

Wiltshire Council

School Funding & SEN Working Group 9 January 2023

Schools Forum 19 January 2023

Schools Revenue Funding 2023-24 - Funding Settlement & Budget Setting Process

Purpose of the Paper

1. To update Schools Forum on the revenue funding settlement and the budget setting process for 2023-24.
2. The report will outline the funding settlement announced on 16 December 2022 and the impact on school budgets arising from the settlement. The report will also outline the decision-making process for the 2023-24 budget.
3. Further detail on each of the funding Blocks and the specific decisions required will be provided in separate papers on this agenda. A separate decision paper will also be provided so that decisions can be considered after all the update reports have been discussed.

Introduction to Funding Changes for 2023-24

4. In the Autumn of 2019, the government announced its pledge to boost schools and high needs funding, affectionately referred to as '*the Boris Billions*'. Building on the 2019-20 funding levels, the cash increases of £14.5 billion over 3 years would comprise;
 - £2.6 billion in 2020-21
 - £4.8 billion in 2021-22 (increase by £2.2bn)
 - £7.1 billion in 2022-23 (increase by £2.3bn)
5. In addition, a further £700million was pledged for High Needs nationally in 2020-21, a further £730m for 2021-22 and £780m for 2022-23.
6. The 2023-24 year represents another year where the Government has pledged to boost schools funding, with an increase of £2.3bn into the overall Schools Block compared to the 2022-23 year. In addition, a further £400m has been pledged for High Needs in the 2023-24 year.
7. In the Chancellor's Autumn Statement, a further cost of living supplementary grant, the '*Mainstream Schools Additional Grant*' was announced, providing a further £2bn of funding for schools. Details of this grant are contained in a separate paper.

8. The DfE will allocate school funding on the basis of the National Funding Formula (NFF) to local authorities. The funding is then run through the local funding formula, taking account of Schools Forum decisions to create individual school budgets. The Schools Block of the Dedicated Schools Grant (DSG) has been awarded an increase of 2.4% for the core funding factors and 4.3% for Deprivation factors compared to the 2022-23 year.
9. The school's block of funding has incorporated the 2022-23 Schools Supplementary Grant funding rates and these are now baselined into the NFF rates.
10. The 2023-24 year is another 'soft' year with local Schools' Forum still retaining its role in determining the school funding allocation methodology. The DfE have confirmed their intention to move to a 'hard' national funding formula and are proposing a move to the full hard formula by 2027-28. In the meantime, there will be a tightening towards the full NFF.
11. The introduction of mandatory minimum per pupil funding levels for the 2020-21 year have been continued and the rates have increased for the 2023-24 year as detailed in the table below.

<u>MPPFL</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Key Stage 1&2	£3,750	£4,180*	£4,265	£4,405
Key Stage 3	£4,800	£5,215*	£5,321	£5,503
Key Stage 4	£5,300	£5,715*	£5,831	£6,033

* - Includes Teachers Pay and Pension element of £180 KS1&2 and £265 KS3&4

12. The mandatory minimum per pupil funding levels represents a step towards the introduction of a 'hard' or 'direct' NFF, which is proposed from 2027-28.
13. The Minimum Funding Guarantee (MFG) threshold has been adjusted to ensure that all schools gain through the allocations per pupil and must be set between 0.0% and +0.5%.
14. The main formula for the 2023-24 year is broadly similar to the formula for the 2022-23 year however there are some changes, as detailed below.
 - a. Overall, funding through the NFF has increased by 1.9%
 - b. Core pupil-led funding factors and the lump sum increased by 2.4%
 - c. Disadvantaged funding, FSM6 and IDACI factors increased by 4.3%

