

Date: 15 February 2023

Headteachers and Chairs of Governors

**Finance Service**

**County Hall**

**New Road**

**OXFORD**

**OX1 1ND**

Lorna Baxter

Director of Finance

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Dear Headteacher and Chair of Governors

**Re: Formula Funding 2023-24 and Three-Year Budget Planning**

I am pleased to confirm that Individual Schools’ Budget information for 2023-24 has been published on the Local Authority’s Intranet on the Schools Budgets and Financial Planning page. Please follow the path below to access this information.

[Budget and financial planning | Schools (oxfordshire.gov.uk)](https://schools.oxfordshire.gov.uk/cms/content/budget-and-financial-planning)

**Where a school believes it is not able to submit a balanced budget, it must contact and submit a draft budget plan to EFS by 31 March 2023, or earlier if possible. The local authority will work with those schools in seeking a balanced budget.**

Oxfordshire continues to implement the National Funding Formula.

Compared to 2022-23, the national changes to formula factors for 2023-24 are as follows:

* Rolling the 2022 to 2023 schools supplementary grant into the NFF
* NFF factor values increasing (on top of the amounts added for the schools supplementary grant) by:
	+ 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 (MPPL)
	+ 0% increase to Premises factors

Further details about the development of the funding formula can be found in the Schools Forum papers, which are published on our public site and can be located by following the link below:

<https://www.oxfordshire.gov.uk/cms/content/oxfordshire-schools-forum>

# Mainstream Schools Additional Grant (MSAG)

Indicative Grant of £16m for Oxfordshire schools.

This is in addition to schools’ allocations through the schools NFF. The ESFA will publish school-level allocations of this funding in May 2023, but this will apply for the full year from April 2023 – so this will not be in in the school allocations through the Authority Proforma Tool (APT) but will be separate allocations for 2023-24. The MSAG will allocate funding to state-funded mainstream schools only. MSAG will be rolled into NFF budgets from 2024-25.

Schools will have the flexibility to prioritise their spending of the MSAG to best support the needs of their pupils and staff and address cost pressures.

The base funding rates will be:

* a lump sum of £4,510
* a basic per-pupil rate of £119 for primary pupils, including pupils in reception
* a basic per-pupil rate of £168 for key stage 3 pupils
* a basic per-pupil rate of £190 for key stage 4 pupils
* an FSM6 per-pupil rate of £104 per eligible primary pupil
* an FSM6 per-pupil rate of £152 per eligible secondary pupil
* plus, the Area Cost Adjustment as the schools NFF (expected to be 1.022231274)

Further information including grant methodology and a calculator tool to obtain a close estimate of school level allocations can be found via the link below. Ensure the school URN is entered on the calculator and not the LAESTAB (931 number).

* [Mainstream schools additional grant 2023 to 2024 - GOV.UK (www.gov.uk)](https://www.gov.uk/government/publications/mainstream-schools-additional-grant-2023-to-2024)

**Transfer to High Needs**

We have received two pieces of important news about future funding for SEND early intervention in Schools.

Many of you have been involved in the recent diagnostic work to identify the highest impact, sustainable changes that we can make to support children with SEND.  This work was part of the governments Delivering better value programme  [Creating sustainable high needs systems - GOV.UK (www.gov.uk)](https://www.gov.uk/government/publications/creating-sustainable-high-needs-systems) .  Following a successful bid based upon this work the DFE has awarded Oxfordshire Schools an additional grant of £1m

The Secretary of State for Education has decided to support the decision to transfer 0.5% (£2.38m) of the Schools Dedicated Schools (DSG) block to support investment into the High needs Block to support SEND Early Intervention.

Together these two funding streams will deliver:

* Inreach/outreach hubs for primary age SEMH needs
* Whole county training in trauma informed practice
* A specialist team that can be deployed to carry out short term direct work with teachers and teaching assistants

The impact of the decision by the secretary of state is to reduce the age weighted pupil unit (AWPU) below the national formula funding level. This is reflected in your formula allocation.

**Union Duties Contribution – Maintained schools only**

For maintained schools the charge for 2023-24 will be £1.30 per pupil based on the school’s October 2022 census return. The budget planner has been amended so that the annual Union Duty contribution is adjusted through allocated budget totals, rather than through recharges.

**School Improvement Grant – impact on Maintained Schools only**

The DfE consulted on and has now confirmed a reduction in the School Improvement Grant of 50% in 2022-23, with full removal in 2023-24.

Following consultation with all schools, School Forum at the meeting on 8th November 2022 agreed to de-delegate the equivalent of 50% of the grant. This holds the level of de-delegation at £8.80 per pupil for maintained schools.

The adjustment is made through the budget planner.

Formula funding figures for your school are based on data supplied by the ESFA as at the October 2022 census count. The October 2022 pupil numbers for your school will be included in the data uploaded to the budget planning tool, but you will need to review numbers for future years and update accordingly.

In order to complete your budget plan for 2023-24 to 2025-26 you will need information about other sources of funding, this is contained within the Budget Guidance on the intranet schools budget page.

**Planning for Future Years**

The local authority school budget planning process covers the three-year period 2023-24 to 2025-26. The first year’s information is in accordance with the DSG settlement announced by the DfE.

For future years, we have assumed a minimum increase for future years of 0.5%.

Changes in pupil numbers remain the key driver of change for funding levels. Other sources of funding such as grants should be assumed to remain at the same level unless schools are aware of changes in those pupils who qualify for this funding. It is important, however, that schools consider a number of “what if” scenarios in budget modelling for future years. For example, it would not be advisable to use one-off additional funding to pay for additional permanent staffing, as this could potentially be unsustainable in future years. Further information will be issued about future years as it becomes available.

**Submission of Budget**

In accordance with the Scheme for Financing Schools, schools are required to submit a balanced or in surplus budget plan covering the three-year period 2023-24 to 2025-26 to the local authority. The statutory deadline to submit your school’s Governing Body approved budget to the local authority via Education Financial Services (EFS) is 5 May 2023 (for Special schools 12 May 2023), as agreed with Schools Forum. Where a school believes it is not able to submit a balanced budget, it must contact and submit a draft budget plan to EFS by 31 March 2023, or earlier if possible. The local authority will work with those schools in seeking a balanced budget.

May I remind schools that there is no right to a deficit budget under the above Scheme. A deficit is only allowed with the permission of the Director for Children’s Services and the Chief Finance Officer. Conditions relating to the approval of a deficit budget are set out in the Scheme for Financing Schools, Section 4.

Schools with existing deficits and still forecasting a deficit at March 2023 must continue to work closely with their EFS contact officer in order to set an agreed budget for 2023-24.

EFS will be contacting schools with details of budget surgeries. In order to make the most of the surgeries it is important that you have completed as much work as possible.

Please bring the content of this letter to the attention of all those involved in the construction of the school’s budget plans.

I hope the above and links to the Intranet are useful to you, but if you require any further help or guidance on budget construction, please contact your EFS Finance Adviser directly.

We look forward to receiving your governor approved budget.

Yours sincerely

 

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