

**Report to Hartlepool Schools' Forum 20 September 2022
From Amanda Whitehead – Assistant Director Education**

Item 5: Indicative Schools Block Budgets 2023/24

1. Introduction

- 1.1 The purpose of the report is to provide information on the 2023/24 Schools Block indicative funding issued by the Education and Skills Funding Agency (ESFA) on 19 July 2022, along with options to be considered for setting Individual School Budgets (ISBs).
- 1.2 Information on the key ESFA funding and policy changes for schools is also presented in this report.

2. Background

- 2.1 ESFA have published indicative National Funding Formula (NFF) allocations for 2023/24. These allocations are based on pupil numbers and characteristics from the October 2021 census.
- 2.2 In consultation with their Schools' Forum, local authorities are required to consider how they set ISBs for 2023/24.
- 2.3 Any transfers to and from the Schools Block should be considered. For 2023/24, there is a potential transfer-in of residual funding after meeting commitments against the Central School Services Block (CSSB). However, this position is still to be confirmed.
- 2.4 Finally, a local approach to setting both a Minimum Funding Guarantee (MFG) and Capping must be considered and implemented.

3. Key National Funding Formula (NFF) Changes in 2023/24

- 3.1 The schools supplementary grant (received in 2022/23 as a separate grant) has been rolled into the NFF for 2023/24 so will now form part of ISB funding. This affects formula values for lump sum and FSM6, as well as the minimum per pupil funding.
- 3.2 Funding factors have increased (in addition to the impact of adding the supplementary grant) as follows:
- 4.3% to free school meals at any time in the last 6 years (FSM6) and income deprivation affecting children index (IDACI)
 - 2.4% to the basic entitlement, low prior attainment (LPA), FSM, English as an additional language (EAL), mobility, and sparsity factors, and the lump sum.
 - 0.5% to the floor and the minimum per pupil levels (MPPF)
- 3.3 The full list of factor values is included at appendix A to this report.
- 3.4 The mandatory element for Minimum per Pupil Funding (MPPF) has increased from £4,265 to £4,405 for primary pupils and from £5,525 to £5,715 for secondary pupils. 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. Forum Members will recall that the MPPF calculation includes the lump sum so that schools with lower pupil volumes are less likely to benefit from the MPPF guarantee.

- 3.5 ESFA have confirmed they expect to move to the hard national funding formula by 2027/28, although they are hoping this can be achieved at an earlier date. For 2023/24, ESFA have introduced reduced discretion for local authorities in setting their formula in order to begin transition to a nationwide hard formula. As Hartlepool already mirrors the hard formula, this does not affect our budget setting approach.
- 3.6 Forum Members will recall that ESFA introduced a change to the way schools were funded and charged for National Non-Domestic Rates (NNDR) in 2022/23. However, a late change to this approach resulted in Hartlepool opting to maintain the existing process for rates charges in the current financial year. This will continue in 2023/24 so ISBs will continue to include budgets for NNDR.

4. Indicative NFF 2023/24

- 4.1 Indicative 2023/24 figures issued by ESFA are currently based on pupil numbers and characteristics from the October 2021 census. Allocations will be updated for the October 2022 census and reissued during December 2022.
- 4.2 The following table shows the authority-level NFF Schools Block indicative allocation for 2023/24. The growth allocation for 2023/24 has not yet been announced so is excluded from the table below (and excluded from the 2022/23 comparison).

Schools Block	Pupil Numbers (Oct 2021)	2023/24 NFF £m
Primary	7,654	39.007
Secondary	5,604	36.882
Premises		0.621
TOTAL 2023/24		76.510

The **£76.510m** compares with the equivalent figure of **£74.640m** for 2022/23 (Schools block NFF plus the separate schools supplementary grant), an increase of 2.5% (subject to pupil number changes in October 2022).

