

Dedicated Schools Budget – Schools Block Update 2023-24 (Delegated Budget)

Purpose of the Report

1. To update Schools Forum on issues relating to the schools delegated budget for 2023-24 and the decisions that will need to be made as part of the budget setting process.

Main Considerations

2. As outlined in the funding settlement paper the Department for Education (DfE) has allocated a schools' block quantum to Wiltshire of £346.293 million. This includes funding of £1.964 million for the growth fund, based on the growth formula, detailed later in this report.
3. Cabinet approved the funding formula for 2022-23 proposed by Schools Forum which confirmed that Wiltshire would mirror the national funding formula (NFF). Formula factors were all fully funded at the published NFF values in 2022-23.
4. Modelling work has been prepared to calculate individual school budgets based on the DfE's NFF. The main funding formula for 2023-24 is broadly similar to the formula for 2022-23 but the following changes should be noted.
 - An increase in Pupil and School led funding values of 2.4% with Deprivation funding increased by 4.3%
 - Minimum Funding Guarantee set between 0.0% and 0.5% to ensure all schools see a gain in funding on their pupil led funding
 - Increases in the minimum per pupil funding levels (MPPFL) to £4,405 and £5,715 in primary and secondary schools
5. Modelling suggests that the NFF is fully affordable within the funding envelope provided by the DfE. The Schools Block of funding is sufficient to afford the full NFF with further discussion of some factors detailed in this report.

The National Funding Formula

6. Since the introduction of the NFF, it has been Wiltshire's intention to move across to mirror and replicate the formula in the 'soft' years, prior to moving to the 'hard' formula. Over the last five years, Wiltshire has moved across to funding schools, subject to affordability, using the NFF factor values. Where the NFF values could not be afforded, the Free School Meal Ever6 (FSM6) factor was compromised to ensure the other factor values were affordable. For the last four years, the formula has been fully affordable.
7. The DfE published their NFF factor values in the Summer of 2022 and following the announcement about the size of the DSG, the funding formula has been modelled to incorporate the NFF values (see Appendix 1 for rates).
8. Based upon the Schools' Block allocation, the formula is fully affordable for the 2023-24 financial year, applying all the NFF factor values. Wiltshire has been funded through the NFF and this has ensured that Schools Forum is presented with a position of affording the full NFF.
9. Within the modelling, the following elements have been included, as agreed with Schools Forum in December 2022:
 - Full NFF values applied for all funding factors
 - MFG set at the maximum level of +0.5%
 - Transfer from Schools' Block to High Needs Block of 0.5% (£1.716m)
10. The table below sets out the funding position having applied all the NFF values and taken account of any proposed transfers, to demonstrate the affordability position.

Funding 2023-24	Amount £
Core funding	£344,328,861
Growth funding	£1,964,347
Net Funding	£346,293,208
Less: NNDR Business rates	(£2,992,217)
TOTAL	£343,300,991
Transfer to High Needs Block (0.5%)	(£1,716,505)
Available for School Funding	£341,584,486
NFF requirements	£341,051,836
Growth Fund	£532,650
Schools Block Allocated	£341,584,486

Growth Funding Allocation 2023-24

11. Growth allocations for 2023-24 are based upon pupil data from the October 2022 census and the October 2021 census.
12. The county is separated into 62 Middle Layer Super Output Areas (MSOA) with an average of 4 schools in each MSOA area. Growth is measured by counting the increase in pupil numbers in each MSOA between the October 2021 and October 2022 censuses. Only positive increases in pupil numbers are included, so positive growth in one area, and negative growth in another, will not be denied growth funding.
13. The DfE do not expect local authorities to use these rates in their local arrangements for funding growth but instead the growth factor acts as a proxy for overall growth costs at local authority level.
14. At the Schools Forum meeting in December 2022, Schools, the criteria for allocating Growth funding in the 2023-24 year was confirmed. The amount of funding allocated to Wiltshire for the 2023-24 year is set out in the table below.

