

WIRRAL COUNCIL

SCHOOLS FORUM – 17th JANUARY 2023

REPORT OF THE DIRECTOR FOR CHILDREN, FAMILIES AND EDUCATION

SCHOOLS BUDGET 2023-24 AND 3-YEAR FORECAST

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to outline the Schools Budget for 2023-24 so that Schools Forum can indicate their views on the proposals. The report describes the financial changes to be considered by Schools Forum and Policy and Resources Committee. The proposed budget totals £337.017m for Early Years, Maintained Schools, Academies, colleges, and providers for the financial year 2023-24.
- 1.2 In addition to the budget year, a forecast for the three financial years 2024-25, 2025-26 and 2026-27 has also been included. The purpose of the 3-year forecast is to inform planning and to determine the future impact of current decisions. On that basis the forecasts are included for information and will not be considered for approval by the Policy and Resources Committee.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Schools Funding Allocations were issued by the Department for Education on 16th December 2022. The format of the Dedicated Schools Grant (DSG) is unchanged with Local Authority allocations determined by the National Funding Formula (NFF) for Schools, High Needs and Early Years. The main features include:
- School funding increased by 2.4% overall with every secondary school allocated at least £5,715 per pupil and every primary school allocated at least £4,405 per pupil.
 - local authorities will continue to set a Minimum Funding Guarantee in their local formulae, which for 2023-24 is between 0% and +0.5%.
 - 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.
 - the Schools Block continues to be ring-fenced with limited flexibility to transfer up to 0.5% of the schools' block to High Needs with Schools Forum approval.
 - High Needs funding increased by £970m, or 10.6%, in 2023-24.
 - Early Years hourly rates paid to local authorities will increase by £0.06 for 2-year old's and £0.23 for 3&4-year olds.
 - Central schools services funding increased by 2.03% for the ongoing responsibilities that local authorities continue to have for all schools, while funding for historic commitments within this block will decrease by a further 20% for those local authorities in receipt of this funding.

- 2.2 Other factors that have influenced the 2023-24 budget include:
- existing and on-going demand on services;
 - the High Needs strategy.

3.0 FINANCIAL IMPLICATIONS

3.1 The budget for 2023-24 is compiled from the base budget for 2022-23 approved by Council on 28th February 2022 and updated for the issues identified in this report. The total 2023-24 projected budget (DSG and council funded) is £337.017m and is summarised below along with the 3-year forecast. A detailed analysis of the 2023-24 budget changes is shown in Appendix 1 in addition to a comparison of the 2022-23, 2023-24 budgets and 3-year forecasts which is provided in Appendix 2.

Table 1: Budget for 2023-24 and 3-year forecast

	2023-24 Budget £m	2024-25 Forecast £m	2025-26 Forecast £m	2026-27 Forecast £m
Funding	336.804	348.357	358.603	371.980
Expenditure by funding block:				
Schools	250.662	257.790	263.887	272.939
Central Schools Service	3.517	3.474	3.447	3.433
High Needs	60.958	63.843	65.677	67.191
Early Years	21.880	22.704	23,661	24,619
Total expenditure	337.017	347.811	356.671	368.181
Contribution to/-from reserves	-0.213	0.546	1.932	3.798

3.2 The contribution to/-from reserves reflects the difference between the funding available and planned expenditure. 2023-24 result in a shortfall in funding and this is due to high needs activities where demand and complexity continue to rise. From 2024-25, funding exceeds expenditure, and this reflects the impact of the High Needs Strategy where planned changes start to have a positive effect on expenditure.

4.0 FUNDING

With the exception of the PFI affordability gap of £1.459m, which is funded from Council resources, the schools budget is funded by the DSG.

4.1 Dedicated Schools Grant (DSG)

4.1.1 DSG is made up of 4 block allocations with restrictions on moving funding between the blocks. The allocation for 2023-24 indicates a £20.593m increase which is an overall increase of 6.52%. The budgets presented have not transferred any funding between block allocations. DSG funding for the 3 forecast years assumes an average annual increase of around 2.5%.

