

WIRRAL COUNCIL

SCHOOLS FORUM – 6th October 2022

REPORT OF THE DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

DEDICATED SCHOOLS GRANT (DSG) FUNDING FOR 2023-24 AND LOCAL FUNDING FORMULA CONSULTATION

1.0 EXECUTIVE SUMMARY

1.1 The purpose of this report is to update the Forum on both the funding announcements for 2023-24 and the consultation process for mainstream Primary and Secondary schools.

2.0 BACKGROUND

2.1 On 19th July, the Department for education (DFE) announced provisional funding allocations for 2023-24 through the schools, high needs, and central school services national funding formulae (NFF).

2.2 Provisional gross (i.e., before academy recoupment) funding allocations for Wirral, based on 2021-22 pupil numbers, are as follows:

	Schools Block	High Needs Block	Central Services Block
2022-23 Final Allocation	£243,948,516	£53,993,952	£2,120,348
2023-24 Indicative Allocation	£249,892,043	£57,592,970	£2,060,847
Increase/(reduction)	£5,943,527	£3,599,018	(£59,501)
Increase/(reduction)	2.44%	6.67%	(2.81%)

2.3 Whilst the provisional funding allocations for 2023-24 identify increased funding for Wirral overall, there are still challenges to overcome and these will be outlined in the relevant sections of this report.

3.0 DIRECT NATIONAL FUNDING FORMULA

3.1 The DFE launched a consultation on 8th July 2021, 'Fair school funding for all: completing our reforms to the National Funding Formula' – which focused on the principles of moving to a direct formula, completing the reform of school funding that was started with the introduction of the NFF in 2018-19.

3.2 The response of the consultation was published in March 22, and DFE has confirmed that it will move forward with its plans to implement a direct NFF, whereby funding will be allocated directly to schools based on a single, national formula, without further adjustment through local formulae.

- 3.3 The DFE states that the move to a direct NFF supports the objective set out in the schools white paper 'Opportunity for all' and it will bring greater fairness, consistency, transparency and simplicity in the funding arrangements for schools.
- 3.4 The DFE expects to have moved to the direct NFF by 2027 to 2028 funding year by taking a gradual approach to transition. To ensure a smooth and delivering a more consistent funding system, local authorities will be required to start bringing own formulae closer to the NFF distribution from 2023-24, in particular,
- Local authorities will only be allowed to use NFF factors in their local formulae
 - Local authorities must use all NFF factors
 - Local authorities must move their local formula factor values at least 10% closer to the NFF, except where local formulae are already mirroring the NFF
 - Local authorities must use the NFF definition for the English as an additional language (EAL)
- 3.5 Wirral has mirrored the NFF for the last 4 years and it suggests that the proposals will critically have little or no negative impact on Wirral schools particularly during any transitional period to the full implementation of the direct NFF

4.0 SCHOOLS BLOCK

- 4.1 The provisional school block allocation includes the following changes:
- The core factors in the schools NFF (such as the basic entitlement, and the lump sum that all schools attract) will increase by 2.4%.
 - The funding floor will ensure that every school is allocated at least 0.5% more pupil-led funding per pupil compared to its 2022-23 NFF allocation.
 - Through the minimum per pupil funding levels, every primary school will receive at least £4,405 per pupil, and every secondary school at least £5,715.
 - Additional support directed to disadvantaged pupils, by increasing the FSM6 (free schools meals at any time in the last 6 years) and the Income Deprivation Affecting Children Index (IDACI) factors in the schools NFF by a greater amount than other factors. These factors will increase by 4.3%, compared to their 2022-23 values.
 - Rolling the 2022-23 school supplementary grant into the schools NFF ensuring that this additional funding forms an on-going part of schools' core budgets.
- 4.2 In 2023-24 Local authorities will continue to set a MFG in local formulae, however, it must be between +0.0% and +0.5% as it is the first year of transition to the direct schools NFF. For 2022-23 an MFG rate of +1.25% was applied as agreed at the November 21 Forum and schools will be canvassed on their preferred rate for 2023-24 as part of the annual consultation process.

4.3 The consultation process is currently being undertaken until Monday 24th October and is open to all mainstream Primary and Secondary schools. Schools is consulted on options for the level of MFG and their views will be sought on the usage of any funding that may be left following the allocation of the confirmed 2023-24 schools block allocation.

4.4 The consultation process has been communicated to schools by e-mail and this communication is accompanied by a list that identifies the impact of the indicative funding for each school in 2023-24 for each of the proposed levels of MFG. The results of the consultation will be reported back to Forum at the November meeting.

5.0 HIGH NEEDS BLOCK

5.1 The 2023-24 High Needs provisional funding identifies an increase in gross funding of £3.6m (6.67%). Whilst this is a reasonable increase in funding, it should be noted that the average year on year increase in expenditure since 2018-19 has been around 12.43%. The table below compares the net (i.e., after academy recoupment) funding and expenditure over a 5-year period.

	2018-19 £m	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 Forecast £m
High Needs Block	31.848	34.070	40.793	46.557	52.090
High Needs Outturn	34.087	37.723	41.522	45.946	54.366
Under/(Overspend)	(2.239)	(3.653)	(0.729)	0.611	(2.277)
Under/(Overspend)	(7.03%)	(10.72%)	(1.79%)	1.31%	(4.37%)
Outturn Trend		10.67%	10.07%	10.66%	18.33%

5.2 The financial impact of projected future demand and delivery options will be quantified as part of the 2023-24 budget setting process.

6.0 CENTRAL SERVICES BLOCK

6.1 The central school services block (CSSB) within the DSG provides funding for local authorities to carry out central functions on behalf of all schools with the agreement of school's forums.

6.2 The block comprises two distinct elements, which are:

- Ongoing responsibilities – the funding for this element of the CSSB increases annually and covers the following activities:
 - Statutory and regulatory duties
 - Education Welfare
 - Asset management
 - Other on-going duties
- Historic responsibilities – there should be no new commitments or increases in expenditure from that agreed prior to 2013-14, and DFE

expect that these costs will unwind over time and the funding for these commitments will continue to reduce by 20% on 2022-23 allocations. This element of the funding covers the following activities:

- Termination of employment costs
- Contribution to combined budgets

6.3 The table below identifies the change to CSSB funding from 2022-23 analysed across the on-going and historic elements.

	On-going responsibilities	Historic Commitments	Total
2022-23 Final Allocation	£1,641,320	£479,028	£2,120,348
2023-24 Indicative Allocation	£1,677,625	£383,222	£2,060,847
Increase/(Reduction)	£36,305	(£95,806)	(£59,501)
Increase/(Reduction)	2.21%	(20.00%)	(2.81%)

6.4 The impact of the reduced funding on the services delivered by the historic element of the funding and mitigating actions will be considered as part of the 2023-24 budget setting process.

7.0 RECOMMENDATIONS

7.1 That Schools Forum note the report.

7.2 That Schools Forum note the plans for the consultation process with schools and that the outcome will be reported to the November meeting (paragraphs 3.4 and 3.5).

Simone White
Director of Children, Families and Education