

Report to Cabinet

18 January 2023

Subject:	Schools Funding 2023-24
Cabinet Member:	Cabinet Member for Children and Education, Councillor Hackett
Director:	Director of Children and Education, Michael Jarrett
Key Decision:	Yes The implications are borough-wide
Contact Officer:	Finance Business Partner – Children’s Services, Elaine Taylor elaine_taylor@sandwell.gov.uk

1 Recommendations

1.1 That approval be given to:

In respect of the 2023/2024 schools funding formula for Sandwell schools, consider the outcome of the consultation proposals following review by the Schools Forum, as shown in Appendix 1 as follows:

- (a) adopting the minimum transition option for calculating schools funding in 2023-24
- (b) setting the Growth Funding at £1.664m
- (c) the transfer of £0.455m funding from the Schools Block to the Central Schools Services Block (CSSB) to fund the attendance service
- (d) the CSSB, De-delegated and Education Function proposals as set out in Appendix A.



2 Reasons for Recommendations

- 2.1 The Schools Revenue Funding 2023-24 Operational Guide requires the Council to engage in open and transparent consultation with maintained schools and academies in their area, as well as with their schools forum about any changes to the local funding formula, including the principles adopted and any movement of funds between blocks.
- 2.2 The Council is responsible for making the final decisions on the formula and for ensuring there is sufficient time to gain political approval before the schools funding model (Authority Proforma Tool – APT) deadline in January 2023.
- 2.3 The contents of this report were considered by Schools Forum at their meeting of 12 December 2022.

3 How does this deliver objectives of the Corporate Plan?

	The Best Start in Life for Children and Young People
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4 Context and Key Issues

- 4.1 There have been some significant changes announced by the DfE/ESFA in the Summer 2022 on the way schools will be funded from 2023-24 and these are summarised below.
- 4.2 In 2023-24 each local authority will be required to bring their own formulae closer to the schools direct National Funding Formula (NFF). There is an expectation that the full move to the NFF will be completed by 2027-28.
- 4.3 It has been confirmed that from 2023-24 local authorities will only be allowed to use NFF factors in their local formula. For Sandwell this means that the Looked After children (LAC) factor will no longer be an allowable factor.



From 2023-24 local authorities must use ALL NFF factors – except for the locally determined premises factors which remain optional. This means that from 2023-24 Sandwell must introduce Income deprivation affecting children index (IDACI) band F and the Mobility factor.

- 4.4 The income deprivation affecting children index (IDACI) measures the proportion of all children aged 0 to 15 living in income deprived families in different local areas (called 'lower-layer super output areas', or LSOAs) across England. Each LSOA has on average 1,500 residents or 650 households. The IDACI is a subset of the index of multiple deprivation (IMD). LSOAs are ranked according to their levels of deprivation relative to that of other areas. The rankings are divided into 7 'bands' (A to G), with LSOAs in band A being the most deprived.
- 4.5 From 2023-24 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. This is called “**tightening**” and is the minimum requirement from 2023-24.
- 4.6 For the purpose of the tightening criteria, local factor values within 2.5% of the respective NFF values are deemed to be mirroring the NFF. This means that local authorities which had factor values within +/- 2.5% of the NFF values in 2022-23 will be allowed to set their 2023-24 factor values anywhere within +/- 2.5% of the 2023-24 NFF values. At the end of the transition period (i.e. in 2027/28), no Local Authority will be required to move their factor values away by more than +/- 2.5% of the NFF.
- 4.7 The 10% movement is calculated such that local authorities are required to bring their local formula factor values 10% closer to the NFF, compared to the difference between the local factor value and the NFF value in 2022-23. For example, if the difference between a local factor value and the NFF factor value was £500 in 2022-23, the maximum difference from the NFF value in 2023-24 is £450 (10% less than £500).
- 4.8 It should be noted that the schools supplementary grant (SSG) is being rolled into the schools NFF from 2023-24.



4.9 The Minimum Funding Guarantee will continue in 2023-24 to be between +0.0% and +0.5% without the need for a disapplication request to the DfE.

4.10 The basic structure of the high needs NFF for 2023-24 is not changing.

4.11 Background/Context

4.12 There were 7 proposals/questions asked in the schools funding consultation 2023-24 (5 to academies). Questions asked and responses to each are detailed in Appendix 1.

4.13 **Question 1:** At the request of Schools Forum three modelling options were pulled together in order to demonstrate what a school's funding could potentially be if they chose to move 10% closer to the NFF, 20% closer and if they chose to move directly to the NFF.