- d. The 'Minimum per pupil funding level' to increased by 3.3% to;
 - i. £4,405 for Primary
 - ii. £5,715 for Secondary
 - e. The Free School Meals factor (for the costs of providing a meal for eligible pupils) has increased by 2%
 - f. A transfer of up to 0.5% of Schools Block funding to the High Needs Block is permitted, subject to Schools Forum approval
 - g. All NFF factors must be used in the formula
 - h. The LAMB grant will be phased out completely and local authorities are able to de-delegate funding from maintained schools only, to support school improvement
15. Following the cancellation of the 2020 and 2021 school assessments due to Covid-19, the Low Prior Attainment data from 2019 will continue to be used as a proxy for the assessments which would have taken place in 2020 and 2021.
16. The DfE will continue to pay Business Rates on behalf of all schools (introduced in 2022-23) onwards. The Department for Education will liaise directly with Wiltshire Council for the payment of Business Rates, removing the need for schools to pay their own Business rates and then recovering the funding.
17. Pupil Premium Grant (PPG) funding will continue in the 2023-24 year, with the rates being uplifted from the current 2022-23 rates, by 5%. The DfE have confirmed that the numbers of eligible PPG pupils will be taken from the October 2022 census. The funding rates for 2023-24 are set out in the table below.

<u>Premium</u>	<u>Primary</u>		<u>Secondary</u>	
Year	2022-23	2023-24	2022-23	2023-24
FSM6 (Deprivation)	£1,385	£1,455	£985	£1,035
LAC and Post-LAC*	£2,410	£2,530	£2,410	£2,530
Service	£320	£335	£320	£335

* - LAC PPG is payable to the LA's Virtual Headteacher. Where a pupil has previously been LAC but has left LA care through adoption, special guardianship order or child arrangements order, then the PPG is payable to the school.

School Revenue Funding Settlement 2023-24

Dedicated Schools Grant 2023-24

18. The DfE issued the revenue funding settlement for schools on 16 December 2022. The provisional Dedicated Schools Grant (DSG) allocation for Wiltshire Council is **£452.297m**. This is an increase of **£29.887m** compared with 2022-23. The table below shows the breakdown of the Blocks.

<u>Block</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Schools Block	£317,724,345	£328,593,782	£346,293,208
Central Block	£2,565,122	£2,604,175	£2,600,176
High Needs Block	£57,835,120	£62,690,534	£70,917,828*
Early Years Block	£28,217,273	£28,520,960	£32,485,360
TOTAL FUNDING	£406,341,860	£422,409,451	£452,296,572

* Includes Additional High Needs Allocation in 23-24 of £2.942m (Chancellor's Autumn Statement)

19. The increase reflects the impact of the uplift to the Schools' and High Needs Blocks incorporating the additional funding pledged by the government.
20. The increase in the Schools Block reflects the core increase and the additional funding from the Schools Supplementary Grant in 2022-23 of £9.6m in 2022-23.
21. The split of funding between the Blocks is set out below to show the year-on-year movements.

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>Increase</u>	<u>(%)</u>
Schools Block	275,215,164	293,142,767	317,724,345	328,593,782	346,293,208	17,699,426	5.39%
Central Block	2,570,343	2,479,715	2,565,122	2,604,175	2,600,176	-3,999	-0.15%
High Needs Block	47,091,825	51,996,188	57,835,120	62,690,534	70,917,828	8,227,294	13.1%
Early Years Block	26,768,825	26,884,359	28,217,273	28,520,960	32,485,360	3,964,400	13.9%
TOTAL FUNDING	351,646,157	374,503,029	406,341,860	422,409,451	452,296,572	29,887,121	7.07%

22. The **Schools Block** has been calculated based on the NFF funding factor values published in July 2022 and applied to the October 2022 census information. These have been used to calculate a PUF and SUF (primary unit of funding and secondary unit of funding) for Wiltshire. These units of funding have been multiplied by the numbers of primary and secondary pupils to arrive at the Schools' Block total for

2023-24. (In 2023-24, the rates include the Schools Supplementary Grant funding rates from the 2022-23 year.)