4.1.2 The table below compares the gross block funding for 2022-23 and 2023-24 and thus includes both maintained schools and academy school activity.

Table 2: Comparison of the gross block funding

DSG Block	2022-23 Gross Funding £m	2023-24 Gross Funding £m	Increase/ Reduction	
			£m	%
Schools	237.825	250.662	12.837	5.40%
Central School Services	2.120	2.058	-0.063	-2.95%
High Needs	54.284	60.744	6.460	11.90%
Early Years	21.530	22.889	1.359	6.31%
Total	315.760	336.353	20.593	6.52%

Please note that 2022-23 Schools block funding figure doesn't include the School Supplementary grant (£7.157m) – from 2023-24 funding previously distributed through this grant will be allocated through the Schools block NFF, i.e. included in the 2023-24 Schools block funding allocation.

- 4.1.3 The allocations for the Schools and Central Schools Services funding blocks have been updated for changes in pupil numbers. Pupil numbers are those recorded in the October census, and have changed as follows:

Table 3: Changes in pupil numbers

Pupil numbers	Primary schools	Secondary schools	All- through schools	Total
October 2021 census	25,049	18,093	1,027	44,169
October 2022 census	24,743	18,283	1,064	44,090
Increase/-decrease	-306	190	37	-79

- 4.1.4 Early Years funding is based on a combination of the January 2022 census and the estimated January 2023 census and thus is indicative at this time.
- 4.1.5 High Needs funding for 2023-24 includes a funding allocation of £2.316m announced on 16th December 2022 in addition to the recurring block funding.

4.2 Additional Grant for 2023-24

- 4.2.1 The 2022 Autumn Statement announced that the core schools budget will increase by £2 billion in the 2023 to 2024 financial year, over and above totals announced at the Spending Review 2021.
- 4.2.2 In the 2023 to 2024 financial year, mainstream schools will be allocated additional funding through the mainstream schools additional grant (MSAG) 2023 to 2024. This is in addition to schools' allocations through the schools national funding formula and the indicative allocation for Wirral schools is £8.532m. The school level allocation of this funding will be published in spring 2023.
- 4.2.3 Local authorities have also been allocated £400 million additional high needs funding for 2023 to 2024, on top of their high needs national funding formula allocations, and this is intended to reflect likely cost increases local authorities

and schools will face in the provision for children and young people with high needs.

The additional funding totals £2.316m and has been included in the 2023-24 budget as per paragraph 4.1.5 above.

4.3 Other Grant Funding

In addition to DSG, the following grants represent additional funding sources for schools and are not included in the budget.

4.3.1 Pupil Premium provides funding targeted towards deprivation. It has been confirmed that Pupil Premium rates will increase in 2023-24 in line with the latest inflation forecasts.

4.3.2 The teachers' pay grant and teachers' pension employer contributions grant is now included in the NFF for schools and high needs. Maintained nursery schools, and schools and academies with early years pupils will continue to receive these as separate grants.

4.3.3 The Schools Budget includes funding for High Needs students in 6th Forms. All other post 16 funding is through the National Funding Formula for 6th Forms and thus is not included in the budget.

5.0 BUDGET ALLOCATIONS 2023-24

5.1 Schools Block £250.662m

This budget reflects the delegated budgets allocated to both maintained and academy mainstream primary and secondary schools. In November 2019, Schools Forum supported this block being redistributed to mainstream schools using the formula factor rates used in the NFF thus this is the basis on which funding will be allocated to individual schools.

5.1.1 Academies

Currently there are 15 secondary academies, 15 primary academies and 1 all-through academy schools with 2 further primary schools planned to be academised within 6 months. Academies are independent from the local authority and are funded directly from the ESFA, however Regulations require Wirral to continue to calculate their budgets which are then deducted from Wirral's DSG.

