



**School Funding Formula
for 2023/24**

Consultation

**Consultation between Cumbria Schools Forum and
Maintained Schools & Academies within Cumbria**

Consultation Commences: Thursday 20 October 2022

**Deadline for responding to the consultation
Thursday 10 November 2022**

Introduction

National Funding Formula

1. A national funding formula (NFF) was introduced for schools from 2018/19 and as in previous years, in 2023/24 local authorities will continue to decide, following consultation with their schools and Schools Forum, whether this formula is applied or a locally determined formula is used.
2. In July 2022 the DfE announced that local authorities will continue to have flexibility to set a local funding formula in 2023/24. It is a DfE requirement that all schools are consulted annually on any proposed changes to the schools funding formula.
3. This document comprises a consultation with all Cumbrian schools and the Cumbria Schools Forum to seek views on the proposed changes to the schools funding formula in 2023/24. The consultation also considers some of the continuing challenges around high needs budget.
4. All schools are encouraged to [respond to this consultation using the online survey](#). The deadline for responding to the consultation is 10 November 2022.
5. Schools can find further detailed information on the national funding formula at: <https://www.gov.uk/government/publications/national-funding-formula-for-schools-and-high-needs>

Shape of the National Funding Formula in 2023/24

6. In July 2022 the government announced that in 2023/24 the schools and high needs block funding would rise by £1.5bn nationally compared to the 2022/23 baseline. Of this, £570m is being directed to the High Needs Block to support children and young people with special educational needs.
7. Local authorities will continue to have flexibility to set a local school funding formula in 2023/24 however the government continues to be committed to moving towards a 'hard' NFF which they expect to be implemented fully by 2027/28 or sooner if possible. This will mean that schools budgets will be determined directly by government rather than through local formulae set independently by each local authority.
8. As a further step towards the transition to a hard NFF in 2023/24 local authorities are required to bring their own formulae at least 10% closer to the NFF but will continue to decide, following consultation with their schools and Schools Forum, whether the NFF is applied or a locally determined formula is used. For the purposes of tightening the criteria, local authorities whose factor values were within +/-2.5% of the respective NFF values in 2022/23 are deemed to be mirroring the NFF and will only be allowed to set their 2023/24 local factor values between +/-2.5% of the NFF. For Cumbria the +/-2.5% restriction will apply as its school funding formula mirrored the NFF in 2022/23.

9. The DfE have announced the following changes to the NFF in 2023/24:
- The minimum per-pupil funding level (MPL) will increase by 3% to £4,405 for primary and £5,715 for secondary schools. This factor is mandatory and must be applied at a local level;
 - A 5.5% increase in the basic Age Weighted Pupil Unit (AWPU) amount;
 - An average 6% increase in the Deprivation factors;
 - A 5.5% increase in the lump sum to £128,000;
 - Increases across all other formula factors averaging 2.3%.
10. The above increases include the roll in of the schools supplementary grant into the NFF which has been allocated on a per pupil basis as follows:

	£
Primary AWPU	97
KS3 AWPU	137
KS4 AWPU	155
Primary Minimum Per Pupil Funding	119
Secondary Minimum Per Pupil Funding	162
Primary FSM6	85
Secondary FSM6	124

11. In addition the lump sum factor value of £128,000 includes £3,680 rolled in from the school supplementary grant.
12. The settlement also allows for an increase to the funding floor so that all schools will attract at least +0.5% per pupil gain against their 2022/23 pupil-led factor baselines, this is referred to as the Minimum Funding Guarantee (MFG). Local authorities have the flexibility to set the MFG level between the ranges of +0% and +0.5%. Although there is no gains cap in the NFF local authorities are still allowed to apply a gains cap in their local formula to ensure that their formula is affordable.
13. As in previous years, local authorities are allowed, with the agreement of their Schools Forum, to transfer up to 0.5% of the School Block funding to support the High Needs Block budget.
14. The below table shows a comparison between the formula factors used in the NFF between 2022/23 and 2023/24:

