, whilst we move towards the new Portal, and in advance of us having the opportunity to review again with all providers the pros and cons of a different (starters and leavers style) approach that could be based on the new Portal, we do not envisage changing how provider entitlement delivery is counted. This means that, at this time, we envisage continuing to use in 2023/24 the existing termly headcount methodology, with a 2nd termly headcount for the 2-year-old entitlement.

In the last 2 years, due to the timing of announcements, our consultation on our Early Years Block formula funding arrangements has been published towards the end of the autumn term, later than the consultations on Schools Block and High Needs Block arrangements, which have been published mid-October. We anticipate that this will be the case for our consultations this autumn. We will provide an update to the Schools Forum on the development of our EYSFF proposals at the next meeting in October.

Implications for the Dedicated Schools Grant (DSG) (if any)

The proposals put forward in the DfE's consultation have direct implications for our Early Years Block funding, in 2023/24. These proposals also have direct implications for the rates of funding for providers delivering the early years entitlements in 2023/24. As presented in this report.

Recommendations

Recommended –

- (1) The Schools Forum is asked to consider and to note the information presented.**
- (2) Members are invited to attend the Early Years Working Group.**

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – Response to the DfE's Early Years Block consultation (copy)

Contact Officer (name, telephone number and email address)

Andrew Redding, Business Advisor (Schools)
01274 432678
andrew.redding@bradford.gov.uk

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Submitted to Early years funding formulae
Submitted on 2022-08-23 10:27:55

Introduction

What is your name?

Name:
Andrew Redding

What is your email address?

Email:
andrew.redding@bradford.gov.uk

Are you responding as an individual or on behalf of an organisation?

Organisation

What is the name of your organisation?

Organisation:
City of Bradford MDC

What type of organisation is this?

Type of Organisation:
Local Authority

What local authority area are you or your organisation based in?

Local Authority area:
Bradford

Would you like us to keep your responses confidential?

No

Reason for confidentiality (optional):

EYNFF additional needs factor

1 Do you agree with our proposal to update the underlying data in the additional needs factor in the EYNFF?

Yes

Do you agree with our proposal to update the underlying data in the additional needs factor in the EYNFF?:

Yes, we agree that allocations should be based on the latest available data.

It is somewhat concerning however, that such a re-distribution of funding between authorities is now required. The DfE must assess again the sufficiency of the minimum increases in rates of funding. In the current financial climate: inflation on prices, energy cost increases and salaries costs, how will a 1% increase in Bradford's early years entitlement funding rates in 2023/24 support the sustainability of providers, the continued development of high quality entitlement provision, the effective recruitment and retention of staff, as well as help limit increases in childcare costs that are faced by parents?

We would highlight that the vast majority of providers and local authorities have not been aware that the data that the DfE has used to distribute early years funding has not been updated, and has become so adrift. The vast majority of providers in Bradford will now not understand how a redress of this means that they will only see a maximum 1% increase in their funding rates in 2023/24.

The floors must be re-assessed as a priority, in the context of the current financial climate. We would suggest that the DfE takes a longer multi-year approach to the update of the underlying data, meaning that the ceilings on gains should be reduced in 2023/24 in order to afford a higher value floor for all local authorities.

2 Do you agree with our proposal to move to using the free school meals headline measure?

Yes

Do you agree with our proposal to move to using the free school meals headline measure?:

No comments.

3 Do you agree with our proposal to update the way in which the Disability Living Allowance data is used?

Yes

Do you agree with our proposal to update the way in which the Disability Living Allowance data is used?:

No comments

EYNFF area cost adjustment

4 Do you agree with our proposal to update the underlying data used in the area cost adjustment in the EYNFF, in particular the rateable values data and the GLM data, when available?

Unsure

Do you agree with our proposal to update the underlying data used in the area cost adjustment in the EYNFF, in particular the rateable values data and the GLM data, when available?:

5 Do you agree with our proposed amendments to the proxy measure for premises related costs in the EYNFF, including introducing schools rateable values data?

Unsure

Do you agree with our proposed amendments to the proxy measure for premises related costs in the EYNFF, including introducing schools rateable values data?:

Teachers' pay and pensions grants

6 Do you agree with our proposed approach to mainstreaming the early years element of the teachers' pay and pensions grants?

No

Do you agree with our proposed approach to mainstreaming the early years element of the teachers' pay and pensions grants?:

This is an unwelcome complication, which is likely to create additional administration for local authorities, and which will have wider knock on consequences.

Notwithstanding that mainstreaming will be simpler for the DfE / ESFA, our overriding view is that it will be much simpler and more time effective, for local authorities, to continue separate grant arrangements. Local authorities will otherwise be required to operate a quality supplement. Does this mean that authorities will be required to collect evidence from individual schools / providers of the employment of teachers that specifically teach in early years classes and that are also members of the Teacher Pension Scheme? What happens if a teacher is not a member of this Scheme (or if a change in a teacher's arrangements takes place during the year)? This sort of requirement will add a new burden of administration. This does depend however, on the type of flexibility that authorities are given to construct new quality supplements. We would suggest that authorities be given a good amount of flexibility to replicate the former grant funding, especially in the first year of merger.

Although the choice of using a quality supplement may be left to each authority, the reality will be that, if authorities do not do this for 2023/24, there will be a significant re-distribution of 3&4 year old funding away from schools / classes, which will be difficult to correct in future years. Guidance on any quality supplement, and flexibility, therefore, must be provided asap in the autumn term, should the mainstreaming go ahead, in order for local authorities to plan and consult on this for 2023/24.

We currently spend 8% on supplements (all on a deprivation supplement). We estimate that a full 'replication' of the grants within our early years formula, using some form of quality supplement, will require approx. 3%, meaning that we will breach the 10% restriction. Without regulatory flexibility, our choices will be either to reduce the replication of the grant or reduce our spend on our deprivation supplement. We suggest that the 10% restriction is reviewed to provide authorities with flexibility to manage this change.

7 Do you agree with our proposal to update the operational guide to encourage local authorities to take account of additional pressures that some providers might face using the existing quality supplement?

Yes

Do you agree with our proposal to update the operational guide to encourage local authorities to take account of additional pressures that some providers might face using the existing quality supplement?:

See response to question 6.

If the decision is taken to mainstream the grants, then there will need to be new regulatory provision, which will permit local authorities to target the former grants back towards schools and classes that will typically have higher costs due to their employment of teachers.

Although the choice of using a quality supplement may be left to each authority, the reality will be that, if authorities do not do this for 2023/24, there will be a significant re-distribution of 3&4 year old funding away from schools / classes, which will be difficult to correct in future years. To give authorities time to plan this, guidance on any quality supplement, and flexibility, therefore, must be provided asap in the autumn term, should the mainstreaming go ahead.

2-year-old funding formula

8 Do you agree with our proposal to update the underlying data in the area cost adjustment in the 2-year-old formula?

Yes

Do you agree with our proposal to update the underlying data in area cost adjustment in the 2-year-old formula?:

Yes, we agree that allocations should be based on the latest available data.

It is somewhat concerning however, that such a re-distribution of funding between authorities is now required. The DfE must assess again the sufficiency of the minimum increases in rates of funding.

We would highlight that the vast majority of providers and local authorities have not been aware that the data that the DfE has used to distribute early years funding has not been updated, and has become so adrift. The vast majority of providers in Bradford will now not understand how a redress of this means that they will only see a maximum 1% increase in their funding rates in 2023/24.

The floors must be re-assessed as a priority, in the context of the current financial climate. We would suggest that the DfE takes a longer multi-year approach to the update of the underlying data, meaning that the ceilings on gains should be reduced in 2023/24 in order to afford a higher value floor for all local authorities.

9 Do you agree with our proposal to introduce a proxy for premises related costs into the 2-year-old formula?

Unsure

Do you agree with our proposal to introduce a proxy for premises related costs into the 2-year-old formula?:

Protections

10 Do you agree with our proposed approach to protections in the EYNFF for 2023-24?

No

Do you agree with our proposed approach to protections in the EYNFF for 2023-24?:

Whilst we agree with a proposal to establish year-on-year protections, we strongly disagree that 1% in 2023/24 represents sufficient protection. The DfE must assess again the sufficiency of this minimum increase in rates of funding.

11 Do you agree with our proposed approach to protections in the 2-year-old formula for 2023-24?

No

Do you agree with our proposed approach to protections in the 2-year-old formula for 2023-24?:

Whilst we agree with a proposal to establish year-on-year protections, we strongly disagree that 1% in 2023/24 represents sufficient protection. The DfE must assess again the sufficiency of this minimum increase in rates of funding.

Reform of maintained nursery school supplementary funding

12 Do you agree with our proposal to introduce a minimum hourly funding rate and a cap on the hourly funding rate for MNS supplementary funding?

Yes

Do you agree with our proposal to introduce a minimum hourly funding rate and a cap on the hourly funding rate for MNS supplementary funding?:

No further comments

13 Do you agree with our proposed approach to rolling the teachers' pay and pensions grants into MNS supplementary funding?

No

Do you agree with our proposed approach to rolling the teachers' pay and pensions grants into MNS supplementary funding?:

Please see our response to question 6.

Mainstreaming is an unwelcome complication, which is likely to create additional administration and will have wider knock on consequences.

Equalities Impact Assessment

14 Do you have any comments about the potential impact, both positive and negative, of our proposals on individuals on the basis of their protected characteristics? Where any negative impacts have been identified, do you know how these might be mitigated?

Do you have any comments about the potential impact, both positive and negative, of our proposals on individuals on the basis of their protected characteristics? Where any negative impacts have been identified, do you know how these might be mitigated?:

Any other comments

15 Are there any other comments that you would like to make about our proposed reforms?

Are there any other comments that you would like to make about our proposed reforms?:

SCHOOLS FORUM AGENDA ITEM

For Action

For Information

Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report gives the Schools Forum sight of the Local Authority's response to the DfE's latest consultation on the transition to the 'hard' National Funding Formula within the Schools Block. The deadline for responses was 9 September.

Date (s) of any Previous Discussion at the Forum

The Forum considered, on 18 May, the DfE's response to the September 2021 consultation. A report on this latest consultation was presented to the Forum's 6 July meeting (Document OP).

Background / Context

The DfE in 2018/19 implemented the National Funding Formula (NFF) across the Dedicated Schools Grant (DSG), and within the Schools Block, in 'soft' format, meaning that local authorities can still decide the formulaic calculations that are used for distributing Schools Block funding to mainstream primary and secondary schools and academies, albeit within tight Regulations. Local authorities continue to set their own Growth Fund and Falling Rolls Fund arrangements. There currently are also elements of Schools Block funding that are not yet covered by the NFF, the most prominent of these being the funding of PFI (Building Schools for the Future).

The DfE has for some time stated that its longer-term intention is to transition to a 'hard' formula approach, where Schools Block formula allocations will be calculated by the DfE, rather than by local authorities, using a national funding formula. The DfE launched, in July 2021, a consultation, to gather initial views on how to complete the transition to the 'hard' NFF. The DfE published its response to this consultation at the end of March 2022 and we presented a briefing on this to the Schools Forum meeting 18 May. Within this briefing, we highlighted that:

- Implementing a 'hard' NFF remains the long-term aim of the DfE, linking to the March Schools White Paper. However, the DfE understands that transition must be actioned carefully, to minimise turbulence. Change will happen gradually and following impact review at each stage.
- For 2023/24, the DfE will instruct all local authorities to use each of the NFF factors, and *only* these factors. The DfE will also instruct that all authorities that do not already 'mirror' the NFF must move their formula to be closer to the NFF values, by at least 10%. Those that already mirror will have a '1% threshold' allowance. This suggests that authorities that already mirror the NFF will have some, but not much, flexibility to vary their formulae to move away from NFF e.g. in order to manage affordability issues.
- The DfE continues to recognise the complexities of moving premises factors (split sites, PFI), as well as Growth Fund and Falling Rolls Fund arrangements, into a hard NFF. Regarding Growth and Falling Rolls, the DfE is minded to continue an element of local management of these funds.
- Review will be conducted of the services that are delivered by the Central Schools Services Block, which the DfE states will align with the Schools White Paper, and further consultation will take place. The option of de-delegation by local authorities will continue under the hard NFF. Multi Academy Trusts will continue to be permitted to 'top slice' and to pool funding, although the DfE is to investigate changes that could improve the transparency and consistency of these processes.
- The DfE will "not prioritise" bringing the funding of local authority maintained schools onto an academic year basis, in line with academies.

We have previously emphasised to the Schools Forum that:

- In anticipation of the transition to hard NFF, we have already moved to using the NFF for our local Schools Block formula (since 2018). So, much of what the DfE proposes about requiring authorities to move closer to the NFF from April 2023 isn't an immediate worry. Our concerns are more related to cost control during the final transition period.
- One of the biggest potential risks for us is the funding of PFI (Building Schools for the Future) within the Schools Block, where the Council and individual schools and academies have contractual commitments.
- Early Years and High Needs funding is expected to remain managed by local authorities.

Background and Context

- The Schools Forum will have an adjusted roll in the future, as there will be minimal direct Schools Block formula funding activity to manage. However, the Forum will still be an important local body going forward, including for early years, for high needs and for central services. How the Forum will sit alongside other partnership bodies, that are proposed to be developed from the SEND review, in the management of the High Needs Block, will be a specific aspect to consider.

Details of the Item for Consideration

Firstly, to quickly summarise the key points regarding the DfE's latest consultation. Please note that we presented a fuller summary of this consultation to the Forum's meeting held on 6 July:

- This latest consultation is rather technical. It does not deliver any major surprises, however, with the exception of split-sites funding. It moves incrementally from the previous consultation, primarily to present further options for, and details of where the DfE has got to so far on, the development of specific technical aspects of the hard National Funding Formula, especially split-sites funding, the Growth and Falling Rolls Funds and how Schools Block to High Needs Block contributions could continue. The consultation also sets out a proposed funding cycle (how and when key pieces of information that are needed to operate the hard NFF system would be collected, when consultations would take place, when local permissions would need to be sought from the ESFA).
- Although there still isn't a date for when the hard NFF will be implemented, the DfE sets out the aim for full implementation within the next 5 years - by 2027/28 at the latest; sooner if possible, but no later.
- The Minimum Funding Guarantee will continue, and will be amalgamated with the NFF-floor, to provide a single protection mechanism that is fully pupil-led (removing indirect protection of school-led factors).
- De-delegation will continue, with a different process for authorities informing the ESFA (as no APT).
- The NFF will contain a split-sites factor, from April 2024. Local authorities will be required to use this factor, replacing their previous methodologies. The consultation sets out a proposed split-sites formula, which will quite significantly alter levels of funding for split-sites, especially in the secondary phase. In particular, the DfE proposes to exclude split playing fields from split-sites funding purposes. will directly impact on the funding of 2 our secondary schools / academies.
- Whilst, to achieve greater consistency, there will be further prescription and restriction, the Growth Fund and the Falling Rolls Fund are likely to continue to be managed locally. This approach is preferred by the DfE, rather than seeking to operate these funds on a single national basis. How the Growth Fund and the Falling Rolls fund will operate, and how these funds can be used to support schools and academies, is being reviewed and also potentially extended, including explicitly to incentivise the management of surplus places (supporting the "repurposing and removing" of space). Change is expected for April 2024, with funding ring-fenced and 're-baselined' at 2023/24. Levels of growth funding allocated to authorities may not continue at current levels, as both the growth and reduction in numbers will be taken into account.
- Whilst work is continuing on an approach to PFI funding, the DfE does not yet give any timescales for the implementation of a new NFF mechanism nor any details of this.
- There will continue to be a local option for the movement of Schools Block funding to the High Needs Block, with local agreement but via application to the ESFA, using a standard 'menu' of options. The role of the Schools Forum here, in relation to the local partnership arrangements that are proposed by the SEND review, is to be further considered.
- The composition of the NFF itself is being reviewed, to ensure that this remains relevant and fit for purpose. A specific area of review that is highlighted is the Low Prior Attainment factor, which has recently been affected by the COVID-19 pandemic and by changes in assessments.
- There will be further consultations that will take place in the near future, including on the position of the Central Schools Services Block (following the Schools White Paper), the operation of the Schools Block (following the SEND Review reforms), PFI, and the funding cycle. No timescales are given for these additional consultations.
- The concept of a 'notional SEND' budget will continue under the hard NFF. It is expected that a fully consistent definition will be applied at the point the hard NFF is implemented. In advance of this, for 2023/24, the DfE will provide new guidance for local authorities with the aim of improving consistency.
- The DfE is considering providing a 'calculator tool' so that schools and academies can plan their budgets.

Details of the Item for Consideration

- The timing of local consultations on still locally-relevant Schools Block matters, such as transfers to the High Needs Block and de-delegation, will likely need to take place earlier in the cycle than it does now ('by' autumn rather than 'in' autumn), in order to pass on the critical information that the ESFA will then use to calculate individual allocations for schools and academies.
- The DfE will continue the 'popular growth' funding mechanism, that is currently applied to academies, where academies that have taken over underperforming undersubscribed schools see significant in year growth in pupil numbers can be funded on estimates of in year numbers, rather than on actual lagged census numbers. The DfE states that there has been criticism that maintained schools are not eligible for this mechanism and so now asks for views on whether this mechanism should be extended to maintained schools.
- As has been highlighted from analysis of previous consultations, the role of the Schools Forum is set to change in the future, in the light of the reduction in the local activity that will be associated with the management of the Schools Block, as well as in response to the SEND review reforms and the Forum's role in the management of funding of high needs provision.

Please see Appendix 1, which is the Local Authority's response that has been submitted.

We now await the DfE's further response, which we expect probably early in the new year. This should then enable us to carry out necessary review work, in advance of our 2024/25 DSG and formula funding setting cycle.

Implications for the Dedicated Schools Grant (DSG) (if any)

The outcomes of the latest NFF consultation will directly influence the Schools Block, from April 2024. We will require further, more detailed information, to be published in order to assess the net financial impact on our Schools Block and on individual school and academy budgets in 2024/25. The consultation does clearly point to a change in the way split-sites funding will be calculated, which, although will not have a significant impact on the Schools Block overall, may significantly alter the funding that individual schools and academies currently receive, albeit that the Minimum Funding Guarantee will provide protection. The proposals around the Growth and Falling Rolls Funds may have significant implications both for the amount of money available to us to support these issues, as well as how these monies can actually be used to support school and academy budgets (especially in the context of reducing pupil numbers). The proposals will also have implications for how wider high needs financial pressures are managed under a hard NFF in the future, and the processes for agreeing Schools Block contributions to the High Needs Block.

Recommendations

Recommended – the Schools Forum is asked to consider and to note the information presented.

List of Supporting Appendices / Papers (where applicable)

Appendix 1 – The Local Authority's Submitted Response (copy)

Contact Officer (name, telephone number and email address)

Jonty Holden, Principal Finance Officer, School Funding Team
(01274) 431927
Jonty.Holden@Bradford.gov.uk

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Response ID ANON-VMYX-T5RH-Q

Submitted to Implementing the direct national funding formula
Submitted on 2022-09-02 10:01:11

Introduction

What is your name?

Name:
Jonathan Holden

What is your email address?

Email:
Jonty.holden@bradford.gov.uk

Are you responding as an individual or on behalf of an organisation?

Organisation

What is the name of your organisation?

Organisation:
City of Bradford Metropolitan District Council

What type of organisation is this?

Please pick the organisation you belong to.:
Local Authority

What local authority area are you or your organisation based in?

Please select:
Bradford

Would you like us to keep your responses confidential?

No

Reason for confidentiality (optional):

Interaction between the direct NFF and funding for high needs (1)

1 Do you agree that local authorities' applications for transfers from mainstream schools to local education budgets should identify their preferred form of adjustment to NFF allocations, from a standard short menu of options?

Yes

If you have any comments on this question or on other aspects of the operation of transfers of funding from mainstream schools to local authorities' high needs budgets, please give these below. Please limit your answer to 200 words.:

Whilst we agree that the method of adjustment would meet the fair and equitable elements of the NFF, there should still be the opportunity for local authorities to present alternative methods of adjustment to the Department. Any list presented by the Department should not be a 'closed list' and should be presented to local authorities for further consultation before adoption or implementation.

Interaction between the direct NFF and funding for high needs (2)

2 Do you agree that the direct NFF should include an indicative SEND budget, set nationally rather than locally?

Yes

If you wish to explain your answer, please do so here. Please limit your answer to 200 words.:

We agree that the fair and equitable elements of the NFF should be applied to the Notional SEND. This will also support the development of consistent national standards for SEND provision. In the run up to the implementation of this, it may be helpful for the Department to set minimum and maximum thresholds to allow local authorities to tailor to the needs of their authority.

Growth and falling rolls funding

3 Do you have any comments on the proposals to place further requirements on how local authorities can operate their growth and falling rolls funding?

Please limit your answer to 200 words.:

A set of national principles for these funds seems sensible to meet the aims of the NFF in regard to fairness, consistency and simplicity across the entire country. We favour the idea of retaining local control at local authority level, as local authorities have the knowledge and data to set / adjust policies to ensure maximum benefit for schools and academies in their areas.

4 Do you believe that the restriction that falling rolls funding can only be provided to schools judged "Good" or "Outstanding" by Ofsted should be removed?