5.1.2 Minimum Funding Guarantee (MFG)

For 2023-24 LAs can apply MFG of between 0% and plus 0.5% per pupil to protect schools from large formula changes. Following a consultation with all primary and secondary schools, School Forum in November 2022 supported a plus 0.5% Minimum Funding Guarantee for the 2023-24 mainstream schools funding formula.

5.2 Central School Services Block £2.058m

5.2.1 This block provides funding for LAs to carry out central functions on behalf of pupils in state-funded maintained schools and academies in England. Funding previously allocated to LAs for the Education Services Grant (ESG) retained

duties is included within this block, together with funding for historic commitments.

5.2.2 Funding allocated to Local Authorities for historic commitments, which for Wirral are the contribution to combined budgets and schools retirement costs (school closure), has been reduced by 20% in line with the DfE's expectation that these costs will unwind over time.

The funding for ongoing responsibilities includes:

- School Licenses
- Admissions
- Schools Forum
- Former ESG retained duties
- Capital Expenditure from Revenue (PFI costs)

The treatment of these budgets, which are considered in further detail later in this report, is in accordance with national guidance.

5.3 High Needs Block £60.744m

This budget covers a range of related activities. The allocation of funding to each activity is based on the "place plus" funding system introduced by the DfE in April 2013 and includes:

- Special schools (pre- and post-16), and non-maintained special schools, both of which receive a base level funding of £10,000 per place.
- Resourced Provision (bases) which receive £6,000 per place.
- Place funding in Wirral's FE provision at Wirral Met College and Birkenhead 6th Form College of £6,000 per place.
- Additional funding over and above that provided for places in the form of "top ups" is provided on a per pupil basis. The top up, or "plus" element of funding, takes account of the agreed assessed needs of pupils and is paid by the "commissioner" responsible; this may be Wirral Children's Services, a school, or another Local Authority. Wirral's top up system uses 5 bands to allocate funding across special schools, resourced bases, and alternative provision. Non-maintained Special Schools also receive a top up.
- The costs of Top Ups for all education and training for post 16 specialist provision for Learners with Learning Difficulties or Disabilities (LLDD) in colleges and private providers.
- The Hospital Schools budget.
- The cost of placements in Independent Special Schools.
- The costs of Education, Health and Care Plans and Independent Pupil Funding Arrangements.

5.4 Early Years Block £22.889m

- 5.4.1 This Block funds the costs of Early Years Education for 2, 3 and 4-year-old children in schools, nurseries, and private voluntary and independent providers for both the universal and extended entitlement. Most of this funding is directed through the Early Years National Funding Formula (EYNFF). This is allocated to Local Authorities based on an hourly rate which, for 2023-24, has increased by £0.06 for 2-year old's, and £0.23 for 3- and 4-year-old's.
- 5.4.2 The early years element of the funding currently allocated through the Teacher Pay and Pension Grant (TPPG) has been rolled in the Early Years National Funding Formula (EYNFF)
- 5.4.3 There are small elements covering SEN costs and some central Early Years support costs. Amounts held centrally are within the nationally defined limits of 5% of the Early Years Block.
- 5.4.4 This Block also includes allocations for Maintained Nurseries (MNS) to enable local authorities to protect the level of funding to MNS prior to the introduction of the EYNFF, Disability Access Fund (DAF) and Early Years Pupil Premium (EYPP).
- 5.4.5 The national funding rate for EYPP and DAF will increase in 2023-24 by £0.02 and £28 respectively.

6.0 2023-24 BUDGET CHANGES

6.1 Individual Schools Budget

6.1.1 Primary, Secondary and Academy Budgets £12.837m increase

The significant changes within this area are as follows:

There is a net decrease in school rolls, which results in an overall budget decrease of £0.058m. There are 79 less pupils on roll in October 2022 compared to October 2021. Primary numbers have reduced by 300 to 25,132 (a 1.18% reduction) while Secondary numbers have increased by 221 to 18,958 (a 1.18% increase).