	2022-23	2023-24	Increase
	Unit Value	Unit Value	%
Basic per Pupil Funding			
Primary AWPU	£3,217	£3,394	5.50%
KS3 AWPU	£4,536	£4,785	5.49%
KS4 AWPU	£5,112	£5,393	5.50%
Primary Minimum Per Pupil Funding	£4,265	£4,405	3.28%
Secondary Minimum Per Pupil Funding	£5,525	£5,715	3.44%
Deprivation			
Primary FSM	£470	£480	2.13%
Secondary FSM	£470	£480	2.13%
Primary FSM6	£590	£705	19.49%
Secondary FSM6	£865	£1,030	19.08%
Primary IDACI A	£640	£670	4.69%
Primary IDACI B	£490	£510	4.08%
Primary IDACI C	£460	£480	4.35%
Primary IDACI D	£420	£440	4.76%
Primary IDACI E	£270	£280	3.70%
Primary IDACI F	£220	£230	4.55%
Secondary IDACI A	£890	£930	4.49%
Secondary IDACI B	£700	£730	4.29%
Secondary IDACI C	£650	£680	4.62%
Secondary IDACI D	£595	£620	4.20%
Secondary IDACI E	£425	£445	4.71%
Secondary IDACI F	£320	£335	4.69%
Low Prior Attainment			
Primary LPA	£1,130	£1,155	2.21%
Secondary LPA	£1,710	£1,750	2.34%
English as an Additional Language			
Primary EAL	£565	£580	2.65%
Secondary EAL	£1,530	£1,565	2.29%
Mobility			
Primary mobility	£925	£945	2.16%
Secondary mobility	£1,330	£1,360	2.26%
School Led Funding			
Lump Sum	£121,300	£128,000	5.52%
Primary Sparsity (Up to a maximum of)	£55,000	£56,300	2.36%
Secondary Sparsity (Up to a maximum of)	£80,000	£81,900	2.37%
Rates & Rents	Actual cost		

Cumbria Schools Funding Formula in 2022/23

15. Following consultation with schools and Schools Forum the school budget shares were calculated using the NFF in 2022/23 and it was recommended by Schools Forum and agreed by Cabinet members that if there was a leftover balance remaining after allocating the school budgets on this basis that up to 0.5% would transfer to the High Needs Block. When the DfE confirmed the final Schools Block funding for 2022/23 in December 2021, the school funding formula was calculated

on the basis agreed and a balance of £1.067m remained unallocated equating to 0.32% of the total Schools Block Funding which was transferred to the High Needs Block.

Proposed School Funding Formula 2023/24

16. The DfE have published notional 2023/24 budgets for each school based on the NFF using 2022/23 pupil data and characteristics to enable local authorities to plan and model their local funding formula for 2023/24. These notional budgets are then used to determine the primary and secondary per pupil funding units used to calculate the actual local authority level allocations for 2023/24. These notional budgets are available at: [National funding formula tables for schools and high needs: 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/108222/nff_tables_2023_24.pdf).
17. It is important to note that the notional budgets published by the DfE are not reflective of actual amounts receivable by schools in 2023/24 as the local authority continues to have flexibility to set a locally agreed funding formula through consultation with schools and Schools Forum and it must also ensure that the final formula is affordable and does not exceed the School Block funding available.
18. The actual 2023/24 school funding formula allocations will be based on October 2022 pupil numbers and pupil characteristics data. As last year, your Schools Forum recommends that Cumbria continues to use the NFF as the basis for allocating funding to schools in 2023/24 and that if, after applying the formula on this basis, there is a balance leftover up to a maximum of 0.5% it should be transferred to the High Needs Block to support the High Needs Block budget pressures.
19. This would continue be the most prudent method of allocating the school budget shares in 2023/24 given that it is known that the government are moving forward with their plans to transition to a 'hard' formula in future years and that the majority of local authorities have either adopted the NFF or moved their own local formulae closer towards the NFF in preparation for this change. It will also provide schools with the full funding due to them under the NFF including the mandatory minimum per pupil funding levels which are protected in future years whilst at the same time support the significant budget pressures against the High Needs Block which are detailed below.
20. In the unlikely event, once the final Schools Block funding is published in December 2022, that applying the NFF is not affordable in 2023/24 (i.e. that the funding allocated through the NFF exceeds the School Block funding available) then this would be managed through adjusting down the level of MFG protection. This is set at +0.5% against 2022/23 baselines in the NFF, however, local authorities are allowed to reduce this protection to a minimum of +0% to ensure that their local school funding formula does not exceed the budget available. If, after lowering the level of MFG the funding formula is still not affordable, a cap would need to be applied to those schools gaining through the formula.
21. The alternative option would be not to transfer any leftover Schools Block funding to the HN Block but to allocate it, after applying the NFF, to schools through the school funding formula by 'topping up' the AWPU factor values but due to the new