No

5 Do you have any comments on how we propose to allocate growth and falling rolls funding to local authorities?

Please limit your answer to 200 words.:

More information is required here to aid understanding of the proposed mechanism for calculating growth and falling rolls funding, specifically with reference to the impact of the proposed 'netting-off'.

Where an MSOA has net zero change, this could be underpinned by some schools having a large reduction and some schools having the same large growth, but, "netted off" - this would not generate funding for the local authority? If so, this would leave significant pressure on the local authority to support both types of schools, without any Schools Block funding to cover this. We need more clarity and more detail to be presented on the 'netting-off' approach, in order to offer a more constructive response.

We have some concerned about the use of a threshold. Using a threshold of "significant" falling rolls may mean that an authority that has multiple areas just under a threshold would not receive funding support, even though the cumulative position for the authority is a large fall in numbers. How would the authority receive funding to support their management of the cumulative position? Funding will be used cross MSOA (rather than funding being restricted to the MSOA that generates it), so there does need to be some recognition of the cumulative impact, and the use of a threshold at MSOA level may distort this. Applying a threshold at authority level instead (or perhaps as well as) may be a better option.

6 Do you agree that we should explicitly expand the use of growth and falling rolls funding to supporting local authorities in repurposing and removing space?

Yes

7 Do you agree that the Government should favour a local, flexible approach over the national, standardised system for allocating growth and falling rolls funding; and that we should implement the changes for 2024-25?

Yes

8 Do you have any comments on the proposed approach to popular growth?

Please limit your answer to 200 words.:

Is there any data to show whether parents would rather choose an academy over an LA Maintained School? Or more likely that parental choice would be primarily based on School Performance that influences parental choice. Some LA Maintained Schools work extremely hard to reverse any misfortune associated with a poor Ofsted report or low Progress Scores and subsequently become 'popular' due to this success. Their status as an academy or Maintained School should not be a barrier to accessing funding when considering the consistent and fair principles of the NFF.

Premises funding

9 Do you agree we should allocate split site funding on the basis of both a schools' 'basic eligibility' and 'distance eligibility'?

Yes

10 Do you agree with our proposed criteria for split site 'basic eligibility'?

No

11 Do you agree with our proposed split site distance criterion of 500m?

Unsure

12 Do you agree with total available split sites funding being 60% of the NFF lump sum factor?

The funding should be higher

13 Do you agree that distance eligibility should be funded at twice the rate of basic eligibility?

Unsure

14 Do you agree with our proposed approach to data collection on split sites?

Yes

15 Do you have any comments on our proposed approach to split sites funding?

Please limit your answer to 200 words.:

We strongly disagree with the proposal that off site playing fields are not be considered to be "split site". There is a substantial cost associated with transporting pupils safely to another location, with maintaining a second site, and with timetabling inefficiencies, regardless of the nature of the second site. There should be a mechanism to support these additional costs. and the NFF split site basic criteria should respond to this.

Linking the value of split sites funding to the value of the NFF lump sum we feel should be re-considered for the secondary phase, as the lump sum represents a much smaller portion of secondary-phase budgets. Our current split site model uses pupil numbers, as this approach better reflects the scale of the costs that secondary schools have, relating to the movement / travel of pupils and teachers between sites, duplicated costs and timetabling inefficiencies. Under the current proposals, our secondary phase split sites schools will lose substantially. We see the use of the lump sum as the key reason for this. We would recommend that pupil numbers are brought into the factor, especially for the secondary phase.

16 Do you agree with our proposed approach to the exceptional circumstances factor?

Unsure

17 Do you have any comments on the proposed approach to exceptional circumstances?

Please limit your answer to 200 words.:

As an authority that does not have any exceptional circumstances, we have no strong view on this.

The minimum funding guarantee (MFG) under the direct NFF

18 Do you agree that we should use local formulae baselines (actual GAG allocations, for academies) for the minimum funding guarantee (MFG) in the year that we transition to the direct NFF?

Yes

19 Do you agree that we should move to using a simplified pupil-led funding protection for the MFG under the direct NFF?

Yes

20 Do you have any comments on our proposals for the operation of the minimum funding guarantee under the direct NFF?

Please limit your answer to 200 words.:

It seems sensible to transition to a fully pupil-led model, to remove the distortion caused by school led factors, including that caused by large changes to the lump sum.

It is also sensible / essential to base the MFG on actual allocations received by schools and academies in the final year of transition.

The annual funding cycle

21 What do you think would be most useful for schools to plan their budgets before they receive confirmation of their final allocations: (i) notional allocations, or (ii) a calculator tool?

Unsure

22 Do you have any comments on our proposals for the funding cycle in the direct NFF, including how we could provide early information to schools to help their budget planning?

Please limit your answer to 200 words.:

Schools and academies are used to the current system of "delay" before receiving actual allocation information and, in my experience, the work that local authorities do, to provide as early as possible the best estimates of allocations, meets the needs of schools currently. Schools and academies are aware of the current caveats that precede any modelling or notional allocations.

The delivery of improvements to the current timeline would need to be secure before announcing these, and, if final allocations can be announced sooner (e.g. in December), they will absolutely need to be final allocations that are confirmed without alteration. So the timescales need to be secure.

Regarding the use of notional allocations or a calculator tool (question 21), we like the idea of a calculator tool. However, the facility for schools to alter

characteristics / data and to estimate their own funding needs to be balanced off with the risks associated with 'garbage in, garbage out' and the opportunity for big financial decisions to be taken based on incorrect funding estimates. To support this, we would actually recommend that both fixed notional allocations, as well as a calculator tool, are provided.

23 Do you have any comments on the two options presented for data collections in regards to school reorganisations and pupil numbers? When would this information be available to local authorities to submit to DfE?

Please limit your answer to 200 words.:

We would prefer the option to have access to a form earlier in the autumn term, albeit that this isn't pre-populated. This recognises the difficulties that might be present in pulling together a return over the Christmas and new year period.

It would significantly help local authorities for academy October census submissions to be verified and released on COLLECT much sooner than they currently are. In the last couple of years, we have not been able to access a large number of academy October census returns in COLLECT until late November at the earliest. This has had Schools Block as well as Early Years Block impact for us and causes difficulties with our modelling.

24 Regarding de-delegation, would you prefer the Department to undertake one single data collection in March covering all local authorities, or several smaller bespoke data collections for mid-year converters?

One single data collection

25 Do you have any other comments on our proposals regarding the timing and nature of data collections to be carried out under a direct NFF?

Please limit your answer to 200 words.:

Document OU Appendix 1

Dedicated Schools Grant 2023/24 – Briefing Note

This briefing note is written following the DfE's announcement of 2023/24 Dedicated Schools Grant (DSG) arrangements that was made on 19 July 2022. Please read this note alongside Appendix 2 (the DfE's National Funding Formula policy summary document for 2023/24).

A detailed briefing on the Early Years Block for 2023/24 is presented separately in Document OS.

1. 2023/24 will be the sixth year of National Funding Formula (NFF) within the Dedicated Schools Grant (DSG).
2. Within the **Schools Block**, the DfE records that progress continues to be made by local authorities towards mirroring the NFF in their formula funding arrangements at local level. In 2022/23, 74 (out of 152) authorities directly (or closely within 1%) mirrored the NFF within the Schools Block at local level. We were one of these. 96 authorities set a Minimum Funding Guarantee (MFG) within at positive 2.0%. We were one of these.
3. The further 'directed' movement, towards the fuller adoption of the 'hard' NFF in the Schools Block, is confirmed for 2023/24. For mainstream primary and secondary formula funding, all authorities must use all NFF factors (and only these factors), and authorities that do not currently mirror the NFF must move 10% closer. Authorities that currently mirror the NFF (as we do) must stay within 2.5% of the NFF formula factor variable values.

As we directly mirror the NFF, and have done since 2018/19, this new direction requires minimal response within our arrangements for 2023/24. We expect to continue to directly mirror the NFF. We are now formally required however, to add the NFF sparsity factor into our local formula. This is a 'tick box' exercise only, as none of our schools and academies qualify for sparsity funding due to their size.

The DfE has provided [further guidance](#) to authorities on the calculation of **notional SEND budgets** within mainstream primary and secondary formula funding allocations. However, for 2023/24, this guidance does not constitute a 'direction' and does not prescribe how notional SEND must be defined, though we do expect that prescription will come following the national SEND Review and the final full implementation of the 'hard' NFF. We will discuss a review of our notional SEND definition in a separate report to the Forum.

Authorities continue to be permitted to adopt **Targeted SEND (EHCP) support funding** arrangements for mainstream schools and academies in 2023/24. The DfE has re-iterated the expectation that funding support of this kind be allocated only to a minority of schools that have exceptionally higher levels of SEND (no.s of EHCPs). Only 31 authorities declared some form of SEND Funding Floor / Targeted Additional SEND funding arrangement in 2022/23. We were one of these.

The DfE has proposed that **split sites funding, the Growth and Falling Rolls Funds, and the funding of PFI**, be brought into the 'hard' NFF within the Schools Block. However, the positions of these factors outside the NFF for 2023/24 is unchanged. Split sites funding, and Growth and Falling Rolls Fund, are currently proposed to be brought into the NFF in 2024/25. There is currently no timescale for bringing PFI funding into the NFF. On this basis, we expect to continue our current local arrangements for these factors and funds in 2023/24. 133 authorities retained a Growth Fund in 2022/23. We were one of these. Only 23 authorities declared a Falling Rolls Fund in 2022/23. We were one of these (although we do not anticipate to incur any spend).

Although this is not a factor used in the NFF, the DfE has confirmed that authorities can continue to use the **Reception Uplift factor** in 2023/24. This is optional and would need to be funded from Schools Block headroom or from reserves (as the factor is not funded by the NFF). Only 11 authorities used the Reception Uplift factor in 2022/23. We were one of these, adopting this on a one-off basis using the primary EGUF reserve. At this time, we do not anticipate using the Reception Uplift factor again in 2023/24.

4. The **Schools Supplementary Grant** (£13.8m), which was introduced in 2022/23, is continued in 2023/24 but has been amalgamated into the Schools Block. This means that the NFF will allocate this grant and primary and secondary schools and academies should no longer budget for a separate allocation (otherwise they will double count this funding). The Supplementary Grant (£3.8m) that was added to the High Needs Block in 2022/23 is continued within our High Needs Block allocation in 2023/24. The small proportion of Supplementary Grant, that has been allocated in 2022/23 in respect of early years and post 16 pupils, will continue to be allocated as a separate grant in 2023/24.
5. There are no changes for 2023/24, which appear to affect our **usual consultation and decision making processes and timescales**. In the last 2 years, due to the timing of announcements, our consultation on our Early Years Block formula funding arrangements has been published towards the end of the autumn term, later than the consultations on Schools Block and High Needs Block arrangements, which have been published mid-October. We anticipate that this will be the case for our consultations this autumn. The expected Dedicated Schools Grant (DSG) allocation and decision making timetable for 2023/24 is as follows:
 - a. Our consultations on Schools Block and High Needs Block formula funding arrangements will be published mid-October (after the Forum's October meeting). Our Early Years Block consultation will be published at (or by) early December.
 - b. The October 2022 Census will be completed as normal. The dataset (and APT) that authorities use to calculate Schools Block formula funding for 2023/24 will be available at the beginning of December.
 - c. The ESFA's high needs places setting exercise, for academies and FE providers for the 2023/24 academic year, will be conducted as usual in October and November.
 - d. The DfE's will confirm initial DSG allocations for 2023/24 mid-December.
 - e. The Authority expects the Forum to agree its recommendations on the 2023/24 DSG allocation and formula funding arrangements at its meeting to be held on 11 January 2023.
6. The main core technical basis of the Dedicated Schools Grant (DSG) and the National Funding Formula (NFF) within the Schools, High Needs and Central Schools Services Blocks continues in 2023/24.

The **guiding restrictions and flexibilities**, regarding cross-block movements and the proportions of delegated vs. central spending, remain as 2022/23.

The **School Forum's role and statutory powers**, and the guidance on 'who decides what', are unchanged.

The framework for **de-delegation from maintained schools** within the Schools Block is unchanged. Following the cessation of the School Improvement Monitoring and Brokering Grant (SIMB), authorities are permitted to de-delegate funds from maintained schools for their core school improvement activities. This was a new provision, introduced in 2022/23. We will discuss this further with the Forum in the October meeting.

The DfE's **High Needs Block operational guidance** has confirmed that the values of place-element funding (£10,000; £6,000), and the positions of the main 'levers' of the high needs place-plus funding system, remain unchanged in 2023/24. Local authorities continue to hold responsibility for calculating and allocating top-up funding. Any changes in the DSG, or in High Needs Block formula funding, or in the School Forum's role in respect of the High Needs Block, that may come from the national reviews, will now not be implemented before April 2024 at the earliest, and following further consultations to come. The DfE has strongly indicated, in recent messages, that the national reviews represent a longer-term programme for the re-shaping of SEND and Alternative Provision support systems and funding.

The DfE has however, adjusted the **Minimum Funding Guarantee (MFG), which must be applied to special schools and to special school academies**. Rather than this being an MFG, which looks at the difference between 2023/24 and 2022/23 funding levels, authorities are required to ensure that, based on a like for like comparison (of the number of pupils on roll and their assessed levels of need), the High Needs Block-sourced budgets of special schools and special school academies in 2023/24 be at least 3% higher than the budgets received in 2021/22. We have already increased top-up funding for Band 4 (which is applicable to special schools and special school academies) so that the funding of all occupied places (including the fixed £10,000 place-element) has increased by a minimum 4.25% in 2022/23 compared with 2021/22. As such, before we consider funding rates for 2023/24, we have already complied with the new MFG requirement.

7. DSG Deficits Statutory Override

Whilst not immediately relevant to us, as we currently hold a surplus DSG account, it is important for the Forum to be aware that government consultation has recently taken place on the **existing 'statutory override'** within the Regulations, which is due to cease at the end of 2022/23. This override concerns the treatment of deficit balances, that are held within the DSG, and cumulative deficit DSG accounts. Currently, cumulative deficit DSG accounts are ring-fenced and are 'set aside' from local authority general fund reserves, meaning that deficits are carried forward to be managed only by using DSG funds in future years and that authorities do not need to make provision for these from their general reserves. The impact of this override ceasing will be that DSG deficits that are recorded from March 2024 onwards will be added to local authority general fund reserve balances. This will have implications for the wider financial positions of local authorities and for how DSG deficits will need to be managed using authority general fund reserves alongside / in addition to / rather than DSG funding. We must consider this within our medium term DSG financial planning.

8. The overall national High Needs Block settlement for 2023/24 provides a 6.3% increase on 2022/23. Authorities will receive minimum growth of 5% per pupil and maximum growth of 7% per pupil.

On current estimates, our High Needs Block allocation in 2023/24 is £111.90m, which is £6.71m higher than received in 2022/23, including the additional Supplementary Grant funding. This represents an increase of 6.4% in cash terms and 6.8% in per pupil terms. Our per pupil increase is slightly below, and has not been affected by, the 7% per pupil cap. This increase is lower than received in recent years. Our overall cash increase was 10% in 2022/23 and 14% in 2021/22. This lower increase aligns with our assessment of the Autumn 2021 Spending Review, reinforced by the DfE's recent messaging, that the current 3-year national school funding settlement has been heavily weighted towards 2022/23, with reduced increases to be allocated in 2023/24 and in 2024/25. We anticipate that High Needs Block funding nationally may increase between 3% and 5% in 2024/25. Even assuming that our increase would be nearer 5%, we would only see a c. £4m cash increase in our High Needs Block funding in 2024/25, after accounting for the forecasted reduction in pupil numbers. As we have recently presented to the Forum, in discussions concerning the surplus balance, we forecast that our High Needs Block financial position will be significantly challenging. Our management of this must begin in 2023/24.

Growth in High Needs Block funding will continue to be allocated to cover three main pressures a) growth in the cost of provision (from inflation and pay award) funded through the top-up, b) growth in the number of EHCPs and in the needs of pupils with EHCPs and in placement costs reflected by banding (and stacking) and c) continued expansion of high needs places capacity in response to increased demand. We currently estimate that the growth in our High Needs Block costs in 2023/24 will exceed the additional £6.71m income that we have received. We currently estimate that will need to deploy in 2023/24 a reasonably substantial proportion of the High Needs Block brought forward balance that we currently hold and also take adjusting steps to control expenditure. We anticipate that we will need to exercise 'restraint' in 2023/24 in how we uplift top up funding

rates, needing to prioritise meeting the additional costs that have come from the significant recent growth in the numbers of EHCPs and from the continued expansion of high needs places capacity. We will discuss this financial position in more detail with the Forum across the autumn term.

Authorities continue to be permitted to transfer up to 0.5% of the Schools Block to the High Needs Block in 2023/24 with the approval of the Schools Forum. **In the context of our High Needs Block surplus balance, we do not anticipate proposing a transfer in 2023/24.**

9. **The Central Schools Services Block (CSSB) continues in 2023/24.** The DfE has indicated, in recent consultations, that changes will be made to this Block (including the possible merger of this Block into the main local government financial settlement), in response to the DfE's Schools White Paper and the changing roles of local authorities in the context of the movement to a full academy system. However, there are no technical changes implemented for 2023/24. There is also no increase in CSSB funding specifically in response to the new statutory attendance responsibilities that are being placed on local authorities at September 2023. The absence of additional monies here is a particular point of concern, and we are aware that representations are currently being made to the DfE on this.

Our CSSB funding per pupil has increased by 2.23% in 2023/24. In terms of our overall cash budget however, this per pupil increase is offset by 2 factors. Firstly, our funding for historic commitments has reduced by a further 20%, and so our allocation through this factor has reduced by £0.045m to £0.180m. We expect this funding to continue to reduce in future years (at the same rate) until this allocation has ceased. Secondly, our CSSB funding will be affected by the forecasted overall net reduction in the number of pupils to be recorded in mainstream primary and secondary schools and academies in the October 2022 Census. We currently estimate (arithmetically for formula funding modelling purposes) that the overall net reduction at October 2022 will be in the region of 400 pupils (primary phase pupil numbers reducing by 1,000 and secondary phase numbers increasing by 600). Accounting for these 2 factors, we estimate that our CSSB allocation in total will increase by only c. 0.3% in cash terms (+ £0.012m, on a budget of £3.5m).

As we have previously warned, **demographic reduction is now having an impact on our DSG funding.** Whilst pupil numbers continue to increase in the secondary phase, numbers in the primary phase, and in early years provisions, are forecasted to reduce, to the extent that we forecast that we will continue to see over the next few years an overall net reduction in the total number of DSG funded pupils. Reducing numbers, as well as having implications for the funding received by schools, academies, early years and other providers, and their sustainability, will mean that there is less 'headroom' available within our DSG settlements going forward than we have had historically, meaning that less money will be available for meeting emerging spending pressures, or for sustaining current levels of delivery, especially within the Central Schools Service Block and within the High Needs Block, where there are fixed budget contributions to school-support services and to other centrally managed costs.

10. **The national Schools Block settlement for 2023/24 provides a 1.9% overall (as well as per pupil) increase on 2022/23, before the Schools Supplementary Grant is transferred into the NFF.** As with the High Needs Block, this scale of increase aligns with our previous assessment, that the current 3-year national school funding settlement has been heavily weighted towards 2022/23, with reduced increases to be allocated in 2023/24 and in 2024/25. The headline per pupil increase in the NFF in 2022/23 was higher, at 3%.

On current estimates, Bradford's Schools Block allocation in 2023/24 is £507.57m, which is £23.20m higher than in 2022/23 (an increase of 4.79% in cash terms). £13.8m of this increase relates to the transfer of the Schools Supplementary Grant. Excluding this transfer, we estimate an increase of 1.94% in cash terms. Within

this, we estimate that there will be c. 400 fewer pupils recorded in total in primary and secondary mainstream schools and academies in the October 2022 Census than were recorded at October 2021. We also estimate that our funding for pupil numbers growth (via the DfE's growth factor) will reduce by c. £0.70m.

11. The national Schools Block NFF per pupil increase in 2023/24 of 1.9% is aggregated as follows:

- a. The core NFF factors (AWPU and lump sum) are increasing by 2.4%.
- b. The deprivation NFF factors (FSM6 and IDACI) are increasing by 4.3%.
- c. All other NFF factors are increasing between broadly 2.1% and 2.6% (after the variable values have been rounded to the nearest £5).
- d. The mandatory Minimum Levels of Funding Per Pupil (MFLs) are increasing by 0.5%.
- e. The Minimum Funding Guarantee (MFG) can be set at a maximum 0.5%. The DfE has funded a 0.5% minimum floor increase for all schools and academies.

After applying these basic uplifts, the DfE has further increased the AWPU, FSM6 and lump sum factors in order to allocate the Schools Supplementary Grant (SSG) via the NFF. The MFLs have also been uplifted for this purpose. 2022/23 SSG allocations have been added into school and academy funding baselines, so that the Minimum Funding Guarantee in 2023/24 will provide budget protection, which is inclusive of the SSG allocations that were allocated separately in 2022/23.