23. The PUF and SUF rates for 2023-24 are detailed in the table below;

	2019-20	2020-21	2021-22	2022-23	2023-24	Increase / %
PUF	£3,849.15	£4,079.69	£4,432.68	£4,574.45	£4,801.29	£226.84 / 5.0%
SUF	£4,885.94	£5,092.09	£5,514.14	£5,659.78	£5,951.59	£291.81 / 5.1%

24. Pupil numbers have moved in each phase, as per the table below:

	<u>2018-19</u>	<u>Inc.</u>	<u>2019-20</u>	<u>Inc.</u>	<u>2020-21</u>	<u>Inc.</u>	<u>2021-22</u>	<u>Inc.</u>	<u>2022-23</u>	<u>Inc.</u>	<u>2023-24</u>
Primary	38,218	15	38,233	262	38,495	-45	38,450	-297	38,153	-566	37,587
Secondary	24,471	412	24,883	481	25,364	242	25,606	487	26,093	675	26,768
TOTAL	62,689	427	63,116	743	63,859	197	64,056	290	64,246	109	64,355

25. Included within the Schools Block of funding of £346.293m is the amount of £1.964m allocated on the basis of pupil growth within Wiltshire. A breakdown of the elements comprising the Schools' Block is detailed in the table below.

Funding 2023-24	Amount £
Core funding	£344,328,861
Growth funding	£1,964,347
Total Funding	£346,293,208

26. The **Central Schools Services Block** (CSSB) has been calculated according to the national funding formula for the CSSB. October 2022 pupil numbers have been multiplied by a unit value of £36.75 and a headcount of 64,355. Funding for agreed historic commitments has then been added to that total. The Block is calculated as;

Pupil Funding (£36.75 x 64,355)	£2,365,065
Historic Commitment Funding	£235,111
Total CSSB Funding	£2,600,176

27. The **High Needs Block** has been allocated as per the baselines notified to local authorities in December 2022. These baselines are calculated according to the NFF for high needs, a significant percentage of which is allocated according to historic spend. The basic entitlement amount reflects the numbers of pupils in special schools has been updated to reflect the October 2022 census and the import/export adjustment. The uplifted funding reflects and includes Wiltshire's share of the £400m additional funding announced for High Needs in 2023-24 and the additional high needs allocation of £2.941m.
28. The **Early Years Block** reflects the indicative hourly rates announced for 2023-24 and an estimate of the full year effect of the entitlement to an additional 15 hours of childcare for children of working parents which came into effect in September 2017. Again, Wiltshire remains on the funding floor for the early years national funding formula. It should be noted that the Early Years Block would ordinarily be updated during the 2023-24 financial year to reflect the January 2023 and January 2024 early years census data.

Block Transfers 2023-24

29. The funding regulations do allow for a transfer of funding between the Schools' Block and other Blocks within the DSG. Local authorities have the flexibility to move up to 0.5% from the Schools' Block to the other Blocks including the High Needs Block, with the agreement of Schools Forum. It has previously been agreed by Schools Forum that a transfer up to a maximum of 0.5% would be supported, if affordable. Due to the Secretary of State's previous decisions regarding transfers and the requirement to passport 99.5% of the Schools' Block of funding to schools, a Disapplication Request to transfer a sum greater than 0.5% has not been submitted.

Budget Setting Process 2023-24

30. Local authorities are required to submit the proposed delegated budget for schools in their areas to the DfE by 20 January 2023. The DfE are required to confirm the formula is compliant with the funding regulations and will then confirm budgets to academies by the end of February 2023. The LA is required to notify maintained schools of their budget shares by the end of February 2023.
31. In terms of setting the budgets for schools for 2023-24, the amount of funding available for distribution to schools is calculated as follows:

DSG Schools Block Allocation	346,293,208
Less: Growth Fund	x,xxx,xxx
Less: Transfer to Other Blocks	x,xxx,xxx
Total available for School Funding	xxx,xxx,xxx

32. The update reports will show that many of the decisions in relation to individual funding Blocks will impact on the affordability, or otherwise, of other proposals and this will be important to take into account when considering the final decision paper.

De-Delegation

33. There are a number of budgets that maintained primary and secondary schools can agree to de-delegate so that services continue to be provided centrally. De-delegation cannot be applied to amounts delegated to academies or special schools.
34. At the December 2022 Schools Forum meeting, it was agreed by the maintained schools voting members that the de-delegation of services would continue in 2023-24, as in 2022-23. The amount of each de-delegated service budget is based upon the relevant formula factors for maintained schools.
35. In addition, it was agreed that maintained schools would de-delegate funding to support school improvement services, previously funded from the LAMB grant, which will be phased out from April 2023.

Proposal

36. Schools Forum is asked to note the report.

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