4.14 It was stressed that the funding that was modelled in each option was to be a guide only and did not represent the actual amount each school would get. This was due to the following large number of assumptions made which were:

- 2 brand new factors will be introduced (highlighted yellow above) and 1 will be removed (LAC)
- The data used in the modelling is from the October 2021 census data and the final funding model will be based upon and updated with the latest October 2022 census.
- Schools Supplementary Grant (SSG) is a separate grant in 2022-23 but will be rolled into the 2023-24 schools block
- An assumption at this stage that Growth Fund will make use of the brought forward balances and so will be set at £1.664m (see Question 2)
- An assumption at this stage that £0.375m will be transferred from the Schools Block to Central Schools Services Block (see question 3)
- The final DSG will not be announced until December 2022



- 4.15 It was important that schools noted the context of the question and provide their views on how quickly they would wish to move towards the National Funding Formula: There were 3 possible answers/options given
- Option 1 : Minimum Transition
 - Option 2 : Accelerated Transition
 - Option 3 : Move directly to the NFF
- 4.16 It should be noted that after the consultation was distributed there were a number of questions asked around the English as an Additional Language (EAL) factor. Separate correspondence was issued around this and an extension given on the response deadline.
- 4.17 It was not possible to change the EAL factor within the modelling options provided. The LA are given a largely prepopulated APT tool which is a huge spreadsheet with an embedded structure of protected cells, parameters and safeguards set by the DfE for which non-compliance is not an option and the EAL factor was one of these. It was felt that this embedded safeguard did not detract from the question being asked which was how fast schools wished to transition toward the NFF.
- 4.18 **Question 2** : Schools and School Forums were asked how much growth fund they would like to see top sliced from their DSG with 2 response options being the full £2m or making use of the brought forward thereby reducing this to £1.6m.
- 4.19 Growth fund has been part of the schools consultation for a number of years and is used to support growth in pre-16 pupil numbers to meet basic need, additional classes need, infant class size regulation and to meet the costs necessary for new schools.
- 4.20 **Question 3** : Schools and School Forums were asked if they would support the movement of funding from the Schools Block to the Central Schools Services Block in order that the attendance and



safeguarding service could be used to finance both the maintained and academy sector.

- 4.21 **Question 4** : Schools were asked to what service level they would like support for the attendance and safeguarding team, an intermediate or an enhanced service.
- 4.22 **Question 5** : Schools were asked if they supported the proposals outlined in the Central Schools Services Block which were unchanged from 2022-23 (Outlined in Appendix 1).
- 4.23 **Question 6** : Schools were asked if they supported the De-delegated proposals which were unchanged from 2022-23 (Outlined in Appendix 1).
- 4.24 **Question 7** : Schools were asked if they supported the Education Functions proposals which were unchanged from 2022-23 (Outlined in Appendix 1).

5 Alternative Options

- 5.1 There is an alternative option whereby cabinet can overrule schools' preferences and move the funding model immediately to that which moves closer or mirrors the National Funding Formula.

6 Implications

Resources:	This report will affect the funding received by individual schools in 2023/24. The schools block of the DSG is £325.898m and nearly all of this will be distributed to schools via the Schools Funding Formula.
Legal and Governance:	The Authority must adhere to the Schools and Early Years Finance (England) Regulations 2022
Risk:	The Corporate Risk Management Strategy (CRMS) has been complied with – to identify and assess the significant risks associated with this decision. This includes (but is not limited to)



	<p>political, legislation, financial, environmental and reputation risks.</p> <p>As set out in paragraph 4.1 the LA has undertaken its duty to ensure all schools and interested stakeholders have been consulted on around the changes to their funding allocations from previous years. The recommendation by School Forum members to adopt option 1 will see schools moving 10% closer to the National Funding Formula (NFF).</p> <p>Despite the Government providing additional funding schools will continue to experience budget pressures from rising costs and inflation. There are an increased number of small and Primary schools who will find it difficult to set balanced budgets as we move to the NFF. The council do not have the power to mitigate these risks as this sits with the Governing Body. The LA closely monitors school budgets through submission of budget plans and termly monitoring reports.</p>
Equality:	The DfE has undertaken an equalities impact assessment of the national funding formula for schools and high needs. The analysis is also based on the assumption that local authorities will fund their schools in accordance with the national funding formula.
Health and Wellbeing:	The proposals in this report have no impact on health and wellbeing
Social Value:	Sandwell is committed to providing a first-class education for all children, irrespective of their backgrounds, and to level up opportunity so that all children can realise their potential, preparing them for a fulfilling and successful adult life.
Climate Change:	There are no climate change implications