With the uplift for the Schools Supplementary Grant, the MFLs for 2023/24 are £4,405 (primary – increased from £4,265) and £5,715 (secondary – increased from £5,525). These are the minimum values of per pupil funding that schools and academies must receive in 2023/24. These minimums continue to be mandatory and are therefore, not subject to local consultation.

To highlight the following aspects of this 2023/24 NFF settlement:

- a. Unlike in recent years, rather than a single % increase that is applied to all NFF factors, the FSM6 and IDACI factors have been additionally uplifted. This weights the settlement towards schools and academies with higher levels of deprivation, as measured by FSM6 and IDACI. As a result, schools and academies that are funded above the levels of the MFL / MFG will typically see per pupil funding increases in the region of 2.6% in 2023/24.
- b. The uplift of the mandatory Minimum Levels of Funding per pupil (MFLs) is significantly lower than the uplift of the core NFF factors – the core NFF factors are increasing by 2.4% but the MFLs are increasing by only 0.5% (both figures are prior to the transfer into the NFF of Schools Supplementary Grant). Compare this gap with 2022/23, when the MFLs increased by 2.0% vs. the headline 3.0% settlement. Schools and academies that are funded on the MFLs will only receive a 0.5% increase in their funding per pupil in 2023/24. This is very likely to be lower than the increase that these schools and academies will have forecasted, based on the DfE's previous approach to uplifting the MFLs. *
- c. **The Minimum Funding Guarantee can be set between 0% and positive 0.5%. On current indicative modelling, we anticipate being able to propose a 0.5% MFG.** The MFG range in 2023/24 is much smaller than in 2022/23, and the maximum of 0.5% is also much lower than the maximum 2.0% that could be set in both 2021/22 and 2022/23. This means that the gap between the MFG and the increase in the core NFF factors is much greater in 2023/24 than it was in both 2021/22 and 2022/23: a 1.9% gap in 2023/24 (the difference between 2.4% and 0.5%) vs. a gap of 1.0% in 2022/23 (the difference between 3.0% and 2.0%). Schools and academies that are funded on the

MFG will only receive a 0.5% increase in their funding per pupil in 2023/24. As with the MFL schools, this is very likely to be lower than the increase that these schools and academies will have forecasted, based on the DfE's previous approach to setting the minimum and maximum MFG levels. It must be emphasised that, in respect of the value of MFG that we can afford, the DfE has only funded a minimum 0.5% increase in respect of all schools and academies, meaning that we do not have the funding within the 2023/24 Schools Block settlement to set a higher MFG. *

- d. The Schools Forum will wish to begin to consider the implications of this funding settlement, especially in relation to the recent announcements on pay awards, which are summarised in the 'matters arising' document that is published for this meeting, and in relation to current inflationary pressures.
- e. Within the 2022/23 DSG budget cycle, we considered quite carefully the potential financial impact of the lag in data, between the October 2020 Census (on which the DSG is funded) and the October 2021 Census (on which schools and academies are funded). Ultimately, this data lag increased the cost of our 2022/23 formula funding by £0.95m (please see January 2022 Document OB Appendix 1d), which we absorbed using Schools Block headroom alongside Schools Block reserves. This time last year, we anticipated that the cost of data lag would be greater in 2022/23, than in a normal year, due to the impact of the COVID-19 pandemic and the significant increase in the numbers of pupils recorded as eligible for FSM. Whilst we anticipate that the cost of lag will not be as great in 2023/24 as it was in 2022/23, lag is still expected and we must set out our formula funding proposals with caution, whilst considering how we will ensure that our Schools Block arrangements are affordable. This includes the allocation of DSG reserves, where appropriate and sustainable.

* In summary, in 2022/23:

- Primary phase: 67 out of 156 schools (43%), including academies, are funded on the Minimum Funding Guarantee. 34 schools (22%), including academies, are funded at the £4,265 minimum per pupil level. All other schools and academies are funded above £4,265 per pupil.
- Secondary phase: 5 out of 31 schools (16%), including academies, are funded on the Minimum Funding Guarantee. 2 schools (6%), including academies, are funded at the £5,525 minimum per pupil level. All other schools and academies are funded above £5,525 per pupil.
- All through academies: 1 out of the 4 academies (25%) is funded on the Minimum Funding Guarantee. All of these academies are funded above their composite minimum per pupil funding levels.
- In total, 73 out of 191 schools and academies (38%) are funded on the Minimum Funding Guarantee. This is reduced from 109 (57%) in 2021/22. In total, 36 out of 191 schools and academies (19%) are funded on the minimum per pupil funding levels. This is reduced from 43 (23%) in 2021/22.

Graphical representation of the Schools Block formula funding settlement, based on early indicative modelling, is presented at Appendix 3.



Department
for Education

The national funding formulae for schools and high needs

2023-24

July 2022

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Background

1. The Government is committed to levelling up opportunity for all children and young people. We have delivered the biggest funding boost for schools in a decade, and continue to deliver year on year increases to school funding. As announced at the spending review last year, the total core school budget is increasing to £56.8 billion by 2024-25; a £7 billion cash increase compared with 2021-22.
2. Now, by publishing provisional school and high needs funding allocations for 2023-24, we are delivering the second year of that three-year funding settlement. Overall, core schools funding (including funding for mainstream schools and high needs) is increasing by £1.5 billion in 2023-24 compared to the previous year, on top of the £4 billion increase in 2022-23.
3. Funding through the schools NFF is increasing by 1.9% overall in 2023-24, and 1.9% per pupil, compared to 2022-23.¹ Taken together with the funding increases seen in 2022-23, this means that funding through the schools NFF will be 7.9% higher per pupil in 2023-24, compared to 2021-22.
4. The schools national funding formula (NFF) continues to distribute this fairly, based on the needs of schools and their pupil cohorts. The main features in 2023-24 are:
 - Additional support directed to disadvantaged pupils, by increasing the FSM6 and IDACI factors in the schools NFF by a greater amount than other factors. These factors will increase by 4.3%, compared to their 2022-23 values. This means that we will be targeting a greater proportion of schools NFF funding towards deprived pupils than ever before - 9.8% of the schools NFF will be allocated according to deprivation in 2023-24.
 - The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 2.4%.
 - Through the minimum per pupil funding levels, every primary school will receive at least £4,405 per pupil, and every secondary school at least £5,715.
 - 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.
 - Rolling the 2022-23 school supplementary grant into the schools NFF ensuring that this additional funding forms an on-going part of schools' core

¹ In 2022-23, core schools funding was allocated through a schools supplementary grant (SSG) in addition to the NFF. Year-on-year funding comparisons include the funding from the SSG for 2022-23.

budgets. Appropriate adjustments have been made to NFF factor values and baselines to reflect this.

5. 2023-24 will also be our first year of transition to the direct schools NFF – with our end point being a system in which, to ensure full fairness and consistency in funding, every mainstream school in England is funded through the same national formula without adjustment through local funding formulae. The approach to tightening was confirmed in the [government response](#) to the first stage of our consultation on the direct NFF which was completed last year. In 2023-24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except any locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2022-23, unless they are already mirroring the NFF. This follows the positive response to these consultation proposals in the first stage consultation last year. We have published an analysis of the impact of this initial move towards the direct NFF in Annex C.
6. High needs funding is increasing by a further £570 million, or 6.3%, in 2023-24 – following the £1 billion increase in 2022-23 and £1.56 billion increase over the previous two years. This brings the total high needs budget to £9.7 billion. The high needs NFF will ensure that every local authority receives at least a 5% increase per head of their 2-18 population, with some authorities seeing gains of up to 7%. Alongside our continued investment in high needs, the Government remains committed to ensuring a financially sustainable system, where resources are effectively targeted to need. Later this year the Government will confirm the next steps in implementing our reform programme, following the consultation on the [SEND and Alternative Provision Green Paper](#) published in March.
7. Central school services funding funds local authorities for the ongoing responsibilities they continue to have for all schools, and some historic commitments entered into before 2013-14. The total provisional funding for ongoing responsibilities is £292 million in 2022-23. In line with the process introduced for 2020-21 to withdraw the funding for historic commitments over time, this element of funding will decrease by 20%.
8. Final allocations of schools, high needs and central schools services funding for 2023-24 will be calculated in December, based on the latest pupil data at that point, when we announce local authorities' Dedicated Schools Grant allocations. Local authorities will continue to use that funding to determine final allocations for all local mainstream schools.

The national funding formula for schools

9. The basic structure of the schools national funding formula (NFF) is not changing in 2023-24. For 2023-24, we have changed a small number of the existing features of the formula. These are outlined below. A full description of the 2023-24 formula, in light of these changes, is set out in Annex A.

Increasing funding factor values

10. This year, we are directing additional support towards disadvantaged pupils by increasing the values of the FSM6 and IDACI deprivation factors by more than other factor values in the formula: these deprivation factors are increasing by 4.3%² and the other core factors are increasing by 2.4%³. On top of these uplifts, we have increased the basic entitlement, the FSM6 and the lump sum factors to reflect the rolling in of the schools supplementary grant into the NFF, as set out in paragraphs 14 to 20 below.
11. The minimum per pupil levels in 2023-24 will be set at £4,405 per pupil for primary schools and £5,715 per pupil for secondary schools. This includes £119, £155 and £173 per primary, KS3 and KS4 pupil respectively for the rolling in of the schools supplementary grant, plus a further 0.5% increase.
12. The 2023-24 NFF funding floor is set at 0.5%. This means that every school will attract an increase in their pupil-led funding of at least 0.5% per pupil, compared to their baseline. Funding floor baselines have also been increased to take account of the rolling in of the schools supplementary grant.
13. Premises funding will continue to be allocated at local authority level on the basis of data in the 2022-23 APT. From 2023-24, this will include local authorities' estimated 2022-23 rates figure. The PFI factor is increasing in line with the RPIX measure of inflation to reflect the use of RPIX in PFI contracts.

Rolling the schools supplementary grant funding into the NFF

14. The [schools supplementary grant](#) 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 (inclusive) is being rolled into the schools NFF from 2023-24.

² All factor values are rounded after being uplifted.

³ These are the basic entitlement, the free school meal (FSM) factor, the remaining additional needs factors, the school lump sum and the sparsity factor. 2.4% is in line with the latest available (March 2022) GDP deflator forecast for 2023-24.

15. The aim of our approach for rolling the grant into the schools NFF is to ensure that the additional funding schools attract through the NFF is as close as possible to the funding they would have received if the funding was continuing as a separate grant in 2023-24, without adding significant additional complexity to the formula. We have rolled in the grants in three ways, to reflect the three different ways in which schools attract funding through the NFF:
- Adding £97, £137 and £155 to the primary, key stage 3 and key stage 4 per pupil funding factors respectively; £85 and £124 to the primary and secondary FSM6 factors; and £3,680 to the school lump sum. This increases the amount that schools already on their NFF allocations attract. The NFF factor value increases correspond to the values of the grant itself.
 - Adding £119, £155 and £173 to the minimum per pupil (MPP) funding levels for primary, KS3 and KS4 respectively. This increases the amount that schools funded through the minimum per pupil funding levels attract through the NFF. The amounts reflect the average amount of funding these schools currently attract through the grant.
 - Adding an amount representing the funding schools receive through the schools supplementary grant in respect of their reception to Year 11 pupils onto their baselines, which is used to calculate funding protection for the schools through the funding floor. This increases the amount that schools whose allocations are determined by the funding floor will attract.
16. The existing Area Cost Adjustment (ACA) calculation within the NFF ensures that the per pupil rates added to the basic entitlement, the FSM6 factor and the school lump sum are uplifted to reflect geographical variation in labour market costs, as is currently the case with the grant.
17. The rolling in of these grants into the schools' notional NFF allocations will affect the core budgets that maintained schools will receive from April 2023, and that academies will receive from September 2023. To avoid an unfair gap in the support provided to academies, academies will therefore continue to receive separate grant payments up until the end of August 2023. The 5-16 element of the schools supplementary grant will then cease to operate as a separate grant.
18. In 2023-24, local authorities will remain responsible for determining final allocations to schools, in consultation with the Schools Forum. It is our expectation that, as far as possible, local authorities will ensure that individual schools' budget allocations for 2023-24 are set taking full account of additional funding from the schools supplementary grant that schools are receiving in 2022-23.
19. Schools receiving the minimum per pupil funding levels will have the additional funding protected in local formulae as these will continue to be compulsory in

2023-24. We will also require local authorities to mirror the additional funding added to schools' NFF baselines in their baselines for the minimum funding guarantee, so that schools on the minimum funding guarantee can also have their schools supplementary grant protected.

20. Further details about the methodology for rolling in the grant are available in the technical note. The post-16 and early years element of the grant will continue as a separate grant for 2023-24, and we will confirm detail of this in due course.

Completing our reforms of the national funding formula

21. Following last year's consultation on [Completing our Reforms to the National Funding Formula](#), the department has confirmed that it will move forward with its plans to implement a direct NFF, whereby funding will be allocated directly to schools based on a single, national formula. As set out in the consultation [response](#), we are taking a gradual approach to transition to avoid any unnecessary or unexpected disruption to schools. Local authorities will be required to start bringing their own formulae closer to the schools NFF from 2023-24. In particular:

- Local authorities will only be allowed to use NFF factors in their local formulae. This means that **the looked after children (LAC) factor** will no longer be an allowable factor. The government provides funding directly to support looked after children and previously looked after children through the pupil premium.
- Local authorities **must use all NFF factors** – except for the locally determined premises factors which remain optional, and the ACA fringe factor which is compulsory for the five local authorities on the fringe. This means that local authorities will have to use all three deprivation factors (FSM, FSM6 and IDACI), as well as low prior attainment (LPA), English as an additional language (EAL), mobility, sparsity and the lump sum.
- Local authorities must **move their local formula factor values at least 10% closer to the NFF**, except where local formulae are already “mirroring” the NFF. For this purpose, local factor values within 2.5% of the respective NFF values are deemed to be “mirroring” the NFF.
- Local authorities must use **the NFF definition for the EAL factor**, whereby pupils attract additional funding for three years after they enter the statutory school system. (Previously local authorities could choose to provide funding for one, two or three years.). In contrast to the EAL factor, flexibility over the sparsity factor methodology will remain in 2023-24.

22. Further details on the tightening requirements for local formulae with guidance for local authorities is set out in the [school funding operational guide](#). We have also

published the allowable factor values for 2023-24 following the tightening requirements for each local authority [here](#). An analysis of the distributional impact of tightening is set out in Annex C.

Other key features of the local funding formulae

23. Local authorities will continue to set a **minimum funding guarantee** in local formulae, which in 2023-24 must be between +0.0% and +0.5%. This allows them to match the protection in the NFF, which we expect local authorities to continue to do where possible.
24. Local authorities will again be able to **transfer up to 0.5%** of their total schools block allocations to other blocks of the Dedicated Schools Grant (DSG), with schools forum approval. A disapplication will continue to be required for transfers above 0.5%, or for any amount without schools forum approval. The criteria the department apply when considering such requests are available in the [school funding operational guide](#).
25. Following the cancellation or incompleteness of assessments in summer 2020 and summer 2021 due to coronavirus (COVID-19), local authorities will not be able to use this data as part of setting a low prior attainment factor in local funding formulae. Instead, local authorities will use 2019 assessment data as a proxy for assessments which would have taken place in 2020 and 2021.

Factor values and total spend in 2023-24

	Unit Values	Total Funding (incl ACA)	Proportion of core total
Basic per pupil Funding		£31,566m	76.0%
Basic entitlement		£31,342m	75.5%
Primary basic entitlement	£3,394	£15,549m	37.5%
KS3 basic entitlement	£4,785	£9,235m	22.2%
KS4 basic entitlement	£5,393	£6,558m	15.8%
Minimum per pupil		£223m	0.5%
Primary Minimum Per Pupil funding	£4,405	£178m	0.4%
Secondary Minimum Per Pupil funding	£5,715	£46m	0.1%
Additional Needs Funding		£7,209m	17.4%
Deprivation		£4,062m	9.8%
Primary FSM	£480	£510m	1.2%
Secondary FSM	£480	£332m	0.8%
Primary FSM6	£705	£799m	1.9%
Secondary FSM6	£1,030	£887m	2.1%
Primary IDACI A	£670	£103m	0.2%
Primary IDACI B	£510	£151m	0.4%
Primary IDACI C	£480	£139m	0.3%
Primary IDACI D	£440	£122m	0.3%
Primary IDACI E	£280	£146m	0.4%
Primary IDACI F	£230	£113m	0.3%
Secondary IDACI A	£930	£93m	0.2%
Secondary IDACI B	£730	£146m	0.4%
Secondary IDACI C	£680	£135m	0.3%
Secondary IDACI D	£620	£118m	0.3%
Secondary IDACI E	£445	£158m	0.4%
Secondary IDACI F	£335	£111m	0.3%
Low Prior Attainment		£2,662m	6.4%
Primary LPA	£1,155	£1,472m	3.5%
Secondary LPA	£1,750	£1,190m	2.9%
English as an Additional Language		£434m	1.0%
Primary EAL	£580	£318m	0.8%
Secondary EAL	£1,565	£116m	0.3%
Mobility		£50m	0.1%
Primary Mobility	£945	£40m	0.1%
Secondary Mobility	£1,360	£11m	0.0%
School Led Funding		£2,739m	6.6%
Lump Sum		£2,642m	6.4%
Primary lump sum	£128,000	£2,207m	5.3%
Secondary lump sum	£128,000	£435m	1.0%
Sparsity		£97m	0.2%
Primary sparsity	£56,300	£91m	0.2%
Secondary sparsity	£81,900	£6m	0.0%
Premises		£539m	1.3%
Area Cost Adjustment: Multiplier applied to basic entitlement, additional needs and school led funding (It is included in the factor subtotals)		£1,060m	
Core total (excluding funding floor)		£41,513m	
Floor		£326m	
Primary floor funding		£175m	
Secondary floor funding		£151m	
Total		£42,378m	

Figure 1: This shows the unit values, total funding and proportion of funding for each factor in the formula. Total funding is rounded to the nearest £1m. Proportion of core total funding is rounded to the nearest 0.1%. The secondary minimum per pupil factor value is based on a standard secondary school with 5 year groups. Growth funding is excluded from the table as this funding will be calculated using October 2022 census data.

The national funding formula for high needs

Updates to the high needs national funding formula in 2023-24

26. The national increase in high needs funding, between 2022-23 and 2023-24, will be £570 million, or 6.3%. High needs funding is increasing over the 2022-23 and 2023-24 financial years by £1.65 billion, to over £9.7 billion. This increase comes on top of the £1.56 billion increase over the previous two years, and will continue to support local authorities and schools with the increasing costs they are facing.

27. The high needs NFF includes:

- The funding floor – this ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2023-24 we are setting the funding floor at 5%, having adjusted the baseline to include the supplementary high needs funding that was allocated to local authorities in December 2021, following the 2021 spending review.
- The gains cap – the limit on gains per head of the population compared to the baseline. For 2023-24 we are setting the gains cap at 7% which means that local authorities can see an increase of up to 7% before their gains are capped (again, compared to a baseline that takes account of the supplementary high needs funding allocated in December 2021).

28. The basic structure of the high needs NFF for 2023-24 is not changing. Figure 3 in Annex B sets out the structure of the high needs NFF for 2023-24.

29. However, due to the Covid-19 pandemic, there is no appropriate 2020 or 2021 attainment data to use for the two low attainment factors. Following consultation last year, we have decided to continue using 2019 data as a proxy for both 2020 and 2021 data, in the NFF calculations of high needs allocations for 2023-24. This aligns with the approach taken in the schools NFF.

30. Reflecting the range of opposing views on the appropriate weight to place on the historic spend factor, and the need for a gradual transition to a formula that relies less on past patterns of the demand for and supply of high needs provision, we have decided to keep the historic spend factor at the same cash value in the 2023-24 NFF as in 2022-23. The increase in the total high needs amount to be allocated means that, the proportion of total funding going through the historic spend factor will continue to reduce, from 31% of the 2022-23 formula allocations to 29% in 2023-24. We will keep this factor under review in future years, with a view to removing it completely when we have alternative proxies to include within the formula.

The national funding formula for central schools services

The central schools services block in 2023-24

31. The central school services block (CSSB) within the DSG provides funding for local authorities to carry out central functions on behalf of maintained schools and academies.
32. The block will continue to comprise two distinct elements: ongoing responsibilities and historic commitments.
33. For 2023-24 the purpose of CSSB funding and the formula for allocating this funding follow the same approach as in 2022-23. While the Department intends to review how central services are funded in future, as set out in the [response](#) to our consultation on [Completing our Reforms to the National Funding Formula](#), any changes will be for future years.

Ongoing responsibilities

34. The CSSB will continue to fund local authorities for the ongoing responsibilities they deliver for all pupils in maintained schools and academies. The total funding for ongoing responsibilities is £292m in 2023-24.
35. This element of the CSSB is calculated using a simple per-pupil formula, the structure of which is unchanged. 90% of the funding will be distributed through a basic per-pupil factor, and 10% of the funding through a deprivation factor based on the proportion of pupils eligible for free school meals within the past six years (FSM6) in mainstream schools.
36. Local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is at 2.5% as in the previous year, while the year-on-year gains cap will be set at the highest affordable rate, of 5.86%.
37. Further detail on the methodology used for the CSSB formula is set out in the 2023-24 NFF technical note.