restrictions being imposed by government from 2023/24 any increases would be limited to +2.5%. However, it is not yet known how much funding will be available (if any) after applying the NFF as the final Schools Block funding, which will be based on the October 2022 census data, will not be made available until December 2022. Therefore, it is not possible to model the impact of this on individual school budgets with any degree of accuracy.

22. If any leftover Schools Block funding were to be allocated to schools through the schools funding formula by increasing the AWPU factor values above the level of the NFF values, not all schools would see an increase in their budget shares. This is because some schools receive protection through the MPL and MFG factors and therefore, unless the increase in APWU takes them over these levels of protection then they will see no change to their budget shares.
23. There is also a risk that, due to the proposal requiring local authorities to move their local formula closer to the NFF from 2023/24 onwards, 'topping up' the NFF factor values by allocating additional funding through the formula would create turbulence for some schools, although they would receive protection against year-on-year reductions through the MFG.
24. Appendix 1 to this consultation presents a comparison between the actual Cumbria school funding formula in 2022/23 against the proposed school funding formula for 2023/24. This mirrors the national funding formula as applied by the DfE and includes the mandatory MPL of £4,405 per primary and £5,715 per secondary pupil and a MFG of +0.5% per pupil increase against 2022/23 baselines.
25. The school level allocations do not exactly replicate the notional school budget shares as published by the DfE for all schools because the DfE have used the notional NFF baselines for 2022/23 to calculate the MFG for 2023/24 rather than the actual baselines for 2022/23 as submitted to the DfE through the Authority Proforma Tool (APT).
26. For academies the actual school funding formula figures for 2022/23 shown in Appendix 1 do not exactly replicate the allocations received for the academic year 2022/23 because for academies the DfE have used different 2021/22 baselines to allocate funding which are not the same as those submitted to the DfE by the LA.
27. To enable a like for like comparison the illustrative 2023/24 school funding formula has been based on the same pupil numbers and pupil characteristic data as that used to calculate the actual 2022/23 school funding formula. The 2022/23 baseline school budget shares used to calculate the MFG have been adjusted to include the school supplementary grant.
28. Final allocations for 2023/24 will be based on the December 2022 dataset which will use October 2022 census pupil data.
29. It should be noted that the actual school funding formula figures for 2022/23 and illustrative school funding formula figures for 2023/24 in Appendix 1 are shown before de-delegation has been deducted from maintained schools budgets and include premises factors (rates and rents) which have been based on 2022/23

actual levels for both maintained and academy schools as applied in the APT submitted to the DfE.

Consultation Question 1:

Do you agree with your Schools Forum recommendation that the National Funding Formula continues to be used to allocate funding to schools in 2023/24?