<u>Funding 2022-23</u>	<u>Primary</u>	<u>Secondary</u>	<u>TOTAL</u>
Growth in Pupils	198	725	923
Rate	£1,530.92	£2,291.34	
Amount	£303,122	£1,661,224	£1,964,361

Historical Position

15. Growth funding forms part of the Schools Block of funding. Schools Forum has historically agreed an annual budget to be retained for funding pupil growth and has operated successfully within this funding envelope. In the financial year 2023-24 it is proposed to set the budget once again in line with the affordability, having applied NFF rates for the funding factors.

Affordability

16. There are no plans to open any new schools in the 2023-24 year. The growth fund supports new primary and secondary schools with diseconomy costs for the first 7 years or until the school is full.
17. The Basic Need Class Expansion for additional classes is still to be confirmed with colleagues in the School places team for the 2023-24 academic year. However, growth is being experienced as new housing becomes available across the County, despite a falling birth rate being experienced.
18. The Infant Class Size increases are yet to be confirmed for 2022-23 but no more than four schools are expected to be funded through this factor.
19. The total Growth Fund requirement for 2023-24 is anticipated to come within the proposed budget, as allocated by the DfE and based upon the funding of all the NFF factors in full. Any surplus or deficit in the Growth Fund will form part of the overall DSG surplus or deficit balance.

Minimum Funding Guarantee

20. The Minimum Funding Guarantee (MFG) was designed to prevent schools from experiencing significant reductions in their calculated 'per pupil' funding, year on year. Historically, the MFG had been set at -1.5% to prevent reductions in funding of greater than 1.5%.
21. Following the additional funding pledge, the DfE are seeking to ensure that all schools see an uplift in their calculated per pupil funding and have therefore proposed that the MFG is set at a positive figure of between 0.0% and 0.5%.
22. As in the 2022-23 year, modelling of the MFG is no longer a significant issue, as the majority of schools have moved off the MFG funding and as a result, no capping of schools would be required to fund the MFG again this year. This correlates with the DfE's intention to move all schools across towards the NFF, with an intention of introducing a 'hard' formula in due course.
23. Setting a positive MFG of 0.5% is fully affordable and will ensure that all schools see an uplift in their 'per pupil' funding of at least 0.5%. The cost to the formula in 2023-24 is £0.165m, subject to decisions taken by Schools Forum.

Sparsity

24. The DfE's consultation in the 2021-22 year, introduced a number of changes to the criteria for the NFF sparsity factor. Schools Forum considered a report in 2021-22 which set out the implications of these changes for Wiltshire and agreed to mirror the NFF within the Wiltshire formula for 2022-23.
25. The criteria for Sparsity funding are based upon size and sparsity distance. The threshold is for primary schools of 150 pupils or less and secondary schools of 600 pupils or less. The distance threshold is now based upon the average road distance from the pupil's home to next nearest compatible school. Where this distance is greater than 2 miles for primary and 3 miles for secondary pupils a school is eligible for funding.
26. The NFF introduced a 'distance taper' which now means that primary and secondary schools with a sparsity distance within 20% of the threshold (1.6miles and 2.4miles for primary and secondary), will now be eligible for funding, using a tapering mechanism.
27. The formula also uses a tapering mechanism based upon size of the school such that schools receive a weighted proportion of the maximum value.
28. As part of the DfE's proposals to support small and rural schools, the maximum sparsity value for primary schools has now increased to £56,300, with Secondary schools increasing to £81,900. The table below shows the impact of these changes on the 2023-24 formula.

<u>2023-24</u>	<u>Primary</u>	<u>Secondary</u>	<u>TOTAL</u>
Eligible Schools	66	2	68
Funding	£2,402,634	£107,562	£2,510,196*
<u>2022-23</u>			
Eligible Schools	62	4	66
Funding	£2,236,040	£142,411	£2,378,451*
<u>2021-22</u>			
Eligible Schools	28	2	30
Funding	£295,939	£49,594	£345,533

* – This represents 0.72% of the total Schools Block Allocation

Minimum per Pupil Funding Levels (MPPFL)

29. The MPPFL's were introduced as part of the NFF and have been increased annually as part of the DfE's proposals to standardise funding across the country. These are mandatory as part of the NFF and therefore there is no scope for amending these values without permission from the Secretary of State.
30. The thresholds in primary and secondary schools for 2022-23 are £4,405 and £5,715 for primary and secondary respectively.
31. The overall funding allocated through the MPPFL is £2.497m in 2023-24, a decrease of £2.456m on the 2022-23 figure.
32. The amount allocated in 2022-23 was £4.953m a decrease of £1.623m on the 2021-22 figure of £6.576m.
33. As the NFF is embedded, the quantum of funding awarded through the MPPFL and the number of schools eligible to receive funding should continue to decrease.