Historic commitments

38. From 2020-21 we began to reduce the element of funding within the CSSB that some local authorities receive for historic commitments made prior to 2013-14, which have been unwinding since. This was in line with our reforms to move to a fairer funding system, and to avoid maintaining significant differences in funding indefinitely between local authorities which reflect historic decisions.

39. In 2023-24, for those local authorities that receive it, historic commitments funding will continue to reduce by 20% on 2022-23 allocations, the same rate as the reduction in 2022-23.
40. We will also continue to protect any local authority from having a reduction that takes their total historic commitments funding below the total value of their ongoing prudential borrowing and termination of employment costs, in recognition of the long times over which such costs unwind. We will consider the evidence local authorities submitted for 2023-24 allocations and invite any other local authority in this position to contact the department. We will make these exceptional adjustments for 2023-24 in the DSG allocations. For adjustments to be considered for changes in the December DSG allocations, we request evidence by Friday 28 October 2022; otherwise we request evidence by Friday 3 February 2023. Further information on this process is included in the [school funding operational guide](#).
41. Historic commitments are expected to unwind over time as contracts reach their end points. We retain the requirement in regulations that authorities spend no more on these commitments than they did in the previous year; therefore, with the approval of the schools forum, an authority can maintain spending in this area using other funding sources if they wish.

Equalities Impact Assessment

42. The Public Sector Equality Duty (PSED) in section 149 of the Equality Act 2010 requires the Secretary of State to give due regard to achieving the following objectives in exercising their functions:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

43. We have considered the impact on persons who share any of the protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation. We have focused on those protected characteristics for which the impact is largest, and which are most closely tied to the distributional policy choices we are making. We use incidence of SEND as a proxy for disability in this analysis, as the two are highly correlated, and ethnicity as a proxy for race.

44. We introduced the NFF in 2018-19 after significant consultation and published a full equalities impact assessment.⁴ We are broadly continuing the implementation of this version of the NFF. Therefore, we have focused this assessment primarily on the key policy changes that are being made in 2023-24.

Schools NFF

The changing balance of factor values

45. The funding increases mean that all schools will attract more funding in 2023-24 than they otherwise would have done. This is expected to have a positive impact on pupils with protected characteristics in all areas of England.

46. The impact will not be uniform, however, as some factor values are increasing by more than others. The exact impact on pupils and schools will depend on the local formulae, but on average:

- Schools and pupils in more deprived and historically lower funded areas will benefit from the additional funding for deprivation, as the FSM6 and IDAC1

⁴ https://consult.education.gov.uk/funding-policy-unit/schools-national-funding-formula2/supporting_documents/NFF_EqualityImpactAssessment.pdf

factors increase by more than the other “core” factors. In 2023-24, 9.8% of the schools NFF will be allocated according to deprivation in 2023-24.

Schools with greater proportions of pupils eligible for FSM6 funding also tend to have larger proportions of pupils from ethnic minority backgrounds and with SEN. As such, the additional funding for deprivation is likely to have a positive impact on pupils from ethnic minority backgrounds and with disabilities.

- Schools funded through the minimum per pupil levels will receive lower funding increases, on average, than other schools. These schools tend to have a lower proportion of pupils with SEND and from ethnic minority backgrounds since these characteristics in general correlate with higher overall funding at school-level. The lower-than-average funding increases for schools funded through the minimum levels in 2023-24 should also be considered in the context of higher-than-average funding increases for these schools in recent years. The funding changes for schools funded through the minimum levels is therefore not expected to have any significant impact (positive or negative) on equalities.
- Schools funded through the funding floor will also receive lower funding increases, on average, than other schools. These schools tend to be in urban areas, and have a higher proportion of children from ethnic minority backgrounds because these areas are more ethnically diverse. They also have a higher occurrence of non-Christian faith schools. While these schools will see lower-than-average *increases* in funding in 2023-24, they still have higher than average *levels* of funding. The lower-than-average funding increase for these schools is therefore necessary to overcome historic discrepancies in funding and ensure that funding is distributed fairly based on pupils needs and characteristics, including by ensuring that funding can be fairly directed to areas seeing relative increases in levels of deprivation.

47. Overall, the equalities impact of changing the balance of factor values, and in particular the additional funding for deprivation, is expected to be positive.

Rolling in the schools supplementary grant into the schools NFF

48. We are rolling in the schools supplementary grant to the schools NFF in such a way that the additional NFF funding schools and LAs receive is as similar as possible to the funding they would receive if the grant was not rolled in. We recognise that the rolling in can never perfectly reflect the current allocations, but do not believe that the schools affected by the discrepancies have a higher proportion of pupils with protected characteristics than average. There would therefore not be any disproportionate impact (either positive or negative) on pupils with protected characteristics from the rolling in of grants.

Transitioning to the direct schools NFF

49. The requirements for local authorities to move their local formulae closer to the NFF forms the first step in transitioning towards the direct NFF. The equalities impact of moving to the direct NFF was discussed as part of the consultation on [Completing our Reforms to the National Funding Formula](#). As noted in the [consultation response](#), our expectation is that the direct NFF will create a fairer and more consistent distribution of funding that is more closely aligned to need, and is essential to support opportunity for all children.
50. We have also published an assessment of the impact of moving to a direct NFF as part of the [Schools Bill impact assessments \(publishing.service.gov.uk\)](#). That assessment concluded that the equalities impact would have a positive impact on the protected characteristic of race, and a neutral impact on the other protected characteristics.
51. The impact of the transitioning towards the direct NFF in 2023-24 will depend on how local authorities respond to the tightening requirements, and how they use their remaining formula flexibilities. In principle, we would expect the impact to be similar in nature, but smaller in magnitude, to the impact of introducing the direct NFF. Annex C provides more information on the expected distributional impact of the tightening criteria for 2023-24. We will continue to monitor the equalities impact of a move to a direct NFF on an ongoing basis and when developing policy in future years.

High needs NFF

52. We have considered the impact of the high needs distribution on people who share any of the protected characteristics. We have focused particularly on people with SEND given the high level of correlation between young people with SEND and those with disabilities.
53. We introduced the high needs NFF in 2018-19 after significant consultation and a full equalities impact assessment. We are distributing the funding for high needs through the high needs NFF, and are not proposing any changes to the overall structure of the formula for 2023-24. Therefore, we have focused this assessment primarily on the aspects of the formula that have changed for 2022-23.
54. In recognition of the fact that all local authorities are facing some pressures on their high needs budgets, we are allocating increased funding through the high needs NFF amounting to over 6% compared to the 2022-23 allocations of high needs funding. The distribution of this increase will ensure that all authorities receive an increase in funding of between 5% and 7% per head of their 2-18 population, as follows:

- A funding floor set to 5%. Thus, the minimum gains in per-head funding a local authority can receive compared to 2022-23 will be 5%;
- A gains cap set to 7%. This is the limit in per-head gains that a local authority can receive compared to 2022-23; and
- Increased funding through the remaining proxy factors. We have distributed the remaining funding through the proxy factors. This is in line with how the formula has worked previously and means that LAs will receive their share of this remaining funding based on the proxy factors of need. These include health and disability factors reflecting any changes in the proportion of the local population of 2-18 year olds whose families receive disability living allowance because they are disabled.

55. The proxy factors also include an amount of funding based on each local authority's previous spending, so that funding can reflect patterns of provision and spending not otherwise captured through the formula and making sure that funding levels do not drive changes in the placement of disabled children and young people to the detriment of the provision they need.

56. We expect this distribution of funding both to provide reasonable increases to all local authorities and to ensure stability through the use of the same formula as in 2022-23. As a result, and subject to local decisions on how the funding is spent in making special provision, our assessment is that the distribution of funding will have a positive impact for those children and young people identified as having SEND (which includes those with disabilities), helping them access the right educational provision and thereby addressing educational inequalities for those with SEND.

Central School Services Block NFF

57. The formula that allocates the central school services block funding is broadly unchanged for 2023-24; we do not expect this to have an impact on different groups of pupils, including those with protected characteristics.

58. The reduction to funding for historic commitments will affect some local authorities' ability to continue to deliver certain central functions as they have previously – this is a continuation of our established policy to unwind these commitments. The nature of this expenditure, relating to a wide range of individual decisions by different local authorities, means the impact of the reduction is very variable. Where authorities combine this funding with other sources to support certain services – for example, related to early intervention, programmes for vulnerable children or those with high needs – these may disproportionately benefit pupils with protected characteristics, such as those from ethnic minority backgrounds or with disabilities. If the reductions mean a local authority can no longer fund such

services in the same way, this would represent a negative impact. In other cases, existing services may not be having any differential impact on protected groups, and their cessation would not have a particular impact in terms of equalities.

59. However, reducing this funding will address funding disparities to make the wider system fairer, so that educational provision for all pupils is based on need rather than historic decisions. Ultimately, prioritising funding for schools and high needs, which has significantly increased, benefits all areas and will respond to pupils' characteristics and needs. The impact on pupils with disabilities, in particular, will be offset by the additional high needs funding that all authorities will receive in 2023-24.

Overall impact

60. As noted above, each change has a specific impact and in some cases these work in different directions. For example, in relation to the schools NFF the impact of increasing the funding directed towards deprivation is different to the impact of the lower than average funding increase for schools on the funding floor.
61. Overall, the distribution of funding in the schools and high needs NFF still significantly favours schools with high levels of additional needs, and therefore with higher incidence of pupils with certain protected characteristics, notably disability and ethnicity. We do not think these individual changes significantly shift the conclusions of the equalities impact assessment published at the point of introducing the NFF in September 2017.
62. The higher increase to high needs funding that all local authorities are seeing will have a positive impact on children and young people with SEND in particular, and therefore on those with disabilities. This continues the additional positive impact on these young people beyond our initial assessment.

Annex A: The structure of the schools national funding formula (NFF) in 2023-24

Overall design of the formula

- 63. The schools NFF determines how we distribute core funding for 5–16 year-old pupils in mainstream schools.
- 64. The formula determines the funding each local authority receives. Under the current approach, local authorities then set their own formulae to distribute that funding across maintained schools and academies in their area – subject to certain constraints.
- 65. The funding formula is made up of 14 factors, as illustrated in the diagram below.
- 66. Approximately 93.4% of the schools NFF funding is allocated through ‘pupil-led’ factors. The ‘pupil led’ factors are determined by pupil numbers and pupils’ characteristics. The majority of this funding is allocated through the basic entitlement factor, which all pupils attract. The NFF allocates the rest of ‘pupil-led’ funding towards additional needs.

Figure 2 - Current NFF Funding Factors

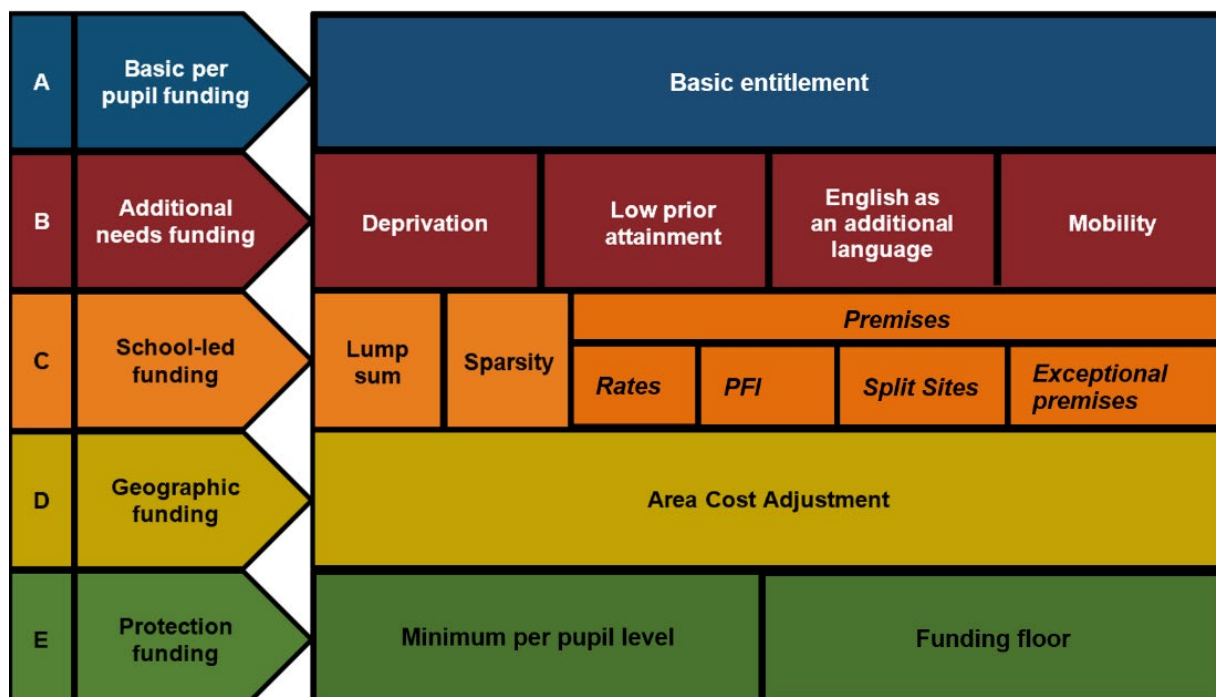


Figure 2: This illustrates the factors that are taken into account when calculating schools block DSG funding allocations through the NFF. It is not to scale. PFI, Split sites and Exceptional Premises factors are allocated to local authorities on the basis of historic spend.

67. Evidence shows that pupils with additional needs are more likely to fall behind and need extra support to reach their full potential. This is why the NFF allocates 17.4% of all funding through additional needs factors based on deprivation, low prior attainment, English as an additional language and mobility.
68. Pupils attract funding for all the factors for which they are eligible. A pupil currently eligible for FSM attracts the amount provided through the FSM factor as well as the amount through the FSM Ever 6 factor. This also applies for children with any combination of multiple additional needs. That is not intended to imply that all such funding should be dedicated to the pupil who attracts it. An individual child who attracts deprivation funding, for example, may need more, or less support than the sum that they attract in the NFF. Rather, these additional needs factors are predominantly “proxy” factors, using the overall incidence of particular pupil characteristics to identify how much additional funding a school is likely to need, in total.
69. ‘School-led’ funding is allocated through various factors according to a school’s characteristics. All schools attract a lump sum of £128,000. Small and remote schools attract additional support through the sparsity factor. Other school-led funding reflects costs associated with a school’s premises and overheads through four separate factors: rates, split sites, private finance initiative (PFI) and exceptional circumstances.
70. An area cost adjustment (ACA) is applied as a multiplier to formula allocations to reflect higher costs in some parts of the countries, due to differences in salary costs.
71. Finally, the formula offers two different forms of protections for schools:
- The minimum per pupil level guarantees a minimum amount of funding for every pupil. Any school whose formula allocation is below the minimum per pupil level receives a top up to the minimum levels.
 - The funding floor protects schools from year-on-year funding decreases, by ensuring a minimum increase in pupil-led funding per pupil compared to the previous year.
72. The following sections give more detail on the design of the individual factors within the schools NFF.

Pupil led factors

Basic entitlement

73. 75.5% of the schools NFF is allocated through the basic entitlement, which every pupil attracts. The amount varies by age. In the 2023-24 NFF pupils in reception to year 6 attract £3,394; pupils in year 7 to year 9 attract £4,785, and pupils in year 10 and 11 attract £5,393.

Additional needs factors

Deprivation

74. The NFF allocates 9.8% of all its funding to deprived pupils. Pupil deprivation is based on three deprivation measures – current Free School Meal (FSM) eligibility, FSM eligibility at any time in the last 6 years (“FSM6”), and the level of deprivation in the postcode where the pupil lives, which is measured using the Income Deprivation Affecting Children Index (IDACI).

- o FSM

75. Schools attract £480 for all primary and secondary pupils who are eligible for free school meals. This funding is broadly intended to cover the cost of providing free meals for each eligible pupil.

76. A pupil is eligible for FSM if they meet the criteria set out in: [Free school meals: guidance for schools and local authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/free-school-meals-guidance-for-schools-and-local-authorities).

- o FSM6

77. All pupils who are recorded as eligible for free school meals, or who have been at any point in the last six years, attract funding through the “FSM6” factor. Schools attract £705 for each primary pupil and £1,030 for each secondary pupil eligible for FSM6 funding.

- o IDACI

78. IDACI funding is based on the IDACI 2019 area-based index measuring the relative deprivation of Lower-layer Super Output Areas (LSOAs). For the NFF, the IDACI ranks are divided into seven bands A to G, with A representing the most deprived areas and G the least deprived. Additional funding is targeted towards pupils in bands A-F, with more funding directed to pupils in the more deprived bands⁵.

79. The IDACI bands are set out in the table below.

⁵ The boundaries of these bands are based on the proportions of LSOAs (small areas) in each band and are defined by rank.

Band	A	B	C	D	E	F	G
Proportion of LSOAs in each band	2.5%	5%	5%	5%	10%	10%	62.5%
Primary unit value	£670	£510	£480	£440	£280	£230	£0
Secondary unit value	£930	£730	£680	£620	£445	£335	£0

80. The table shows that 2.5% of LSOAs are placed in IDACI band A which attracts the highest funding, 5% in IDACI band B attracting the second highest level of funding, and so forth. 62.5% of LSOAs are in band G which does not attract any additional funding.

Low Prior Attainment

81. We are allocating 6.4% of the NFF in respect to pupils with low prior attainment (LPA).

82. Primary school pupils who have not achieved the expected level of development in the Early Years Foundation Stage Profile assessment (EYFSP) and secondary pupils who have not achieved the expected standard in Key Stage 2 at either reading, writing or maths attract £1,155 and £1,750 respectively⁶.

English as an additional language

83. The pupils eligible to attract funding through the NFF English as an additional language (EAL) factor are those recorded as having entered state education in England during the last three years, and whose first language is not English. 1.0% of the NFF is allocated through the EAL factor.

84. Schools attract £580 for all EAL-eligible primary pupils, and £1,565 for all EAL-eligible secondary pupils.

Mobility

85. 0.1% of the total NFF funding goes to pupils eligible for mobility funding.

⁶ For 2020 where these assessments have been cancelled, schools are allocated funding based on the previous year's results.

86. The mobility factor supports schools in which a significant proportion of pupils join the school part way through the year.
87. Pupils are classed as mobile if they joined the school at a 'non typical' date within the last three years. Schools attract £945 for eligible primary pupils, and £1,360 for eligible secondary pupils, above a threshold of 6% of the schools' pupil numbers (i.e., where more than 6% of a school's pupil are classified as mobile).

School-led factors

Lump Sum

88. Every school attracts a lump sum of £128,000 through the NFF irrespective of its size or phase. The total spend on the lump sum represents 6.4% of the NFF.

Sparsity funding

89. 0.2% of the NFF is allocated through the sparsity factor, for small and remote schools.
90. Eligibility for sparsity funding depends on the distance the pupils living closest to the school would have to travel to their next nearest school, and the average number of pupils per year group.
91. A school is eligible for sparsity funding if:
 - For all the pupils for whom it is the nearest "compatible" school⁷, the average distance (as measured by road) from the pupils' homes to the second nearest compatible school is above the relevant distance threshold. The main distance thresholds are 3 miles for secondary schools and 2 miles for all other schools, with the distance threshold taper set at 20% below each threshold (2.4 miles at secondary, 1.6 miles for other schools).
 - The average year group size is below the appropriate year group threshold. This threshold is 21.4 for primary schools, 69.2 for middle schools, 120 for secondary schools and 62.5 for all-through schools.
92. Primary schools qualifying attract up to £56,300 and all other schools up to £81,900. Schools with a lower number of pupils attract a higher amount than those closer to the year group threshold. In addition, schools with a sparsity distance between the distance threshold taper and main distance threshold will attract some sparsity funding – tapered by both size and how far away from the main

⁷ A compatible school means one of the relevant phases which a pupil could attend. Selective grammar schools are not considered when identifying the second nearest compatible school, but faith schools are included.

distance threshold they are. Of two schools of the same size, one closer to the main threshold would receive more. The distance threshold taper mitigates the risk of year-on-year fluctuations in sparsity eligibility having a significant impact on a school's sparsity funding.

Premises

93. The NFF allocates funding to reflect the costs associated with a school's premises and overheads.
 - o Rates
94. For local accounting purposes, rates funding allocations will continue to feature in NFF allocation publications for all schools. From 2022-23, the payment of business rates for local authorities opting into the new payments system has been centralised, with ESFA paying rates directly to billing authorities on behalf of schools. For local authorities which have not opted into the new payment system, ESFA will continue to allocate funding for business rates, to meet the real costs of schools.
 - o PFI
95. The Private Finance Initiative (PFI) factor is funded on the basis of a local authorities' previous year's spending. Every year, we uprate this funding in line with the RPIX measure of inflation, to reflect most PFI contracts.
 - o Split Sites
96. This is intended to recognise the additional costs that schools that are spread over more than one site can face. Local authorities receive funding for the split site factor on the basis of spend in the previous year. The Department has launched a consultation on implementing the direct national funding formula, which includes proposals to reform the split sites factor so that, in future, it would be based on school-level eligibility criteria rather than the previous years' spending.
 - o Exceptional Circumstances
97. The exceptional circumstances factor is included in the formula so that, where local authorities have had approval from ESFA to direct additional funding to a small number of schools with significant additional premises costs, this is taken into account when determining their funding. Local authorities receive funding for this factor on the basis of their spend in the previous year. The consultation on implementing the direct national funding formula, linked to above, also includes proposals on the reform of exceptional circumstances funding, to be introduced in advance of the direct formula.