- 4.3 Although the pupil numbers will be updated in December to reflect the October 2022 census volumes, the Primary Unit of Funding (PUF) and Secondary Unit of Funding (SUF) remain the same. These are £5,096 and £6,581 respectively for 2022/23. Therefore, once census volumes are confirmed for October 2022, these will be multiplied by the PUF and SUF to establish Hartlepool's confirmed schools block allocation for 2022/23.
- 4.4 Using admissions data for September 2022, a forecast for pupil numbers as at the forthcoming October 2022 census has been completed. This forecasts suggests that primary pupil numbers will reduce from 7,643 to 7,553 and secondary pupil numbers will increase from 5,604 to 5,672. The forecast would give a more accurate indicative funding position as shown in the table below.

Schools Block	Est Pupil Numbers (Oct 2022)	Est 2023/24 NFF £m
Primary	7,553	38.492
Secondary	5,672	37.329
Premises		0.621
TOTAL 2023/24		76.442

5. **Proposed Block Transfers**

- 5.1 Schools' Forum will recall that a transfer-in to the Schools Block from the Central School Services Block (CSSB) has become usual practice in recent years. The CSSB is made up of two elements – funding for ongoing commitments and funding for historic commitments. Since 2020/21, funding of historic commitments is being cut at 20% per year on the assumption that historic costs should reduce over time.
- 5.2 The indicative NFF allocation for Central Services Block in 2023/24 is £0.712m (£0.733m in 2022/23). Again, the indicative allocation is subject to changes for October 2022 census volumes.
- 5.4 The budget requirement for CSSB in 2023/24 is currently under review.
- 5.5 Schools' Forum will be considering budget proposals for high needs block spending in 2023/24 alongside the establishment of the Medium Term Financial Strategy (MTFS). At this stage, nil transfer from the Schools Block to the High Needs Block has been assumed for 2023/24.

6. **Setting a Local Policy for MFG and Capping**

- 6.1 The regulations continue to allow a local policy for a minimum funding guarantee (MFG) and cap so that any excessive year-on year changes can be protected against.
- 6.2 For 2023/24, a local MFG can be applied in the range of +0.0% to +0.05%. This is a significant change from 2022/23 where an MFG of up to +2.00% was allowed and supported by Schools' Forum.
- 6.3 For 2022/23, a local policy was applied on the basis of the maximum allowable MFG of 2.00%. In order for the 2.00% MFG to be affordable, a cap of 3.33% was applied. This meant all schools received at least 2.00% more funding per pupil and no more than 3.33% per pupil in 2022/23 ISBs.

7. **Recommendations**

- 7.1 Forum is recommended to note the formula changes for 2023/24 outlined in this report.

APPENDIX A: Funding Factor Increases

Factor	2022/23	2023/24
Basic Entitlement (AWPU) – Primary	£3,217	£3,394
Basic Entitlement (AWPU) – KS3	£4,536	£4,785
Basic Entitlement (AWPU) – KS4	£5,112	£5,393
IDACI Band A - Primary	£640	£670
IDACI Band B – Primary	£490	£510
IDACI Band C – Primary	£460	£480
IDACI Band D – Primary	£420	£440
IDACI Band E – Primary	£270	£280
IDACI Band F – Primary	£220	£230
IDACI Band A - Secondary	£890	£930
IDACI Band B – Secondary	£700	£730
IDACI Band C – Secondary	£650	£680
IDACI Band D – Secondary	£595	£620
IDACI Band E – Secondary	£425	£445
IDACI Band F – Secondary	£320	£335
FSM – Primary	£470	£480
FSM – Secondary	£470	£480
FSM Ever 6 – Primary	£590	£705
FSM Ever 6 – Secondary	£865	£1,030
Low Prior Attainment – Primary	£1,130	£1,155
Low Prior Attainment – Secondary	£1,710	£1,750
EAL – Primary	£565	£580
EAL – Secondary	£1,530	£1,565
Mobility – Primary	£925	£945
Mobility – Secondary	£1,330	£1,360
Lump Sum	£121,300	£128,000