	Schools Eligible		Funding to Schools		
Year	Primary	Secondary	Primary	Secondary	Total Funding
2021-22	75	14	£3,833,014	£2,743,228	£6,576,242
2022-23	61	11	£3,076,671	£1,874,834	£4,951,505
2023-24	32	4	£1,700,428	£796,828	£2,497,255

Proposals

34. Schools Forum is asked to note the report.
35. Schools Forum to confirm its intention to apply all the funding factors at the 2023-24 NFF rates.
36. Schools Forum to note the stability and impact of the Sparsity factor.
37. Schools Forum to confirm setting the MFG at a level of 0.5%.
38. Schools Forum to confirm transferring 0.5% of the Schools Block to the High Needs Block, £1.716m, as the funding formula is affordable.
39. Schools Forum to agree the level of the Growth fund at £0.533m.

Report Author: Grant Davis, Schools Strategic Financial Support Manager

Tel: 01225 718587

e-mail: grant.davis@wiltshire.gov.uk

Appendix 1

Factor	2019-20	2020-21	2021-22	2022-23	2023-24
Primary KS1&2 AWPU	£2,747	£2,857	£3,123*	£3,217*	£3,394**
Secondary KS3 AWPU	£3,863	£4,018	£4,404*	£4,536*	£4,785**
Secondary KS4 AWPU	£4,386	£4,561	£4,963*	£5,112*	£5,393**
Primary & Secondary FSM	£440	£450	£460	£470	£480
Primary FSM6	£540	£560	£575	£590	£705**
Secondary FSM6	£785	£815	£840	£865	£1,030**
IDACI Primary Band A	£575	£600	£620	£640	£670
IDACI Primary Band B	£420	£435	£475	£490	£510
IDACI Primary Band C	£390	£405	£445	£460	£480
IDACI Primary Band D	£360	£375	£410	£420	£440
IDACI Primary Band E	£240	£250	£260	£270	£280
IDACI Primary Band F	£200	£210	£215	£220	£230
IDACI Secondary Band A	£810	£840	£865	£890	£930
IDACI Secondary Band B	£600	£625	£680	£700	£730
IDACI Secondary Band C	£560	£580	£630	£650	£680
IDACI Secondary Band D	£515	£535	£580	£595	£620
IDACI Secondary Band E	£390	£405	£415	£425	£445
IDACI Secondary Band F	£290	£300	£310	£320	£335
Prior Attainment – Primary	£1,022	£1,065	£1,095	£1,130	£1,155
Prior Attainment – Secondary	£1,550	£1,610	£1,660	£1,710	£1,750
EAL – Primary	£515	£535	£550	£565	£580
EAL - Secondary	£1,385	£1,440	£1,485	£1,530	£1,565
Mobility – Primary	£0	£875	£900	£925	£945
Mobility – Secondary	£0	£1,250	£1,290	£1,330	£1,360
Lump Sum	£110,000	£114,400	£117,800	£121,300	£128,000**
Sparsity – Primary	£0-£25,000	£0-£26,000	£0-£45,000	£0-£55,000	£0-£56,300
Sparsity – Secondary	£0-£65,000	£0-£67,500	£0-£70,000	£0-£80,000	£0-£81,900
Primary - MPPFL	£3,500	£3,750	£4,180	£4,265	£4,405
Secondary – MPPFL	£4,800	£5,000	£5,415	£5,525	£5,715

* - Includes the Teachers Pay and Pension Grants of £180 for Primary and £265 for Secondary

** - Incorporates the Schools Supplementary Grant funding for 2022-23 for AWPU, FSM6 and Lump Sum