Growth funding

98. In addition to the core funding allocated through the NFF, we also provide growth funding to local authorities to manage increases in pupil numbers. The NFF operates on a lagged funding basis whereby schools receive funding in a given year based on pupil numbers from the year before. Local authorities can use the growth funding they are allocated to support schools to manage an increase in pupil numbers before the lagged funding system has caught up.
99. Growth funding is distributed based on the actual growth that local authorities experience for each year. It is based on the observed differences between the primary and secondary number on roll in each local authority between the most recent October pupil census, and the census in the previous October.
100. Local authorities' growth funds can only be used to:
- support growth in pre-16 pupil numbers to meet basic need.
 - support additional classes needed to meet the infant class size regulation.
 - meet the revenue cost of new schools.

Area Cost Adjustment

101. The area cost adjustment (ACA) in the schools NFF reflects variations in labour market costs across the country by taking into account the general labour market trends and the particular salary variations in the teaching workforce.
102. It is a combination of:
- a. A teacher pay cost adjustment, to reflect the differences in the basic pay ranges between the four regional pay bands for teachers and
 - b. A general labour market (GLM) cost adjustment, to reflect geographical variation in wage costs for non-teaching staff.
103. The NFF's ACA is calculated for each local authority by:
- a. Weighting the relevant teacher-specific cost adjustment in line with the national proportion of spend on teaching staff in mainstream schools (55.40%).
 - b. Weighting the relevant GLM labour cost adjustment in line with the national proportion of spend on non-teaching staff in mainstream schools (27.73%).
104. Nationally the ACA ranges between 1.00 and 1.19. Some local authorities – those that are partly in 'London Fringe' areas – contain both districts that receive an ACA, and districts that do not. Whether schools in these local authorities receive an uplift will depend on the local district area in which the school is located.

Protective elements of the NFF

Minimum per pupil levels

105. The minimum per pupil level (MPPL) guarantees a minimum amount of funding for every pupil. Any school whose formula allocation is below the MPPL receives a top up to the minimum levels.
106. The MPPL varies from school to school depending on the year groups they have. The unit values per year group are £4,405 for primary year groups, £5,503 for KS3 and £6,033 for KS4.⁸ Each school's MPPL is calculated as a weighted average of the number of year groups they have.
107. This means that the MPPL is £4,405 for primary schools, and £5,715 for secondary schools with year groups 7 to 11. And for middle schools and all-through schools, an MPPL is set based on the specific year groups that they educate.
108. The MPPL values are compulsory in LA funding formulae, which determine actual funding allocations for maintained schools and academies. Academy trusts have flexibilities over how the funding they are allocated in respect of their individual academies is then distributed across academies in their trust. This means that, in some cases, an academy could receive a lower per-pupil funding amount than the MPPL value. This may reflect, for example, activities that are paid for by the trust centrally, rather than by individual academies.

The funding floor

109. The funding floor ensures that a school's funding is protected year on year, and that all schools attract a minimum uplift to their pupil-led per pupil funding even where the core formula factors indicate that their funding should be lower.
110. In 2023-24, the formula ensures that all schools attract an increase of at least 0.5% in pupil-led funding per pupil compared to 2022-23.
111. LA funding formulae must include a minimum funding guarantee (MFG) that provides a similar protection to the funding floor. In 2023-24, the MFG can be set between 0% and 0.5%.

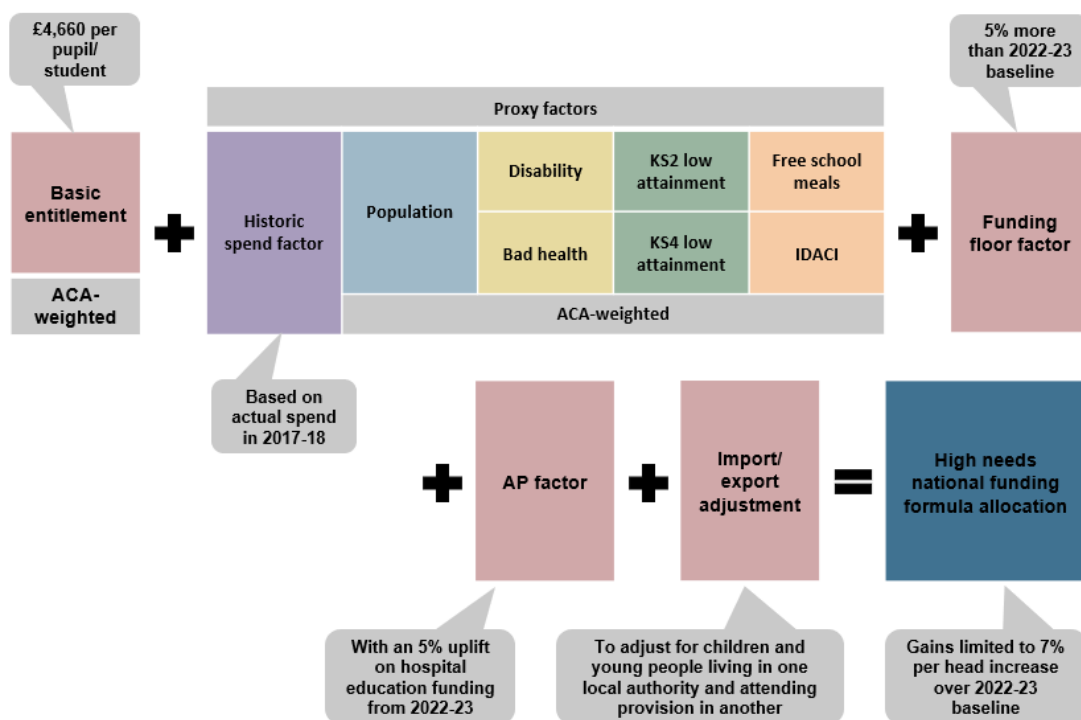
⁸ These funding levels includes £180 for primary year groups and £265 for secondary year groups added to the grant in 2021-22 to reflect the rolling in of previous pay and pensions grants into the NFF.

Annex B: The structure of the high needs national funding formula (NFF) in 2023-24

Overall design of the formula

112. The high needs national funding formula (NFF) has been used to allocate high needs funding to local authorities since 2018-19. This funding supports provision for children and young people with special educational needs and disabilities (SEND) from ages 0-25 years. It also supports alternative provision (AP) for pupils of compulsory school age who, because they have been excluded or suspended, or because of illness or other reasons, cannot receive their education in mainstream or special schools.
113. The formula consists of 12 factors designed to indicate the level of need within a local authority. These can be seen in figure 3 below. The formula factors have been chosen to capture both the nature of the local SEND system (reflecting local circumstances, for example the number of special schools in the area) and the characteristics of the children and young people living in the area.

Figure 3 – the structure of the high needs NFF



114. The basic entitlement factor and the historic spend factor are designed to reflect aspects of the local SEND system. The basic entitlement factor gives a set amount of funding (£4,660) per-pupil based on the number of pupils in special schools (including those in independent special schools), performing the same role as its counterpart within the mainstream schools NFF. The historic spend factor provides

every local authority with a set percentage (50%) of their 2017-18 spending on high needs to reflect past spending patterns, given the constraints that the local demand for and supply of provision will continue to place on future spending.

115. The proxy factors within the formula reflect the characteristics of the population within a local authority. We use proxy factors in the high needs NFF rather than prevalence of SEND or levels of education health and care (EHC) plans in each local authority. The population factor sets out the number of children and young people aged 2-18 living within a local area, and the 6 SEND and AP proxy factors allocate funding more specifically based on levels of attainment, deprivation and health/disability.

116. The weightings for each of these factors differ depending on whether the formula is providing a local authority with funding for SEND, AP or both. The weightings in each case, which are the same in the 2023-24 formula as in previous years, can be seen in figure 4 below.

Figure 4 – factor weightings in the high needs NFF

Proxy factor type	Proxy factor	SEND weighting (90%)	AP weighting (10%)	Combined weighting
Population	Population factor	50%	50%	50%
Deprivation factors	FSM	8.33%	25%	10%
	IDACI	8.33%	25%	10%
Health and disability factors	Children in bad health	8.33%	0%	7.5%
	DLA	8.33%	0%	7.5%
Low attainment factors	KS2 low attainment	8.33%	0%	7.5%
	KS4 low attainment	8.33%	0%	7.5%

117. Further information on the factors within the high needs NFF can be found in the high needs NFF technical note⁹.

⁹ <https://www.gov.uk/government/publications/national-funding-formula-tables-for-schools-and-high-needs-2023-to-2024>

Annex C: The impact of bringing local authority funding formulae closer to the NFF from 2023-24

Introduction

118. Moving to a direct NFF¹⁰, will ensure that all mainstream schools in England are funded on a fair and equitable basis. This will complete the reforms we started in 2018 when we first introduced the NFF to ensure that all schools were funded based on a consistent assessment of need.
119. In the consultation, [Fair school funding for all: Completing the reforms to the National Funding Formula](#), we recognised that the direct NFF represented a significant change, and one that requires a careful transition to avoid any unnecessary or unexpected disruption to schools. The consultation responses underlined that the move to a direct NFF will be complex, and that we should take a careful and measured approach to transition.
120. As previously confirmed in the [government's response](#) to this consultation, we are therefore taking a gradual approach to transition which brings local formulae progressively closer to the NFF over time. At each stage, this approach will be underpinned by careful assessment of the expected impact of requirements on local funding formulae, reinforced by an evaluation of the previous transitional step.
121. 2023-24 forms the first year of that gradual process, and this annex discusses the expected impact of the “tightening” requirements on local funding formulae for that year. This will be followed by an evaluation of the impact once the 2023-24 local formulae have been set.
122. We have not proposed a fixed target date by which the direct NFF will be in place, although we expect to have moved to the direct NFF within the next five years – that is, by the 2027-28 funding year at the latest. The path to the direct NFF, and the pace at which we move along it, will be informed by ongoing feedback as we proceed. Our ambition is to build momentum towards these reforms through gradually increasing the pace at which local formulae are tightened in subsequent years.

¹⁰ The NFF is used to calculate a notional allocation for every school in England, which the government aggregates for all the schools in each local authority to create a total allocation for that local authority. Local authorities then set their own local formulae to distribute their total allocation between all the schools in their area. Schools (both maintained schools and academies) receive their budget allocation based on their local authority's formula.

Approach to tightening in 2023-24

123. In 2023-24, local authorities will only be allowed to use NFF factors in their local formulae, and must use all NFF factors, except the locally determined premises factors. Local authorities will also be required to move their local formulae factors 10% closer to the NFF values, compared to where they were in 2022-23, unless they are already “mirroring” the NFF.
124. For the purpose of the tightening requirements, and throughout the discussion in this annex, local factor values within 2.5% of the respective NFF values are deemed to be mirroring the NFF.
125. The comparison between the local factor values and the NFF factor values is made with the Area Cost Adjustment (ACA) applied to the NFF factors. As such, the required movement towards the NFF for each individual local authority is a movement to the NFF value as adjusted by that authority’s ACA. Throughout the discussion in this note, references to NFF values should be taken to mean the ACA-adjusted NFF values.
126. Local authorities in the London Fringe¹¹ each have two ACAs in the NFF. For these local authorities, the tightening criteria are applied in respect of the lower of the two ACAs, with the differential between the two ACAs applied via the “London Fringe factor”. The comparison in this note is therefore also done on the basis of the factor levels in the lower ACA area in each local authority.
127. As we transition to the NFF, we will maintain the protection offered through the minimum funding guarantee (MFG) to minimise disruption for schools. This will protect schools from sudden drops in their per-pupil funding levels in cases where local factors values decrease.
128. The [school funding operational guide](#) provides further detail on the tightening requirements for local authorities, and the allowable factor value ranges for each authority in 2023-24 are published here:
<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2023-to-2024>.

Approach to analysis

129. This annex provides a narrative analysis of the 2023-24 tightening requirements by looking at how the 2022-23 local authority funding formulae differ from the NFF. It sets out what the expected impact of tightening local formulae will be on schools in

¹¹ Buckinghamshire, Essex, Hertfordshire, Kent and West Sussex.

particular local authorities, and types of schools more generally.

130. We have compared 2022-23 local authority formula factor values¹² with the 2022-23 area cost-adjusted¹³ NFF factor values¹⁴ for each local authority, to identify whether factor values are mirroring, higher than, or lower than, the NFF value. From this we have drawn out patterns in how local authorities diverge from the NFF which are described below. We have only included the sparsity factor in our analysis where that local authority has schools which are eligible for sparsity through the NFF. Otherwise, we have assessed the factor values that each local authority uses in their local formulae, and whether these are greater or less than the equivalent NFF factor value.
131. There are two factors where local authorities are allowed to adopt a different methodology in 2022-23 – sparsity and English as Additional Language (EAL). We have not accounted for the methodology employed by local authorities for the sparsity factor in our analysis, as local authorities will still have flexibilities in the tapering regime used for the sparsity factor in the first year of transition to the NFF. In contrast, local authorities will be required to use the EAL3 measure for the EAL factor from 2023-24, meaning that all pupils with EAL that have entered the school system during the last 3 years will attract funding through the EAL factor. We have therefore adjusted the factor values for local authorities currently using different EAL measures, in line with the operational guidance on tightening that factor as set out in the [school funding operational guide](#).
132. There are a wide range of approaches that local authorities take in setting their local formulae, and it is not possible to cover each variation. This analysis does not aim to extend to each of those variations between factors in the formulae and the interactions this produces. Where factor values do not mirror the NFF, we have not focused on the magnitude of divergence, but rather whether this is above or below the NFF value.
133. It is not possible to foresee or model the exact impact tightening local formulae will have at school level; individual schools' actual allocations will be affected by a wide range of factors, including, crucially, changes to the number and characteristics of their pupils. As such, where we describe the impact, this is in general terms. The effect of the tightening requirements on particular schools will depend on how local authorities use the remaining flexibility in their local formulae, including factors such

¹² Local authority factor values for 2022-23 can be found here: *Schools block funding formulae 2022 to 2023*

(Schools block funding formulae 2022 to 2023 - GOV.UK (www.gov.uk))

¹³ ACA values for 2022-23 for each local authority can be found here: *Schools block national funding formula: technical note* (National funding formula tables for schools and high needs: 2022 to 2023 - GOV.UK (www.gov.uk))

¹⁴ NFF factor values for 2022-23 can be found here: *The national funding formulae for schools and high needs 2022-23* (DfE external document template (publishing.service.gov.uk))

as whether or not they choose to move more than 10% closer to the NFF values; whether and how they make use of the 2.5% flexibility offered by the mirroring threshold; the level of the MFG; and the extent to which they manage any affordability pressures through capping and scaling the funding increases of individual schools. We will conduct a further analysis of what the impact of tightening has been once we know how local authorities have responded to the requirements and their 2023-24 formulae are finalised.

134. It is important to note that tightening will not have any impact on the distribution of funding across different local authorities, as it does not affect the total amount of funding each local authority is allocated through the NFF. Instead, the tightening requirements will only impact the distribution of funding between schools within local authorities.

Overview

135. We have identified three categories of local authorities depending on their current local formulae. Each of these groupings will see a different distributional impact from the process of transition to the NFF, as explained below.

- **Local authorities that mirror the NFF:** A majority of local authorities fall into this category; no impact is expected from the tightening requirements for the schools within these local authorities.
- **Local authorities that mirror the NFF in most factors:** A number of local authorities mirror most of the NFF, with differences found particularly in the lump sum, sparsity or mobility factor. The impact of tightening will be limited for the schools within these local authorities.
- **Local authorities whose formulae are substantially different from the NFF:** This category includes local authorities who employ different factors, and factor values, particularly around deprivation and other additional needs factors. In these local authorities the distributional impact of tightening is expected to be largest, with the nature of that impact depending on how the local authorities' formulae differ from the NFF.

136. Other factors will also affect the distributional impact of the tightening requirements. A notable one relates to **local authorities with a large proportion of schools funded through the funding floor**. These local authorities can typically afford more generous local formulae factors than the NFF. As they transition towards the NFF, a large proportion of their schools will therefore be funded through the MFG.

Local authorities that mirror the NFF

137. Since the introduction of the NFF in 2018, we have seen local authorities moving their local funding formulae closer towards the NFF. Now in its fifth year, there are 78 local authorities¹⁵ (of 150 local authorities in England¹⁶) whose formula factor values are all within 2.5% of the NFF factor values¹⁷, and are therefore deemed to mirror the NFF for the purpose of the tightening criteria¹⁸.
138. Local authorities who are already “mirroring” the NFF will not be required to move their factor values closer to the NFF in 2023-24. Therefore, for over half of local authorities (52%), there will not be any distributional impact of the tightening requirements in 2023-24.

Local authorities that mirror the NFF in most factors

139. There are 42 local authorities who mirror the NFF for at least seven out of the nine factors local authorities will be required to tighten¹⁹. Where these local authorities depart from the NFF it is, for the most part, in the sparsity, mobility, lump sum or basic entitlement factors, or a combination of these. The expected impact in these local authorities is discussed below. There are also nine local authorities who differ from the NFF through one of the deprivation, low prior attainment and English as an Additional Language factors²⁰.
140. Note that a local authority can fall into more than one of the below categories – there are, for example, five local authorities which diverge from the NFF in respect of both the sparsity and mobility factors.

Sparsity

141. The sparsity factor allocates additional funding to small and remote schools, recognising the challenges these schools face.

¹⁵ See Table 1 for a list of local authorities.

¹⁶ This excludes the City of London and Isles of Scilly as these are not included in NFF calculations.

¹⁷ This includes local authorities who mirror the NFF in all factors except sparsity, but have no schools who would be eligible for sparsity funding.

¹⁸ ESFA guidance, (Schools block funding formulae 2022 to 2023: analysis of local authorities' schools block funding formulae - GOV.UK (www.gov.uk)), counts 74 local authorities mirroring the NFF. That guidance uses a threshold for mirroring the NFF of local authority factor values within 1% of NFF values in 2022-23 (excluding the mobility factor as this was only included in the NFF from 2020-21), rather than the 2.5% that is used for the tightening criteria. The ESFA comparison also excludes mobility, whereas this analysis includes it.

¹⁹ There are nine factors included in this analysis: basic entitlement, FSM, FSM6, IDACI, English as an additional language, low prior attainment, mobility, lump sum, and sparsity. This excludes premises factors (rates, PFI, split sites and exceptional premises) which are determined locally, and minimum per pupil levels (MPPLs) which are already compulsory.

²⁰ See Table 2.

142. Out of the local authorities that mirror the NFF in most factors, 16 local authorities diverge from the NFF in respect of the sparsity factor values²¹. Fifteen of these have a lower sparsity factor value than the NFF – either by not using the sparsity factor at all (even though they have eligible schools), or by using a sparsity factor value that is lower than the NFF value²².
143. Small, remote schools in these local authorities would be expected to benefit as these local authorities are required to bring their formulae closer to the NFF. The cost of increasing the sparsity factor in these local authorities will only constitute a very small fraction of these local authorities' overall funding levels. As such, these local authorities would not be required to make any significant changes to other factor values in order to afford the increased sparsity factor. This means that the per-pupil impact of tightening on other schools in these local authorities is expected to be small.
144. 14 local authorities differ from the NFF sparsity factor with their methodology through using a different taper regime²³. This will not be affected by the tightening requirements for 2023-24 and, as above, has not been included in this assessment of the impact of tightening. The effect of moving to the NFF methodology – should any local authority choose to do so - may increase or decrease the sparsity funding received by schools depending on current tapering regime employed by the local authority.
145. If there is a negative impact for any of these schools, they will be protected from drops in funding through the MFG. While the MFG protects schools from losses in pupil-led funding, year-on-year changes in school-led funding are also included in the protection. The MFG (and the NFF floor) were specifically designed in this way in order to protect schools from losses in school-led funding – whether through the lump sum or sparsity – as local formulae transition towards the NFF.

Mobility

146. The mobility factor supports schools in which a significant proportion of pupils join the school part way through the year.
147. Out of the local authorities that mirror the NFF in most factors, 14 local authorities diverge from the NFF in respect of the mobility factor²⁴. 13 of these do not have the

²¹ See Table 3.

²² Telford and Wrekin have a higher sparsity value than the NFF but uses a different tapering regime. The effect on the six schools which are currently eligible for sparsity funding in 2022-23 will depend on the tapering regime as they tighten the factor value. None of these schools are eligible for the maximum sparsity amount so this should have a limited impact on their budgets.

²³ LAs can apply a different tapering to the sparsity factor, which determines how much remote schools are allocated (determined by how small and remote they are).

²⁴ See Table 4.

mobility factor at all, and the remaining one has a lower mobility factor value than the NFF.

