**Overview**

The consultation concerns proposed changes to the Essex Formula for Financing Schools (the Essex local formula) for the financial / academic year 2023/24.

The consultation is for all primary and secondary schools, both maintained and academies. The Essex local formula 2023/24 will calculate budget allocations for maintained schools between April 2023 and March 2024 and academies between September 2023 and August 2024.

Each individual schools’ allocation under the current formula and proposed changes is included in Annex A.

**Why We Are Consulting**

We are seeking views on two changes to the Essex local formula required in preparation for the proposed implementation of the Direct National Funding Formula by 2027/28 at the latest.

**Introduction**

Following the Spending Review 2019 announcement of a £7.1 billion increase to the Schools Budget between 2020/21 and 2022/23, the Spending Review 2021 announced a further £4.7 billion increase between 2022/23 and 2024/25.

* £4.0 billion in 2022/23 (£2.3bn SR2019 and £1.7bn SR2021)
* £1.5 billion in 2023/24
* £1.5 billion in 2024/25

The Schools Budget covers the Schools Block, High Needs Block, Early Years Block and Central School Services Block.

Primary schools will recall that in 2020 it was agreed to transition the primary lump sum to the NFF value over three years so will move to the NFF value in 2023/24.

The DfE has announced that the minimum per pupil level increases to £4,405 for primary schools in 2023/24, to £5,715 for secondary schools, £5,503 for KS3 only schools and £6,033 for KS4 only schools.

It is proposed that the minimum funding guarantee will remain at 0.5%.

The funding schools received for the School Supplementary Grant in 2022/23 is included in the Schools Block for 2023/24 and each school’s allocation will be protected through the minimum funding guarantee.

The indicative Schools Block allocation for Essex is £1.08bn, an increase of £20.8m. The indicative delegation to schools is £1.07bn. The reason that delegation is lower than the Schools Block allocation reflects the need to retain funding for the Growth Fund, which funds new and expanding schools.

Essex County Council is consulting on the changes it is proposing to make to the Essex Formula for Funding Schools (Essex local formula) for 2023/24.

**About the Proposed Changes**

The Department for Education has confirmed that it plans to implement a ‘direct’ national funding formula by 2027/28 at the latest, whereby schools will receive what they attract through the national funding formula, rather than through the Essex local formula.

To ensure every local authority is moving towards the NFF, each local authority has been set a minimum and maximum funding range for each factor for 2023/24 depending on how far away they are from NFF.

The first change is required to meet the minimum and maximum range allowed for the key stage 3 and key stage 4 basic entitlement, so concerns **secondary schools** only.

The second change concerns the actual value of each formula factor for **all schools**.

**What Will Change**

Key Stage 3 / Key Stage 4 Weighting

To reflect the additional costs of Key Stage 4 the basic entitlement (AWPU) is weighted compared to the key stage 3 basic entitlement. The current weighting in Essex is 1:1.218, whereas the weighting used in the NFF is 1:1.128.

To meet the DfE’s minimum and maximum funding value requirements for 2023/24 the Authority **must** reduce the Key Stage 3 / Key Stage 4 weighting. Whilst the change is necessary we are still required to consult with schools.

Initial modelling suggests the weighting needs to move 1:1.200, however this may change based on the October 2022 census, but will not move more than necessary to achieve the minimum / maximum requirement of the DfE, to minimise funding turbulance for schools.

The impact of this will increase the basic entitlement value for KS3 and decrease the basic entitlement for KS4.

Essex Local Formula Funding Values

In calculating individual school budget allocations within the NFF, the DfE increaseseach school’s allocation by the local area cost adjustment to reflect local market conditions affecting each school. To ensure all Essex schools receive this adjustment the Authority will increaseeach formula value by the DfE non-fringe area cost adjustment for Essex.

Schools within the London Fringe area will continue to receive an additional allocation for London weighting.

**Consultation Questions**

Question 1 – Do secondary schools agree that the KS3 / KS4 basic entitlement weighting is adjusted as necessary for the Authority to meet the DfE’s minimum / maximum funding requirements?

Question 2 – Do primary and secondary schools agree that the Essex local formula should fund schools on the NFF funding values increased by the non-fringe area cost adjustment for 2023/24?

**Financial Model**

The financial model shows for each school their indicative allocations for 2023/24 based on the proposals in this consultation.

* The indicative allocation is based on the October 2021 Census and the indicative Schools Block allocation for 2023/24.

The Finance Model shows for each school the following:

* 2022/23 budget allocation
* 2022/23 Supplementary Schools Grant (SSG) allocation
* Rebased 2022/23 budget allocation including SSG
* Indicative 2023/34 allocation based on the proposed changes using October 2021 pupil data and the indicative funding for 2023/24.
* A comparison between the indicative 2023/24 allocation and the rebased 2022/23 allocation.

The final 2023/24 allocations will be dependent on pupil numbers and pupil characteristics from the October 2022 Census and any significant change in data could result in a decrease in funding. The final DSG settlement will be announced before Christmas and the final budget will be presented to Schools Forum in January 2023.

**Who is this consultation for:**

This consultation welcomes views from maintained schools and academies. The consultation is relevant to headteachers, finance staff and governors. Please note that only **one consultation response is allowed from each schoo**l.

**Responding to this consultation**

The consultation is online at [School Funding Consultation 2023-24 - Essex County Council - Citizen Space](https://consultations.essex.gov.uk/ef/school-funding-consultation-2023-24/consult_admin_view/)

**Enquiries**

For all enquiries please contact [yannick.stupples-whyley@essex.gov.uk](mailto:yannick.stupples-whyley@essex.gov.uk) or by telephone 033 3013 8464.

**Deadline**

The consultation closes at 11.59pm on Monday 31st October 2022.

**The Response**

We will publish the response to Schools Forum on 30th November 2022.