7. Appendices

Appendix 1 - Consultation Questions and Summary Responses



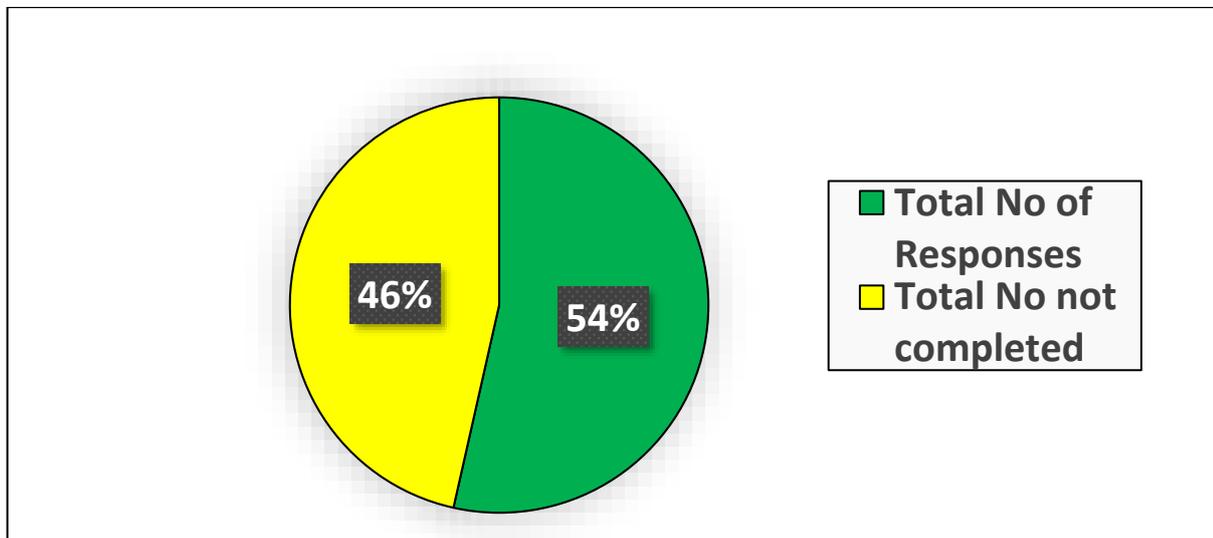
8. Background Papers

Schools Operational Guide 2023-24



Consultation Questions and Summary Responses

Overview of Responses



Question 1

What option do you prefer to use for calculating schools funding in 2023-24?
There were 3 possible responses which were:

- Minimum transition
- Accelerated transition
- NFF factor values

Q1: Overall Responses	Total	%
Minimum Transition	50	82%
Accelerated Transition	6	10%
National Funding Formula Factor Values	5	8%
Grand Total	61	100%



Q1: Detailed Responses	Total	%
Minimum Transition	50	
Primary	48	96%
Secondary	2	4%
Accelerated Transition	6	
Primary	4	67%
Secondary	2	33%
National Funding Formula Factor Values	5	
Primary	3	60%
Secondary	2	40%
Grand Total	61	

Question 2

Please indicate the option you prefer to use for calculating pupil number growth fund? There were 2 possible responses which were:

- Maintaining the current criteria
- Utilise B/F funds

Q2: Overall Responses	Total	%
Maintaining the current criteria	18	30%
Utilise Brought Forward funds	43	70%
Grand Total	61	100%



Q2: Detailed Responses	Total	%
Maintaining the current criteria	18	
Primary	17	94%
Secondary	1	6%
Utilise Brought Forward funds	43	
Primary	38	88%
Secondary	5	13%
Grand Total	61	

Question 3

Do you agree to the top slice of the schools block to fund the attendance team from the CSSB block? There were 2 possible responses which were either Yes or No. If yes was chosen then question 4 was asked and if no was chosen then question 5 was asked next.

Q3: Overall Responses	Total	%
No	17	28%
Yes	44	72%
Grand Total	61	100%

Q3: Detailed Responses	Total	%
No	17	
Primary	17	100%
Yes	44	
Primary	38	86%
Secondary	6	14%
Grand Total	61	



Question 4

Please indicate the option you prefer for the attendance service. There were 2 possible options which were:

- Intermediate service
- Enhanced service

Q4: Overall Responses	Total	%
Intermediate Service	29	66%
Enhanced Service	15	34%
Grand Total	44	100%

Q4: Detailed Responses	Total	%
Enhanced Service	15	
Primary	11	73%
Secondary	4	27%
Intermediate Service	29	
Primary	27	93%
Secondary	2	7%
Grand Total	44	

Question 5

Please indicate if you agree with the CSSB funding Proposals? There were 2 possible responses which were either Yes or No to each of the proposals.

Q5: Responses	YES	NO
CSSB1 – Statutory & Regulatory /Welfare and Asset Man	56	5
CSSB2 Admissions Service	58	3
CSSB3 Historical Commitment Pensions Administration	52	9
CSSB4 Schools Forum	57	4



Question 6 and 7 (maintained sector only)

Please indicate if you agree with the De-delegated and Education Functions Proposals? There were again 2 possible responses which were either Yes or No to each of the proposals.

De-Delegation

Q6: Responses	YES	NO
DD1 Health & Safety Licences	48	1
DD2 EVOLVE	48	1
DD3 Union Facilities Time	32	17
DD4 School Improvement	41	8
DD5 Schools in Financial Difficulty	34	15

Education Functions proposals

Q7: Responses	YES	NO
EF1 Education Benefits Team	46	3
EF2 Children's Clothing Support Allowance	46	3