148. In these local authorities, schools with high numbers of mobile pupils will benefit from increases in formula factor values for mobility. These local authorities would not be required to make significant changes to other factor values in order to afford the increased mobility factor as the total proportion of NFF funding towards mobility in these local authorities is small²⁵.
149. There are no local authorities who mirror the NFF in most factors but have a higher rate for mobility than the NFF.

Lump sum

150. All schools receive a lump sum irrespective of size or phase.
151. Out of the local authorities that mirror the NFF in most factors, ten local authorities diverge from the NFF in respect of the lump sum²⁶. Four of these local authorities have a lower lump sum factor value in the local formulae than the NFF. As these local authorities move their factor values closer to the NFF, the lump sum value their schools receive will increase, with particular benefit to small (typically primary) schools where the lump sum makes up a larger portion of their overall budget. The effect on other schools in these local authorities will depend on how the local authority chooses to pay for this increase.
152. Conversely, there are six local authorities who have a higher lump sum factor in at least one phase in their local formulae than the NFF. Schools in these local authorities will see a reduction in their school-led funding. The decrease in the lump sum will free up funding in the local formulae, and the net impact on individual schools will depend on how the local authorities choose to redirect that funding. Small primary schools, which are more reliant on the lump sum than larger schools, could be expected to lose out relative to other schools. However, all schools will be protected from sudden drops in their funding through the MFG. As noted above, year-on-year changes in school-led funding are included in the MFG protection – with the MFG specifically designed that way to protect schools from losses in school-led funding as local formulae transition towards the NFF.

Basic entitlement

153. All pupils attract basic entitlement funding, with the amounts they attract depending

²⁵ NFF funding for mobility constitutes between 0.18% and 0.81% of total NFF funding in these local authorities; and the local authority is only required to move the value of their mobility factor 10% closer to the NFF value (for those currently not using a mobility factor, that equates to setting a mobility factor in the local formula at 10% of the NFF value).

²⁶ See Table 5.

on which key stage they are in.

154. Out of the local authorities that mirror the NFF in most factors, four local authorities diverge from the NFF in respect of the basic entitlement factor values²⁷.
155. In two of these local authorities, the targeting of the basic entitlement varies by phase. In Essex, primary and KS3 pupils attract less basic entitlement funding than the NFF, whereas KS4 pupils attract more basic entitlement funding than the NFF. In Barking and Dagenham the opposite is true, with primary pupils attracting more basic entitlement funding and secondary pupils somewhat less than the NFF. As factor values move closer to the NFF, we would expect the relative factor weighting by phase to move closer to the weighting in the NFF. This means that there could be some redistribution across phases, although the MFG would protect all schools from any sudden drops in per-pupil funding.
156. In West Northamptonshire the basic entitlement factor value is slightly below the level of the NFF across all phases. Moving the factor values closer to the NFF will therefore create affordability pressures in the local formula. The impact of this will depend on how the local authority chooses to respond to that pressure. Overall, the distributional impact is likely to be limited, however, as the difference between the NFF and the local formulae values is relatively small.
157. In Hackney, the basic entitlement factor values are significantly higher than in the NFF – without any other factor being lower than the NFF. The reason Hackney can afford this in their local formula is because of the significant amount of floor funding their schools attract through the NFF. As Hackney moves their basic entitlement factor values closer to the NFF, we would expect some of the funding currently distributed through this factor to be distributed through the MFG instead. This is further discussed in the section below on local authorities with a large proportion of schools funding the floor.

Local authorities whose formulae are substantially different from the NFF

158. The remaining 30 local authorities whose local formula factors are substantially different from the NFF – defined here as diverging in at least three out of nine factors from the NFF. This section provides an overview of the distributional impact of tightening in these local authorities, with a focus on deprivation and additional needs.

²⁷ See Table 6.

Impact of tightening on deprivation funding

159. A significant area of divergence of local formulae is on deprivation factors - where 26 (out of the 30 local authorities whose formulae are substantially different from the NFF) diverge from the NFF.²⁸ These local authorities take a wide range of approaches to funding deprivation, choosing to target deprivation funding through certain factors in their local formulae. This produces a range of effects discussed below.

Many local authorities target deprivation differently to the NFF

160. Some local authorities target funding through specific deprivation factors. This includes²⁹:

- 10 local authorities³⁰ exclude at least one of the NFF's three deprivation factors from local formulae³¹
- Seven local authorities³² have a higher FSM factor compared to the NFF value;
- 10 local authorities³³ have a higher FSM6 factor compared to the NFF value;
- Three local authorities³⁴ broadly weight their deprivation funding more towards primary school pupils than secondary pupils compared to the NFF.

161. As these local authorities move closer to the NFF, the balance of funding provided across the different deprivation measures will also move further in line with the NFF. The overall distributional impact will depend on whether the local authority is allocating a higher or lower overall amount through the deprivation factors compared to the NFF, and how the local authority allocates funding through the other formula factors. For some schools, the effect may be small, if the effect of moving closer to the NFF is simply to shift the funding that the school receives from one deprivation factor to another.

²⁸ There are four local authorities who mirror the NFF deprivation factors – Blackburn with Darwen, East Riding of Yorkshire, Slough, and Newham.

²⁹ This list illustrates types of differences seen among different local authorities. The list is neither exhaustive nor mutually exclusive.

³⁰ See Table 7 - this includes one local authority, Stockport, that has excluded the primary FSM factor, but that does have an FSM factor for secondary.

³¹ As part of tightening from 2023-24, local authorities will have to use all NFF factors in their local formulae.

³² See Table 8.

³³ See Table 9.

³⁴ See Table 10.

A small number of local authorities have deprivation factors typically higher than the NFF

162. Three local authorities³⁵ target funding to deprived pupils through typically higher local deprivation factor values compared to the NFF, balanced against lower basic entitlement factor values, or a lower lump sum. (By “typically higher” we mean local authorities where at least one deprivation factor is higher than the NFF, with the rest mirroring the NFF.) In these local authorities, the tightening requirements in and of themselves would cause a lower proportion of funding to be allocated towards deprivation. However, this effect will be balanced by the overall increase in the deprivation factors in the 2023-24 NFF, whereby a larger proportion of NFF funding is allocated to deprivation in 2023-24 compared to 2022-23. The net impact on deprivation funding in these local authorities will depend on the specific circumstances of each one.

A number of local authorities have typically lower deprivation factors than the NFF

163. Six local authorities target less funding to deprived pupils than the NFF through typically lower local deprivation factor values³⁶. (These are local authorities where at least one deprivation factor value is lower than the NFF values, and others mirror the NFF values.) Three of these local authorities have higher basic entitlement and/or the lump sum factors than the NFF whereas the other three do not. As these local authorities move closer to the NFF, funding will be more targeted to deprivation and towards schools with higher proportions of deprived pupils.

Several local authorities have some higher deprivation factor values that are higher than the NFF values, and others lower

164. In addition, we have identified 17 local authorities that have higher values for some deprivation factors than the NFF, and lower values for others, giving a mixed picture overall³⁷. The impact on deprived schools in these areas will depend on how their local authorities respond to the tightening requirements as well as the schools’ specific pupil cohorts. As above, for some schools, the effect may be small, if the effect of moving closer to the NFF is simply to shift the funding that the school receives from one deprivation factor to another.

Impact of tightening on other additional needs

165. 28 (out of the 30 local authorities whose formulae are substantially different from

³⁵ See Table 11 - these local authorities overfund specific deprivation factors and mirror the NFF in any remaining deprivation factor values.

³⁶ See Table 12.

³⁷ See Table 13.

the NFF) diverge from the NFF in respect of the other additional needs factors in the NFF.³⁸ These are English as an additional language (EAL), mobility and low prior attainment.

166. There are 15 local authorities who currently target less funding through these additional needs factors in their local formulae compared to the NFF³⁹, by having typically lower additional needs factors than the NFF. (As before, this means that they have at least one additional needs factor that is lower than the NFF value, and no additional needs factors that are above the threshold for mirroring the NFF value.) As these local authorities transition closer to NFF values, schools with high proportions of pupils with additional needs should see more funding allocated through the additional needs factors.

167. The converse is true for the two local authorities that target more funding through the additional needs factors in their local formulae compared to the NFF⁴⁰. The impact on other schools in these local authorities will depend on how the local authorities adjust other parts of their local formulae to repurpose the funding.

168. Lastly, 11 local authorities have higher values for some additional needs factors than the NFF, and lower values for others, giving a mixed picture overall⁴¹. The impact on schools in these areas will depend on how their local authorities respond to the tightening requirements as well as the schools' specific pupil cohorts.

Local authorities with a large proportion of schools funded through the floor

169. There are other factors which will affect the distributional impact of the tightening requirements. A notable one relates to local authorities where a large proportion of schools are funded through the NFF funding floor.

170. The funding floor in the NFF is the national equivalent of the local authorities' MFG. In local authorities where a large proportion of schools attract additional funding through the floor, local authorities can afford to set their formula factors above the NFF levels. As these local authorities are required to tighten their formulae, these factor values will decrease (or at least increase at a lower rate than the NFF factor values). As a result, schools will be funded less through their core factors and more through the MFG – and the majority of schools in these local authorities will see their per-pupil funding increase in line with the MFG.

³⁸ Two local authorities mirror the NFF's other additional needs factors. These are Sheffield and Windsor and Maidenhead.

³⁹ See Table 14.

⁴⁰ See Table 15.

⁴¹ See Table 16.

171. Hackney and Newham are two examples of such local authorities, where all factors are either above the level of the NFF, or mirroring, in 2022-23. A number of other local authorities also have a very high proportion of schools funded through the NFF floor (such as Southwark, Haringey and Brent), but which nevertheless still have some factor values significantly below the level of the NFF. In these local authorities, we can expect some distributional impact to occur as a result of tightening – as discussed above - but a large proportion of schools to be funded through the MFG.

Conclusion

172. This analysis shows that in the majority of local authorities there will be a limited impact through the transition towards the NFF. There are a minority of local authorities departing substantially from the NFF where the effects will be more pronounced. The specific effects on schools within each local authority will vary depending on how local authorities manage the other factors in their local formula. This extends to decisions around block transfers, the MFG, capping and scaling.

173. However, we have been able to identify some general trends of impact. Overall, there are more local authorities which will need to increase their lower lump sums and/or sparsity factor values than the number of local authorities which need to decrease them. We also expect a greater number of local authorities to have to increase their deprivation factors [and their other additional needs factors] than decrease them as we transition towards the direct NFF.

174. The analysis presented here looks at the expected impact of the tightening requirements. We will publish an analysis of what the actual impact has been once the local formulae for 2023-24 have been set. That analysis will also be used to inform further tightening requirements in 2024-25 onwards.

Local authorities that mirror the NFF

Table 1: Local authorities that mirror the NFF

Barnet	Gloucestershire	Oldham
Bath and North East Somerset	Greenwich	Oxfordshire
Bexley	Hampshire	Peterborough
Birmingham	Harrow	Plymouth
Blackpool	Herefordshire	Redbridge
Bolton	Hounslow	Richmond upon Thames
Bournemouth, Christchurch & Poole	Isle of Wight	Rutland
Bracknell Forest	Islington	Salford
Bradford	Kingston upon Hull	Shropshire
Buckinghamshire	Knowsley	Somerset
Bury	Lambeth	South Tyneside
Calderdale	Lancashire	Southampton
Cambridgeshire	Leeds	Southend on Sea
Cheshire East	Leicester	Staffordshire
Cheshire West And Chester	Leicestershire	Suffolk
Cornwall	Lewisham	Sutton
Coventry	Lincolnshire	Tameside
Cumbria	Luton	Torbay
Darlington	Middlesbrough	Tower Hamlets
Derby	Newcastle upon Tyne	Trafford
Doncaster	Norfolk	Wakefield
Dorset	North Lincolnshire	Waltham Forest
Durham	North Northamptonshire	Wigan
Ealing	North Yorkshire	Wiltshire
East Sussex	Nottingham	Wolverhampton
Gateshead	Nottinghamshire	York

Local authorities that mirror the NFF in most factors⁴²

Table 2: IDACI, FSM or FSM6, low prior attainment, or English as an additional language is lower than the NFF value

Not mirroring the NFF in IDACI	Not mirroring the NFF in low prior attainment	Not mirroring the NFF in English as an additional language	Not mirroring the NFF in FSM	Not mirroring the NFF in FSM6
Kirklees	Sunderland	North Tyneside	Barnsley	Kent

⁴² The 41 local authorities that mirror the NFF in most (at least 7 out of 9) factors are listed in the tables in this section. Note that some of these are included in more than one table.

		(using EAL2 instead of EAL3)		
Rochdale (diverging in IDACI secondary A only)	West Sussex (diverging in primary LPA only)			Stoke-on-Trent
Wirral (diverging in IDACI primary A only)				

Table 3: Not mirroring NFF sparsity factor value

Central Bedfordshire	Havering	Swindon
Derbyshire	Milton Keynes	Telford and Wrekin
Devon	North Tyneside	Warrington
Enfield	Sefton	West Berkshire
Halton	Solihull	
Hartlepool	Sunderland	

Table 4: Not mirroring NFF mobility factor

Central Bedfordshire	North Somerset	South Gloucestershire
Dudley	Northumberland	Swindon
Halton	Redcar and Cleveland	Warwickshire
Kent	Sefton	Worcestershire
Liverpool	Solihull	

Table 5: Not mirroring the NFF lump sum

Lump sum is lower than NFF

Medway	Reading	Stockton-on-Tees
Milton Keynes		

Lump sum is higher than NFF

Bedford Borough	Kingston upon Thames	Surrey**
Essex*	Portsmouth	West Sussex*

* Primary lump sum is higher than NFF, secondary lump sum mirrors NFF

** Secondary lump sum is higher than NFF, primary lump sum mirrors NFF

Table 6: Not mirroring the NFF in the basic entitlement

Barking and Dagenham	Hackney	West Northamptonshire
Essex		

Local authorities whose formulae are substantially different from the NFF

Table 7: Local authority excludes at least one of the deprivation factors from local formulae

No FSM factor	No FSM6 factor	No IDACI factors
Camden	Haringey	Wandsworth
Hammersmith and Fulham	Walsall	
Hillingdon	Wandsworth	
North East Lincolnshire		
St Helens		
Stockport*		
Wokingham		

* No primary FSM factor, but mirroring the NFF in secondary FSM factor.

Table 8: Higher FSM factor than the NFF

Brighton and Hove	Haringey	Wandsworth
Bristol	Hertfordshire*	
Bromley	Walsall	

* Hertfordshire has a greater FSM factor for primary, but mirrors for secondary.

Table 9: Higher FSM6 factor than the NFF

Brighton and Hove*	Hillingdon	Westminster
Bristol	Southwark	Windsor and Maidenhead*
Camden	St Helens	
Hammersmith and Fulham	Stockport*	

* Higher FSM6 factor for primary only.

Table 10: Broadly weighting deprivation funding more towards primary school pupils than secondary compared to the NFF

Brighton and Hove	Manchester	Windsor and Maidenhead
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Table 11: Deprivation factors typically higher than the NFF

Bristol	Bromley	Windsor and Maidenhead
---------	---------	------------------------

Table 12: Deprivation factors typically lower than the NFF*

Allocate more funding through basic entitlement and/or lump sum	Do not allocate more through basic entitlement and/or lump sum
Kensington and Chelsea	Merton
North East Lincolnshire	Rotherham
Sheffield	Thurrock

* This includes local authorities where some of deprivation factor values are lower than the NFF values, and others mirror the NFF values.

Table 13: Deprivation factors both above and below the level of the NFF

Brent	Hertfordshire	Stockport
Brighton and Hove	Hillingdon	Walsall
Camden	Manchester	Wandsworth
Croydon	Sandwell	Westminster
Hammersmith and Fulham	Southwark	Wokingham
Haringey	St Helens	

Table 14: Other additional needs factors typically* lower than the NFF

Bromley	Kensington and Chelsea	St Helens
Camden	Merton	Thurrock
Croydon	North East Lincolnshire	Walsall
East Riding of Yorkshire	Rotherham	
Haringey	Slough	
Hertfordshire	Southwark	

*These local authorities have at least one other additional needs factor value below the level of the NFF, with no other additional needs factor value above the NFF mirroring threshold.

Table 15: Other additional needs factors typically* higher than the NFF

Hammersmith and Fulham	Newham	
------------------------	--------	--

*These local authorities have at least one other additional needs factor value above the level of the NFF, with no factor value below the NFF mirroring threshold.

Table 16: Other additional needs factors both above and below the level of the NFF

Blackburn with Darwen	Hillingdon	Wandsworth
Brent	Manchester	Westminster
Bristol	Sandwell	Wokingham
Brighton and Hove	Stockport	