High Needs Funding

30. As previously published in last year's school funding formula consultation, schools will be aware, like many other local authorities, that Cumbria continues to experience significant budget challenges in relation to funding high needs provision.
31. The DfE requires all local authorities with a cumulative Dedicated Schools Grant (DSG) deficit to set out their plans to bring the reserves back to a balanced position. As reported to the Schools Forum the 2021/22 DSG outturn position was a cumulative deficit of £14.692m equating to 3.57% against the total DSG allocations for that year, this figure does not include school balances which are reported separately. The main pressure on the DSG reserves continues to be the High Needs Block deficit which stood at £20.442m as at 31 March 2022.
32. The deficit on the High Needs budget continues to relate to specific pressures relating to the growth in demand for Education Health Care Plans (EHCPs) for pupils with SEN which is directly linked to the SEND reforms of 2014, since which there has been a steep increase in the cumulative numbers of pupils with EHCPs over the last 7 years, which reflects the national picture with many other local authorities also experiencing significant pressure against the High Needs budget. Since 2015/16 the number of pupils with EHCPs has risen by 81% whilst the population of 2 to 18 year olds has remained relatively static over the same period. However, the level of High Needs funding has not risen at the same pace with funding only increasing by 52% over the same time period.
33. In July 2022 the DfE announced the provisional HN block funding allocation for 2023/24. This included a minimum increase per head of 2 to 18 year old population of 5% capped at 7% however this protection only applies to specific factors in the funding formula. For Cumbria the overall provisional increase in HN Block funding is estimated to be £2.469m (4% increase) compared to 2022/23 subject to changes in pupil numbers and other later adjustments.
34. Regular budget monitoring reports on the High Needs Block budget and progress against the deficit recovery plan are discussed at Schools Forum meetings. The minutes and reports are available to download from the [Schools Forum](#) page on the CCC website. However, despite the impact of a number of invest to save initiatives including early intervention initiatives, school based alternative provision programmes and expansion of special school places all of which over time are expected to reduce reliance on expensive independent providers and improve

outcomes for children and young people with SEND, there is still a significant gap between funding available and forecast expenditure.

35. The current recovery plan, which is a work in progress, predicts that the invest to save initiatives will save £7.946m in 2022/23, however despite this, the in-year pressure against the High Needs Block is predicted to be £8.350m in 2022/23 and the High Needs Recovery Plan forecasts that there will continue to be a significant budget gap in 2023/24. Cumbria is being supported by the DfE's Delivering Better Value for SEND programme the aim of which is to achieve a balanced in-year position on the High Needs Block however the outcomes of the programme will take time to impact and will not be achieved in the first year of the programme.
36. The funding regulations for 2023/24 allow a transfer of a maximum of 0.5% from the Schools Block to the High Needs Block with Schools Forum approval. Your Schools Forum recommends that after applying the NFF to calculate school budget shares, if there is any balance leftover it is transferred to the High Needs Block to support the budget pressures, capped at 0.5%. Any residual balance after transferring up to 0.5% to the High Needs Block would be allocated through the funding formula by increasing the basic per pupil unit.
37. It is not possible to confirm the actual value of the transfer to High Needs Block, if any, until the DfE publish the final data set to be used to calculate the school budget shares in December 2022 which takes into account the October 2022 census pupil data and characteristics.

Consultation Question 2:

Do you agree that, if there is any School Block funding remaining (up to a maximum of 0.5%) after allocating the school funding formula to schools using the NFF, it should be transferred to the High Needs Block?

Local Government Review

38. As you may be aware, 2 new unitary authorities will be created in Cumbria from 1 April 2023 to replace the county and 6 district councils. This means that there will be two separate DSG allocations in 2023/24 for each of the new authorities (Cumberland and Westmorland & Furness) the details of which will be published in December 2022. The final decision on the shape of the school funding formula in 2023/24 for schools and academies in each of the two new authorities will be taken by the Cabinet members of Cumbria County Council as the shadow Cumberland and Westmorland & Furness cabinet members do not have any decision-making powers until vesting day (1 April 2023).
39. The current Schools Forum will be replaced by 2 new Schools Forums. Shadow Schools Forums for each new authority are being formed and will be in place for the November meeting. Although they will also have no decision-making powers until the new authorities are formed on 1 April 2023, they will separately make a

recommendation to Cabinet following consultation with schools on the shape of the schools funding formula in 2023/24.

Areas not impacted by this Consultation

40. It should be noted that the following funding streams are not impacted by this consultation:
- Early Years Funding
 - Post 16 Education
 - Other government grants including Pupil Premium, Universal Infant Free School Meals, Primary Sport & PE grant.

Responding to the Consultation

41. Schools are invited to [respond to the 2 questions in this consultation using the online survey](#) by **Thursday 10 November 2022**. Returns submitted after this date will not be included.
42. We encourage every school to respond. We kindly ask that there is only one response per school.

Appendix:

- 1) Illustrative Impact of National Funding Formula 2023/24