Department
for Education

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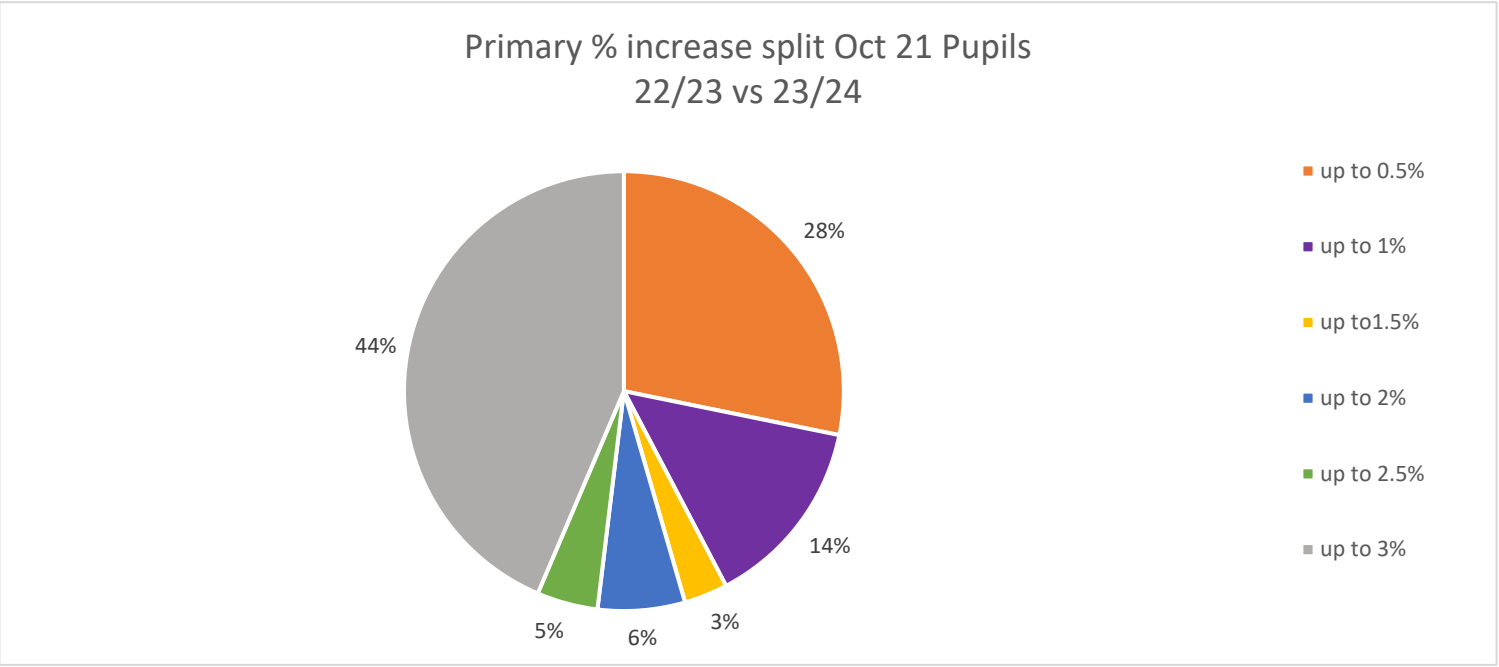
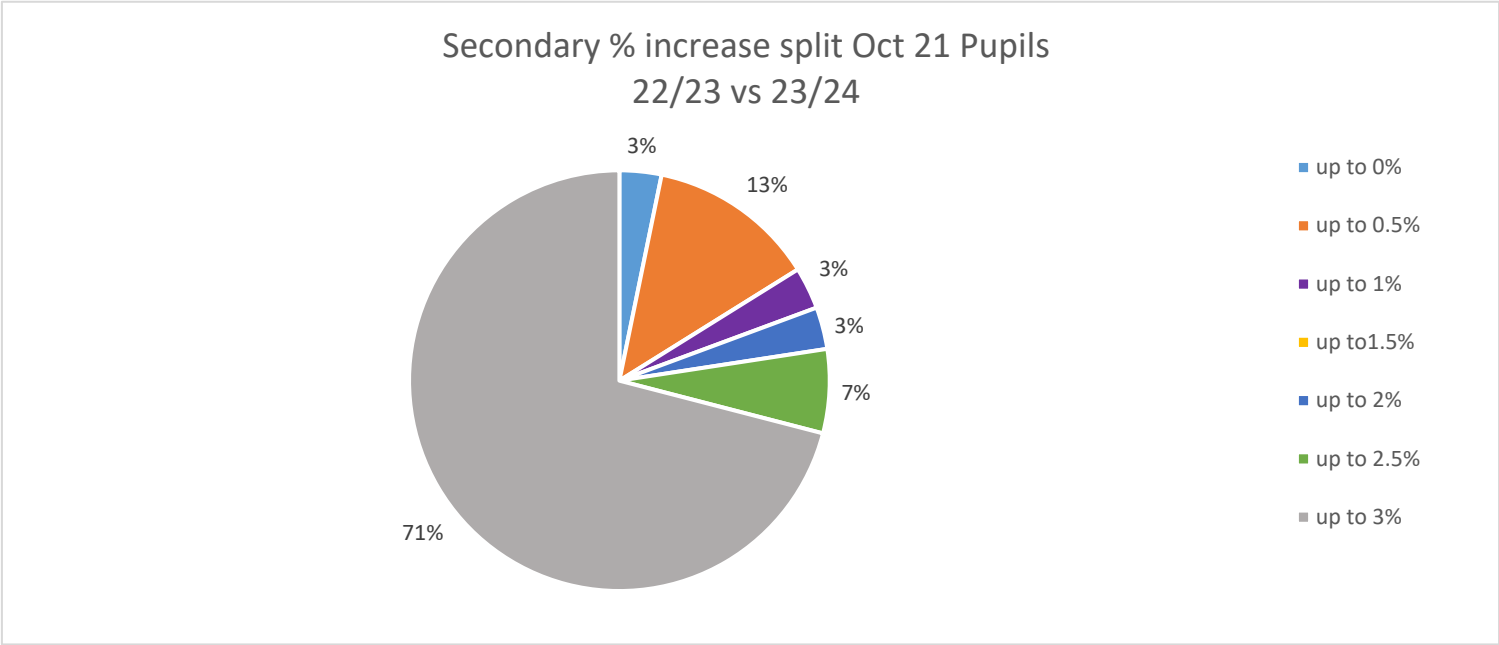
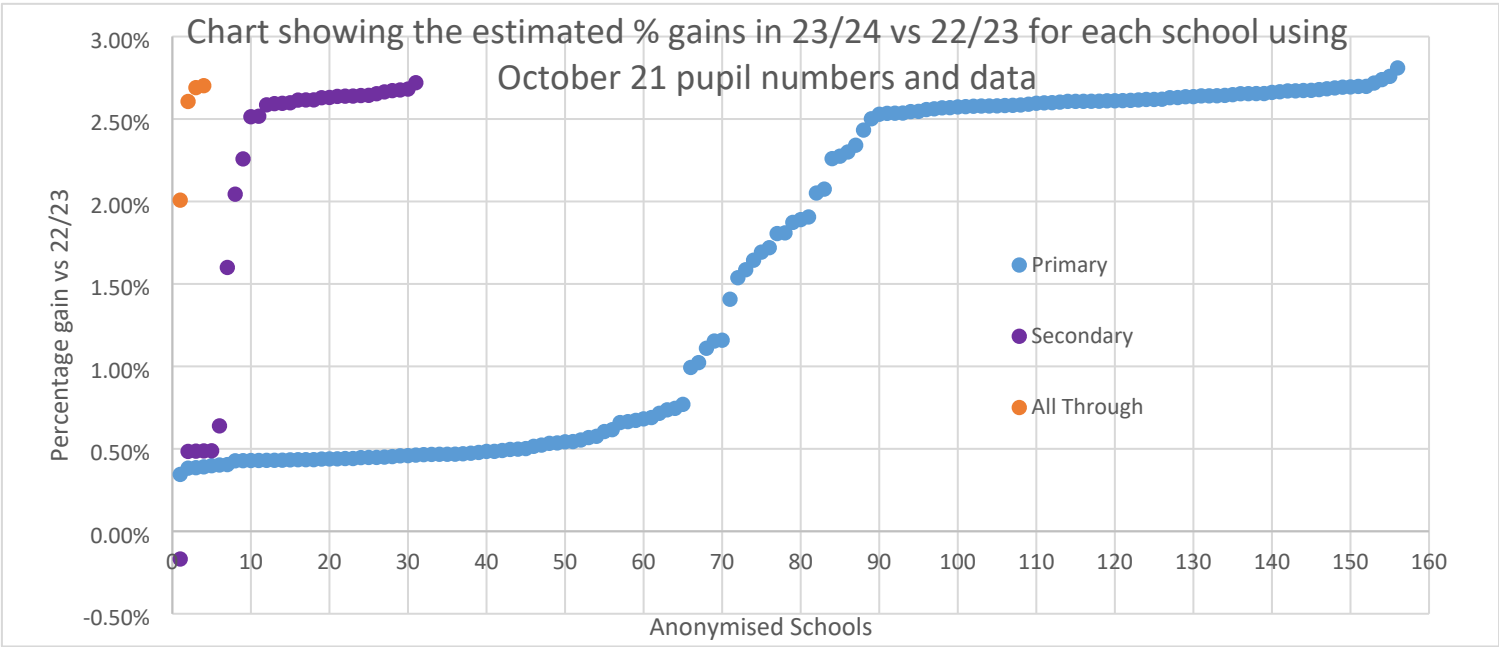


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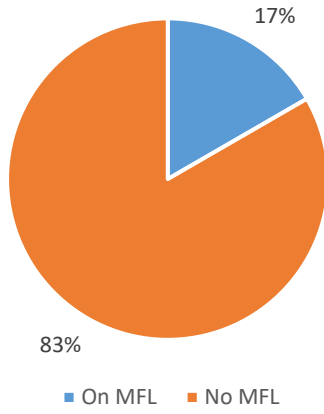


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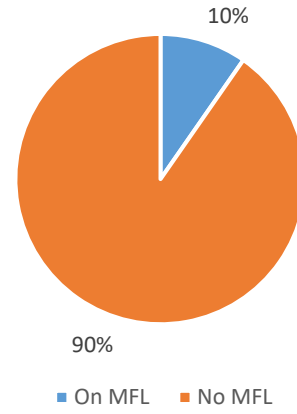
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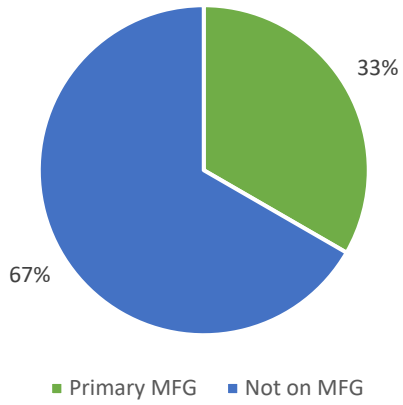
Primary Schools estimated to be on MFL in 23/24



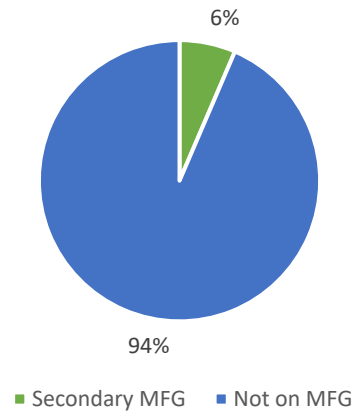
Secondary Schools estimated to be on MFL in 23/24



Primary MFG Schools expected at 0.5%



Secondary MFG Schools expected at 0.5%



SCHOOLS FORUM AGENDA ITEM

For Action



For Information



Brief Description of Item (including the purpose / reason for presenting this for consideration by the Forum)

This report outlines the working principles that are being considered for the development of Bradford's formula funding arrangements for 2023/24 for the Schools and High Needs Blocks.

Date (s) of any Previous Discussion at the Forum

These principles have not yet been considered specifically for 2023/24 but follow from principles established in the Forum's previous formula funding recommendations and decision making.

Background / Context

Please see Document OS for discussion on the Early Years Block and the Early Years Single Funding Formula (EYSFF). This report here follows from Documents OT and OU that are presented to this meeting.

The background and principles that are presented here are intended to be considered, prior to the finalisation of the Authority's formal proposals for formula funding arrangements for 2023/24. The Authority expects consultation reports to be presented to the Schools Forum at the next meeting, with these consultations published immediately after. Following this timetable, responses to these consultations will be considered by the Forum at its December meeting. The Schools Forum will be required to make its final recommendations on 2023/24 DSG and formula funding arrangements at its January 2023 meeting.

As we set out in July 2022 (Document OQ), we expect that our recent decisions will inform how we will respond to announcements concerning 2023/24 financial year DSG and formula funding arrangements and changes. Recently within the Schools Block we have:

- Not transferred monies from the Schools Block to the High Needs Block (no transfers since 2019/20).
- Moved to fully mirror the DfE's National Funding Formula (NFF) for mainstream formula funding. We would expect to continue to mirror the NFF in 2023/24, subject to affordability.
- Adopted, as required, the DfE's mandatory minimum levels of pupil-led funding (MFLs).
- Identified how significant decisions about the Minimum Funding Guarantee (MFG) are, and will be going forward, for the formula allocations received by individual mainstream schools and academies, especially in the primary phase. This is again likely to be a key recommendation for the Schools Forum to make for 2023/24. We set the MFG at the maximum permitted positive 2.0% in 2022/23.
- Employed the Reception Uplift Factor on a one-off basis, in 2022/23, using £0.495m of the £0.917m primary-phase surplus balance that was carried over from 2021/22. £0.421m of this balance is still held. We used another £0.252m of 'general' Schools Block surplus balance in order to afford our 2022/23 Schools Block formula funding arrangements.
- Closely considered, in 2022/23, the financial impact of the lag in data, between the October 2020 Census (on which the DSG is funded) and the October 2021 Census (on which schools and academies are funded). Ultimately, this data lag increased the cost of our 2022/23 formula by £0.95m. Whilst we anticipate that the cost of lag will not be as great in 2023/24, lag is still expected and we must set out our formula funding proposals with caution.
- Continued to use our local formulae for split-sites and PFI funding (DSG Affordability Gap), prior to the DfE's 'hard' National Funding Formula being extended to cover these elements. We have identified that the funding of PFI is a specific area to watch in the development of the Schools Block NFF.
- Identified issues related to falling rolls and to under-subscription, especially in the primary phase, following demographic changes. We established a Falling Rolls Fund for the primary phase in 2019/20. No allocations have yet been made from this fund (no schools or academies have been eligible). We continue to operate a Growth Fund, which now is funding the remaining growth in the secondary phase.
- Highlighted how the forecasted net reduction in pupil numbers in Bradford, as a result of demographic changes, will reduce the financial headroom that exists within the Schools Block, which will have implications for the affordability of our formula funding proposals in the lead up to the 'hard' National Funding Formula.
- Highlighted that a re-evaluation of Business Rates (NNDR) is taking place for April 2023, which may have implications for the management of the cost of NNDR within the Schools Block. We have determined not to implement the ESFA's amended approach to the payment of NNDR bills by schools and academies.
- Not recently altered the way we define Notional SEND budgets within the core formula funding allocations that are received by primary and secondary maintained schools and academies, pending the outcomes of the DfE's national SEND Review.

Background / Context

- Continued to operate de-delegated funds, largely unchanged in recent years, but with the addition at April 2022 of de-delegation for the purpose of beginning to replicate the former School Improvement Monitoring & Brokering Grant (SIMB), which is being ceased by the DfE.
- Mainstream primary and secondary schools and academies have in 2022/23 received a new additional Supplementary Grant. The DfE stated, at the time of the initial announcement of this Grant, that the intention is to merge this into core formula funding in 2023/24.

Recently within the High Needs Block:

- At April 2020, we introduced a new Banded Model for the allocation of ‘top-up’ funding for EHCPs. We also introduced a new Day Rate Model for the funding of the PRUs / Alternative Provision Academies for pupils permanently excluded. These models were substantially uplifted in both 2021/22 and in 2022/23. Rates of funding were additionally uplifted in 2022/23 specifically to pass on to schools, academies and other providers an appropriate proportion of the £3.85m Supplementary Grant that was added to our High Needs Block.
- For mainstream primary and secondary schools and academies, we introduced, initially for 2021/22 and in trial for one year, an amended SEND Funding Floor mechanism. The Floor seeks to financially support schools and academies that have higher proportions of pupils with EHCPs, in support of inclusion. The Floor has been continued in the 2022/23 financial year. The continuation / operation of the Floor is a specific point of review for 2023/24, in the context of the DfE’s national SEND Review, the wider implications of employing the Floor, and its affordability to our High Needs Block.
- Crossing over with the Schools Block, since the introduction of the National Funding Formula, we have chosen so far not to adjust our definition of Notional SEND, but we have identified that this definition does need closer attention, especially with reference to the DfE’s guidance now being provided.
- We have reviewed and re-shaped responsibilities, between the High Needs Block and mainstream schools and academies, in respect of the funding of school-led Alternative Provision.
- We have identified the critical significance, for the development of our high needs formula funding models, of the DfE’s publications and consultations on the outcomes of the national SEND and Alternative Provision reviews. As we have presented to the Schools Forum (18 May 2022), we anticipate that high needs formula funding mechanisms will change as a result of these reviews. In recent messages however, the DfE has emphasised that the reviews represent a longer-term programme of change. The DfE has now published the High Needs Block operational guidance for 2023/24 and there are only minimal technical changes here. So we are aware that the significant structural funding changes that are proposed (and / or that are certainly “hinted at”) in the DfE’s Review document – the development of a national top-up banding system, the redesign of place-element and element 2 (£6,000 threshold) funding, the redesign of the approach to funding PRUs and Alternative Provision academies, the incentivisation of inclusion in mainstream settings – will now not be implemented before April 2024 at the earliest. However, in considering our 2023/24 arrangements, we must have an eye on the direction of travel that has been set out so far by the DfE.
- We presented our DSG Management Plan to the Schools Forum, most recently, on 12 January 2022. We identified within this Plan how the levels of the High Needs Block settlements going forward, and the continuing rate of growth in demand for EHCPs and for specialist places in Bradford, are crucial for the affordability of new specialist places capacity and of our high needs formula funding models. We stated to the Forum in July 2022 (Document OQ) that we anticipate that the most pressing issue for our high needs formula funding arrangements in 2023/24 will be their affordability within the available High Needs Block funding envelope. We warned that we are likely to need to exercise restraint, especially in determining the levels of any increases top-up funding on current 2022/23 levels. We stated that we are also likely to need to exercise restraint with the aim of managing the cost and impact of the SEND Funding Floor within mainstream primary and secondary schools and academies, where it is determined that this mechanism should continue for a further year in 2023/24.
- We have had conversations with the Schools Forum, including within a working group, about the £23.02m surplus balance that was held within the High Needs Block at the end of the 2021/22 financial year. We presented a report, most recently, to the Forum’s 6 July 2022 meeting (Document OR). The Authority has explained the rationale for the retention at this time of the majority of the surplus balance, as well as the rationale for not seeking to use the balance to further increase EHCP top-up funding, nor element 2 additional funding support for mainstream provisions. Within Document OR, the Authority outlined the plan to begin additional investment, focused on supporting inclusion, with the estimated value of this investment, initially for the 2022/23 academic year, at £920,000.

For both the Schools and the High Needs Blocks, we signalled to the Schools Forum in July 2022 (Document OQ) that the 2023/24 DSG setting and formula funding round will be challenging. This is because we anticipated that the DSG settlement levels (increases) will be lower in 2023/24 than in recent years and that we would have significantly less budget headroom within which to construct our formula funding arrangements. We identified that this would happen at a time when costs in schools, academies and in other providers are significantly increasing. We also set out our view that the financial position of our High Needs Block is expected to substantially worsen from April 2023 onwards.

Details of the Item for Consideration

The purposes of this report are to set out the background, thoughts and principles that are being developed for Schools and High Needs Block formula funding for the 2023/24 financial year, to check with the Schools Forum that 'we are on the right lines', and to allow Forum members the opportunity to provide feedback, in advance of more formal consultation documents being presented.

Forum Members are invited to (remotely) attend a 'Formula Funding Working Group' session, on Tuesday 27 September (8am) or Wednesday 28 September (8am) or Tuesday 4 October (8am). As in previous years, these sessions will enable Forum Members to consider in more detail the impact of national formula funding decisions and to explore and guide the proposals for 2023/24 for Bradford's Schools and High Needs Block formula funding arrangements that are anticipated will be set out for consultation in October.

Please note that the Authority will contact the District Achievement Partnership to arrange to discuss directly the proposals for the continuation of EHCP Banded Model (the special school funding formula) for 2023/24.

Schools Block – Mainstream Primary and Secondary Formula Funding

We are in an extended period of system change, one of the most significant changes being the movement towards a 'hard' National Funding Formula (NFF) for the calculation of mainstream primary and secondary core formula funding allocations. The DfE has just completed another stage of consultation on the final stages of transition to the hard NFF. Our response to this consultation is presented in Document OT.

To give context to our proposals that will come forward for next year, it is helpful to provide a little more detail about the recurrent decisions that we have taken in the Schools Block at and since the NFF was first introduced by the DfE at April 2018:

- In 2018/19, we replaced our local formula with the DfE's NFF, using this to calculate individual formula allocations for both primary and secondary phases. We have continued this 'mirroring' policy in each year since, adopting annual incremental changes in the NFF construction and uplifts in formula variable values. The DfE established a new pupil mobility NFF factor in 2020/21, which, following a year of transition, we fully adopted for both primary and secondary phases. We have also adopted, as required, the mandatory Minimum Levels of per pupil Funding (MFLs).
- We have set a Minimum Funding Guarantee (MFG - protecting / ensuring a minimum increase in individual maintained school and academy per pupil funding year on year) as follows. For the last 3 years, we have set our MFG with reference to the maximum level that was permitted by the Regulations:
 - a. 2018/19 at positive 0.40% per pupil
 - b. 2019/20 at 0% per pupil
 - c. 2020/21 at positive 2.34% per pupil
 - d. 2021/22 at positive 2.00% per pupil
 - e. 2022/23 at positive 2.00% per pupil
- Since 2018/19, we have not applied a ceiling, which would have capped the values of annual increases in per pupil funding received by individual maintained schools and academies. All formula funding gains, from annual data changes, have been passed through to maintained schools and academies.
- We did not transfer monies from the Schools Block to the High Needs Block in 2018/19. This was primarily because we transferred a significant amount (£5.7m) in 2017/18, which was then 'locked in' to our Dedicated Schools Grant block allocation going forward. We did transfer £2m (0.48%) in 2019/20 but we have not transferred any monies since. In setting the Minimum Funding Guarantee at positive 2.34% in 2020/21, which was 0.5% higher than permitted under the normal regulations, our intention was to 'give back' to mainstream schools and academies the money we transferred in 2019/20.
- We have retained our local approaches in the areas of formula funding that the DfE's NFF does not yet cover. These are:
 - a. Business Rates (actual cost).
 - b. Split sites.
 - c. PFI (Building Schools for the Future).
 - d. Growth Fund (at individual school level).
 - e. Falling Rolls Fund.
 - f. Notional SEND definition.

Although there are some changes, and new restrictions, there is a significant amount of technical continuity in the Schools Block National Funding Formula (NFF) as applied for 2023/24:

Details of the Item for Consideration

- The factors that were not included in NFF in 2022/23 are still not included e.g. split sites, PFI. We will continue to set these locally in 2023/24.
- The construct of the NFF is basically the same as it was in 2022/23, incorporating the same core factors and how these are applied.
- The Minimum Levels of Per Pupil Funding (MFLs) are still in place and continue to be mandatory. The Minimum Funding Guarantee (MFG) is also still in place.
- Local authorities continue to have the flexibility to set their own Growth Fund and Falling Rolls Fund mechanisms, but must still comply with DfE's guidance and Regulatory restrictions.
- The existing framework for the de-delegation of funding from maintained schools continues unchanged.
- Although the DfE has provided new guidance on Notional SEND, this guidance stops short of prescribing local arrangements. Authorities continue to have full flexibility to define their own Notional SEND budgets. There are also no changes in operational guidance, which alter the way SEND funding works for mainstream schools and academies in 2023/24 e.g. the £6,000 threshold (element 2) is still £6,000.
- We will need to continue to absorb the cost of the 'lag' in data. In 2023/24, this will be the lag between the funding of schools / academies on October 2022 Census data and the funding of the DSG Schools Block on October 2021 Census data.
- We will need to continue to manage the cost of Business Rates (NNDR) within our Schools Block, including the impact of re-evaluation at April 2023.
- Local authorities continue to be permitted to use the Reception Uplift factor, on an optional basis.

However, there are some important changes / developments:

- For mainstream primary and secondary formula funding, authorities must now use all NFF factors and only these factors. Authorities that do not currently mirror the NFF must move 10% closer. Authorities that currently mirror the NFF must stay within 2.5% of the NFF formula factor variable values. As we already directly mirror the NFF, this new direction requires minimal response within our arrangements for 2023/24. However, this does restrict the extent to which we could move away from the NFF, either to allocate additional funding (via headroom or use of balances) or to reduce the cost of our formula funding arrangements in order to secure their affordability e.g. as a result of the impact of data lag.
- We are now formally required to add the NFF 'sparsity factor' into our local formula. However, this is a 'tick box' exercise only, as none of our schools / academies qualify for sparsity funding. Although a very small number trigger the 'sparse' part of eligibility for this funding (as these schools / academies are at least 2 miles (primary) or 3 miles (secondary) distance by road away from their nearest school / academy), none are small enough to trigger the 'size' part of eligibility for this funding.
- The 2022/23 Supplementary Grant is merged into the 2023/24 NFF. Schools and academies must not separately budget for this Grant.
- The overall settlement is lower in 2023/24 than it was in 2022/23. In addition, unlike in recent years, rather than a single % increase that has been applied to all NFF factors, the FSM6 and IDACI factors have been additionally uplifted. This weights the 2023/24 settlement towards schools and academies with higher levels of deprivation, as measured by FSM6 and IDACI. This approach is interesting, in the context of the recent report by the Institute for Fiscal Studies, which has found that the schools funding system has become less progressive between 2010 and 2019.
- Unlike in recent years, the uplift of the mandatory Minimum Levels of Funding per pupil (MFLs) is significantly lower than the uplift of the core NFF factors – the core NFF factors are increasing by 2.4% but the MFLs are increasing by only 0.5% (both figures are prior to the transfer into the NFF of Schools Supplementary Grant). Compare this gap with 2022/23, when the MFLs increased by 2.0% vs. the headline 3.0% settlement.
- The Minimum Funding Guarantee can only be set between 0% and positive 0.5%. This range is much smaller than in 2022/23, and the maximum of 0.5% is also much lower than the maximum 2.0% that could be set in both 2021/22 and 2022/23. This means that the gap between the MFG and the increase in the core NFF factors is much greater in 2023/24 than it was in both 2021/22 and 2022/23: a 1.9% gap in 2023/24 (the difference between 2.4% and 0.5%) vs. a gap of 1.0% in 2022/23 (the difference between 3.0% and 2.0%).

Details of the Item for Consideration

Responding to the settlement, and the changes that have come from the continued movement towards the 'hard' NFF, there are 6 core decisions that we need to take on Bradford's 2023/24 Schools Block mainstream primary and secondary funding formula arrangements. These are:

1. Whether we continue to directly mirror the DfE's NFF, as we have done since April 2018. (Yes).
2. Whether we continue our existing local approaches to the factors not yet covered by the NFF. (Yes).
3. In light of the DfE's new guidance, whether we continue our existing approach to the definition of Notional SEND budgets, or whether we now take steps to review and to incrementally adjust this definition in the movement towards the 'hard' NFF. *(Subject to the completion of our current review work, we are minded to make adjustments to our Notional SEND definition for 2023/24).*
4. Whether we transfer budget from Schools Block to the High Needs Block and, if we do, the value of this transfer. *(We do not anticipate proposing a transfer in 2023/24).*
5. The value of Minimum Funding Guarantee. *(We would seek to set this at the highest value that is permitted by the Regulations, which is positive 0.5%, subject to affordability).*
6. Whether we retain, with their existing criteria and methodologies, the funds currently managed centrally within the Schools Block. (Yes).
 - a. Growth Fund
 - b. Falling Rolls Fund (primary phase)
 - c. Funds de-delegated from maintained primary and secondary schools *(this will be further discussed in detail in a separate report that will be presented to the Schools Forum at the October meeting).*

There are then 2 secondary decisions / considerations:

7. Whether we use one off monies (brought forward balances) to apply again the Reception Uplift factor in the primary phase in 2023/24. We ceased to use this factor on an on-going basis when we moved to mirror the NFF at April 2018 (as the Reception Uplift is not a NFF factor and only a small number of authorities use it). Our use of this factor in 2022/23 was intended to be one off, funded from the £0.917m of primary phase £GUF monies. The main rationale for this was that schools / academies may have admitted more children than usual into Reception after the October 2020 Census, recognising the impact that the COVID-19 pandemic had on the hearing of admissions appeals in the autumn term 2020. *As the main rationale was restricted to the autumn term 2020, we are currently minded at this time not to propose that we use the Reception Uplift factor again in 2023/24. There is also an affordability consideration here (as the cost of the Reception Uplift factor would need to be met from Schools Block balances, and we identify already that there is likely to be call on these balances in 2023/24 – see below).*
8. How we will adjust from an agreed full 'mirroring of NFF' approach in 2023/24 if this cannot be afforded by our Schools Block allocation when we use the October 2022 Census dataset, which will be made available in December. As we did for 2022/23 arrangements, we will wish to consider further with the Schools Forum the options that will be available, and to give warning to schools and academies about these options within our published Schools Block consultation document.

Our current Schools Block modelling, including the assumption that we will continue to directly mirror the NFF and set an MFG at the maximum 0.5%, indicates that our total Schools Block spending will exceed our total Schools Block funding in 2023/24 by £0.70m. This modelling uses estimates of October 2022 Census numbers, as well as estimates of other costs e.g. Growth Fund and PFI, but does not yet bring in any additional costs that may come from using the wider October 2022 Census-based dataset (where FSM, IDAC1, Low Prior Attainment, EAL and Pupil Mobility data will change). Our modelling still uses the dataset that was sourced from the October 2021 Census and that was used to calculate actual 2022/23 school / academy formula funding allocations. Our modelling at this stage also does not factor in any adjustment to Business Rates costs, resulting from the April 2023 re-evaluation. As we stated earlier in this report, the cost of data 'lag' in 2022/23 was £0.95m. Although we do not expect the same level of cost in 2023/24, we do expect that there will be a cost. As such, we see that it is reasonable for us at this time to estimate, and to plan on the basis, that we may need to use c. £1m - £1.5m of DSG balances in order to afford to continue to directly mirror the NFF in 2023/24, with a Minimum Funding Guarantee (MFG) set at 0.5%.

High Needs Block and Place-Plus Funding

The High Needs Block operational guidance confirms the continuation of the existing technical funding system, and confirms that the value of place-led funding (£10,000) and that the positions of the other main 'levers' of the high needs place-plus funding system, including the £6,000 threshold and notional SEND arrangements, remain unchanged in 2023/24.

Details of the Item for Consideration

Authorities continue to be permitted to transfer up to 0.5% of the Schools Block to the High Needs Block, with the approval of the Schools Forum. We have not put forward a proposal for transfer since 2019/20 and we do not anticipate proposing a transfer in 2023/24.

On current estimates, our High Needs Block allocation in 2023/24 is £111.90m, which is £6.71m higher than received in 2022/23, including the additional Supplementary Grant funding. This represents an increase of 6.4% in cash terms. This growth in High Needs Block funding is much more modest than the growth we received between 2020/21 and 2022/23. Growth will continue to be allocated to cover three main pressures a) growth in the cost of provision (from inflation and pay award) funded through the top-up, b) growth in the number of EHCPs and in the needs of pupils with EHCPs and in placement costs reflected by banding (and stacking) and c) continued expansion of high needs places capacity in response to increased demand.

However, it will be necessary to prioritise meeting the cost of growth in the number of EHCPs, and of the expansion of high needs places capacity, over uplifting the values of top-up funding. We currently estimate that the total growth in our High Needs Block costs in 2023/24 will exceed the additional £6.71m income that we have received, by in excess of £5.5m. As such, we currently estimate that we will need to deploy in 2023/24 a reasonably substantial proportion of the £23.02m High Needs Block brought forward balance. This estimate assumes that we have already taken steps to control expenditure, including having exercised 'restraint' in uplifting top-up funding and controlling the cost of the SEND Funding Floor. Within our current 2023/24 estimates, we have included £3.8m of new spending on additional SEND specialist places. Places creation has previously been emphasised by the Schools Forum as an immediate priority for the Local Authority. This requires on-going long term funding. We have also estimated the continued growth in the numbers of EHCPs in mainstream schools and academies and the continued growth in the number of independent placements. In assessing our overall position, and formula funding options, it is important to highlight that significantly higher values of High Needs Block funding are being allocated already to both the specialist and mainstream sectors, as a result of our recent substantial uplifts in top-up funding, and, for mainstream schools and academies, as a result of the growth in the number of pupils on roll with EHCPs. The 'stacking' facility in our Banded Model has also increased funding levels per pupil. We assess that our approaches to top-up funding are now much stronger, due to the changes that we have made since April 2020. Our approaches must now remain affordable.

Whilst our deficit forecast is currently very substantially estimated, and the position will become more confirmed as we move further through the autumn term, we expect to need to exercise 'restraint' in how we uplift top-up funding rates, and in how we approach other aspects of our High Needs Block funding formulae, in 2023/24. We will discuss this financial position in more detail with the Forum across the autumn term. However, we are currently developing our high needs funding formula approach for 2023/24 on the basis that:

- We do not anticipate making application or technical construction changes to our existing EHCP Banded Model, nor to our existing PRU / AP Academy Day Rate Funding Model, other than to uplift the top-up funding values that these models allocate. We expect to follow the same technical approach to uplifting values as we took in 2022/23 (with reference to the fixed £10,000 and £6,000 contributions, meaning that bands increase by different percentages). Whilst we still need to finally determine the values of uplifts to be proposed, our current modelling (on which we estimate a =>£5.5m overspend) assumes an uplift of 1.00%, which is 0.5% higher than the MFG and MFLs levels within the 2023/24 Schools Block NFF settlement. With reference to the Special Schools Minimum Funding Guarantee, which requires total funding per occupied place to increase by a minimum 3.00% between 2021/22 and 2023/24, where we uplift top-up by around 1.00%, our special school funding will have increased by 5.25% over this period.
- The former Teacher Pay and Teacher Pensions Grants will continue to be allocated to high needs providers, separately from place-element and from top-up funding, on a fixed place-led basis using 2022/23 values.
- We expect to continue unchanged the setting needs-led factors within our specialist setting model e.g. small setting protection and split sites, with the variables retained at 2022/23 values.
- Subject to the completion of our review work, we are minded to make adjustments to our Notional SEND definition for 2023/24. The purpose of these adjustments will be to bring our definition incrementally closer to the 'national picture', in preparation for the final transition to the 'hard' NFF.
- Whilst we anticipate continuing for a further year our current SEND Funding Floor mechanism, in support of the funding of SEND and EHCPs in mainstream primary and secondary schools and academies, we are likely to propose adjustments to the threshold percentages that are used. The main purpose of these adjustments will be to control the cost of the Floor to the High Needs Block. However, we are also minded to ensure that the Floor remains a support mechanism, which targets only a minority of schools and academies that have significantly higher proportions of pupils with EHCPs. This is in keeping with the DfE's guidance and also with the direction of travel of the SEND Review (towards inclusion without reliance on EHCPs).

Details of the Item for Consideration

Alongside finalising our 2023/24 arrangements, over the next few months, we expect to begin formula funding review work in the light of expected further announcements regarding the SEND and Alternative Provision Reviews. The DfE's recent first stage of consultation strongly indicated that further consultations will come, which will specifically cover SEND and AP formula funding mechanisms. We anticipate that some changes might be required for 2024/25.

Overview - Use of DSG surplus balances within the 2023/24 Planned Budget (ESTIMATE)

Presented to the Schools Forum, under matters arising, is a summary of the final carry forward balances that were held within the DSG at the end of the 2021/22 financial year. In total, we held £34.112m.

On current modelling, which is very indicative and is based on possible proposals, as outlined, we estimate that we may use around £8m of balances within the 2023/24 planned budget, as summarised in the table below.

Block	March 2022 Balance	2022/23 Budget	2023/24 Budget	Remaining Balance
Schools Block	£6.684m	£0.747m	£1.400m	£4.537m
High Needs Block	£23.021m	£0.000m	£5.750m	£17.271m
Early Years Block	£4.176m	£0.687m	£0.750m	£2.739m
Central Schools Services Block	£0.231m	£0.000m	£0.100m	£0.131m
Total	£34.112m	£1.434m	£8.000m	£24.678m

It must be emphasised again that this is very rough modelling, which is based on a series of estimates, prior to any consultation. It has been constructed for 2023/24 DSG 'planning' purposes – so that we can assess what we are likely to be able to afford to propose in terms of formula funding. Please also note that the modelling assumes that there isn't any change in the values of balances between March 2022 and March 2023 i.e. there aren't any over or under spends in 2022/23, other than balances that were allocated within the 2022/23 planned budget (agreed in January 2022). Please also note we have not differentiated between committed and uncommitted balances in the table above. Values within these balances are committed to specific items.

Whilst the numbers will most certainly move (both up and down), this modelling indicates at this time:

- That we are likely to need to use (including deliberate planned use) surplus balances across all 4 DSG Blocks in 2023/24.
- These balances go beyond covering 'one-off' spending or 'blips' in expenditure. We will be using balances to support recurrent expenditure, an approach which we have previously sought to restrict. This is a marker of the reduction in the 'headroom' that we have within the DSG, as a result of the lower settlement and the reduction in pupil numbers from demographic changes. The spending of balances on recurring items is arguably less concerning for the Schools Block for the longer term, as the 'hard NFF' is expected to take away any pressure that remains on our local DSG. However, it is a concern, to varying degrees, for the other 3 blocks. We discuss the position of the Early Years Block in the separate report to this meeting. We will discuss the position of the Central Schools Services Block with the Forum in the October meeting.
- The High Needs Block is of most concern. We are likely to need to use a substantial proportion of the balance in 2023/24, even after having exercised 'restraint' in uplifting top-up funding and controlling the cost of the SEND Funding Floor. This not a 'single-year blip': the position of our High Needs Block worsens after 2023/24, if we assume that growth rates do not slow, and before we bring in any impact of the SEND / AP Review. This is because spending continues to grow whilst funding does not (at the same level). There is a lot here that is very uncertain, but this forecast emphasises that we now need to plan our spending with caution, and begin to take mitigating actions in order to achieve a balanced High Needs Block position going forward.
- Referring to the discussions that have been had about the use of the High Needs Block surplus balance, in the context of this forecast (which is not very different from the position that has been previously explained and so the overall message here is not dissimilar from that previously presented) the Authority is not minded to take any further steps to spend more of the existing balance on additional activity in 2022/23 or in 2023/24, beyond the £0.920m that was presented to the Forum in July. We will continue to discuss the position of the High Needs Block with the Schools Forum across the autumn term.

Implications for the Dedicated Schools Grant (DSG) (if any)

As set out in the report (this is an item for information)

Recommendations

- (1) The Schools Forum is asked to consider and to comment on the working principles.
- (2) Members are invited to attend a 'Formula Funding Working Group' session.
- (3) Members are asked for feedback on how best to communicate as early as possible this term with schools, academies and other providers about arrangements for 2023/24 (in advance of more formal consultation beginning in October).

List of Supporting Appendices / Papers (where applicable)

None

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Schools Forum Meetings Schedule & Work Programme for the 2022/23 Academic Year

Schedule of Meetings

- | | |
|---|------------------|
| • Wednesday 14 September 2022, 8am | REMOTE |
| • Wednesday 12 October 2022, 8am | CITY HALL |
| • Wednesday 7 December 2022, 8am | REMOTE |
| • Wednesday 11 January 2023, 8am | CITY HALL |
| • Wednesday 18 January 2023, 8am <i>PROVISIONAL MEETING</i> | <i>CITY HALL</i> |
| • Wednesday 8 March 2023, 8am | REMOTE |
| • Wednesday 17 May 2023, 8am | REMOTE |
| • Wednesday 12 July 2023, 8am | CITY HALL |

Proposed Work Programme

Autumn Term 2022

Key Dates / Announcements

- 9 September – Deadline for responses to the DfE’s ‘hard’ National Funding Formula consultation.
- 16 September – Deadline for responses to the DfE’s Early Years Block 2023/24 consultation.
- October to December - expected announcements, following the autumn spending settlement, covering post 16 funding for 2023/24, as well as wider recurrent grants e.g. Pupil Premium Grant
- Autumn - expected further consultations and announcements on the outcomes of the DfE’s national SEND and Alternative Provision system and funding reviews, following the summer term consultation.
- Autumn – expected further announcements and consultations on the development of the Schools Block (and Central Schools Services Block) ‘hard’ National Funding Formula.
- 6 October 2022 – Schools’ October Census.
- Mid December – ESFA publication of the dataset from October Census, on which 2023/24 financial year allocations for mainstream primary and secondary schools / academies will be calculated.
- Mid December – DfE to confirm our 2023/24 DSG allocation.

Key Planned Business

- Consideration of the 2023/24 Schools Block, Early Years Block, High Needs Block and Central Schools Services Block settlements for 2023/24 and operational guidance for formula funding. Key messages for schools, academies and other providers.
- Consideration of the implications of the ‘hard’ National Funding Formula reforms. Work-streams from announcements.
- Consideration of the implications of the SEND and Alternative Provision system and funding reviews. Work-streams from announcements.
- Consideration of the autumn spending review & implications for e.g. post 16 funding and for the position of recurrent grants in 2023/24.
- High Needs Block affordability, strategic development of places and alternative provision. High Needs Block places commissioning for 2023/24. Consideration of the annual places sufficiency statement.
- Continued consideration of wider High Needs Block strategic matters e.g. the funding of continuing care. This also includes the position of the High Needs Block surplus balance.
- Early Years Single Funding Formula review for 2023/24, and other early years funding matters, including the position of the protected funding of maintained nursery schools.
- High Needs delegated funding model review for 2023/24.
- Bradford’s Primary, Secondary, Early Years and High Needs 2023/24 formula funding consultations & consideration of responses. The Schools Forum to agree the formulae for the 2023/24 financial year.
- The review of items to be de-delegated / held centrally within the DSG for 2023/24.
- Consideration of the Council’s wider (Children’s Services) budget position 2023/24.
- Update on 2022/23 DSG contingencies and central funds actual and forecasted spending (view on values of DSG balances to be held at the end of 2022/23).

- Continued discussion on matters relating to under-subscription of mainstream primary & secondary schools and academies (Falling Rolls Fund matters).
- Growth Fund allocations for the 2022/23 academic year (secondary phase).
- Consideration of any further changes to be implemented by the ESFA aimed at improving transparency within the DSG and maintained school financial arrangements (including Scheme for Financing Schools amendments).

Spring Term 2023

Key Dates / Announcements

- 19 January – Schools' January Census & Early Years Census.
- 20 January – deadline for the submission of the final APT to the ESFA, with values of the Schools Block mainstream formula factors fixed at this point.
- March publication of final Post 16 allocations for 2023/24.
- 28 February – deadline for publication of 2023/24 budgets for maintained schools (not including early years funding).
- 31 March – deadline for publication of 2023/24 Early Years Single Funding Formula allocations.
- 30 April – completion of S251 Budget Statement to the DfE.

Key Planned Business

- Matters carried from the Forum's autumn term meetings.
- The Forum's final and formal recommendations on all aspects of DSG funding for 2023/24, including school & early years budgets, high needs and centrally managed items. The Forum to exercise its statutory powers. Evaluation of the anticipated impact of 2023/24 DSG recommendations.
- Further consideration of the implications of the 'hard' National Funding Formula reforms. Continuation of work-streams.
- Further consideration of the implications of the SEND and Alternative Provision system and funding reviews. Continuation of work-streams.
- Update of Bradford's DSG management plan.
- Continued detailed work on the High Needs Block funding and provision matters (strategic multi-year financial planning).
- Consideration of the 2021/22 Exclusions Report.
- Review of Scheme for Financing Schools for 2023/24 (and directed revisions).
- Review of Schools Forum membership and composition for September 2023. Responses to any directed Schools Forum Regulations changes (including from the National Funding Formula review).
- Continued discussion on issues related to falling rolls and under subscription (in particular across early years and primary phases).
- Agreement of allocations from the 2022/23 Schools Block Falling Rolls Fund.
- Consideration of the annual report on outcomes for Children Looked After, incorporating the impact of our Pupil Premium funding strategy.
- Further information, discussion and consideration of the financial impact of the conversion of maintained schools to academy status.
- Consideration of wider DSG and school / academy budget-level cost pressures in 2023/24, implications and strategies for supporting these.

Summer Term 2023

Key Dates / Announcements

- 1 April – closedown of maintained school accounts for the 2022/23 financial year (carry forward balances).
- 15 May – deadline for submission of Governor Approved Budgets (maintained schools) for 2023/24 to the Local Authority.
- 18 May – Schools' May Census.
- Early Years DSG Block updated for January 2023 pupil numbers.

Key Planned Business

- Matters carried from the Forum's spring term meetings.
- Further consideration of Forum membership for September 2023 & election of the Chair & Vice Chair of the Schools Forum. Annual review of the Forum's conduct of meetings and procedural matters document.
- Anticipated significant volume of review work and discussion required for our 2024/25 DSG funding arrangements (begin these earlier than usual).
- Continued consideration of the implications of the 'hard' National Funding Formula reforms. Work-streams from consultations / announcements for 2024/25 arrangements.

- Continued consideration of the implications of the SEND and Alternative Provision system and funding reviews. Work-streams from consultations / announcements for 2024/25 arrangements e.g. our high needs delegated funding model.
- Continued consideration of our early years entitlement funding arrangements and the financial position of the Early Years Block.
- Continued detailed work on the High Needs Block funding and provision matters (strategic multi-year financial planning).
- Review of school balances held at 31 March 2023 (maintained schools).
- Initial confirmation of DSG balances held at the end of 2022/23.
- Update on pupil planning and the impact of Academies & Free Schools. Continued discussion on issues related to falling rolls and under subscription (in particular across early years and primary phases).

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