The impact of changes in both the monetary value and pupil numbers applied to each of the funding formula elements has generated an increase in funding of £12.895m. This also includes any headroom which may arise if the funding allocated to schools from applying to the NFF is less than the overall funding available. For the purposes of the budget report £12.895m has been split proportionately between primary and secondary budgets.

6.1.2 High Needs Places £1.682m increase

Places in specialist provision within Local Authority areas continue to be determined by each LA in consultation with schools and providers. There is flexibility to adjust this so that places broadly reflect take-up by pupils and this has resulted in a net increase of 139 places across special school, base and 6th Form/FE provision.

In 2022-23, a growth in demand was included in the special schools' budget as additional unallocated places. These places have been allocated to the special schools from September 22 and a further 51 places have been set aside for this purpose in the 2023-24 budget.

Base Project, a new resourced provision programme, has been set up in 2022-23 with 4 schools creating 37 temporary places.

6.1.3 Hospital School £0.134m increase

The increase reflects the change in the Hospital School element of the high needs block.

6.2 Early Years £1.697m increase

6.2.1 The early years budget is based on the predicted census numbers for January 23 (5 months for April to August 23) and January 24 (7 months for September 23 to March 24).

The January 22 census showed a falling roll for 3/4-year-olds compared to the January 21 census, mirroring a drop in birth rates for the related period. Further drop in numbers for the January 2023 and January 24 census are predicted based on the birth rates and the national population projections report by the Office for National Statistics. The numbers of the 2-year-old in January 2023 is anticipated to be increased as the birth rate for the related period was improved.

The budget and the DSG allocation can be revised, if necessary, once the January 23 census information becomes available.

The table below compares the pupil number information that has been used to inform the 2023-24 budget setting process.

Table 4: Early Years pupil numbers

Pupil numbers	Jan-21	Jan-22	Jan-23 (estimate)	Jan-24 (estimate)
2-year old's (PTE)	910	1,008	1,028	1,022
3/4-year old's Universal (PTE)	4,438	4,374	4,179	4,093
3/4-year old's Extended (PTE)	2,158	2,254	2,152	2,108

The budget for the demand element has increased by £0.513m compared with 2022-23 budget as the estimated pupil numbers used for the 2022-23 budget setting were lower than the January 22 census numbers.

6.2.2 As outlined above in paragraph 5.4.1 the hourly rates paid by ESFA to Wirral will increase by £0.06 for 2-year old's and £0.23 plus additional TPPG rate for 3&4-year-olds. This has generated an increase in the budget of £1.184m. The expenditure budget relates mainly to the payments to providers, and this will aim to maximise the pass-through of funding to providers whilst ensuring that the service can respond to need and uncertainty.

6.3 Central School costs

The centrally held budgets for 2023-24 funded by the Central Schools Services Block of DSG have decreased by £0.063m. The services delivered by these budgets are explained below along with the reasons for any changes to the budget for 2023-24.

- School Admissions - this budget is required to meet the costs of supporting and administering the authority's school admissions process including the 11 plus. A small increase of £0.015m has been applied to this budget to reflect forecast staff costs.
- School redundancy costs - this budget covers the continuing cost of premature retirement of teachers and staff that have arisen from closing schools. No further closures are expected for 2023-24 thus costs to be incurred reflect historic commitments and are expected to be reduced by £0.002m.
- Licences and Subscriptions - the DfE purchases a single national licence for all state funded schools. Licences cover areas such as the Copyright Licence Agency, the Education Recording Agency, the Mechanical Copyright Protection Society, and a School Printed Music Licence. The 2023-24 budget has increased by £0.027m to reflect the costs announced by DfE in December 2022.
- Schools Forum - although this budget will not be fully utilised in 2022-23, it is expected that there will be fully return to face to face meetings during 2023-24 thus there has been no change to the budget for 2023-24.
- Contingency – this reflects the 'headroom' of £0.018m within the Central School Services Block for 2023-24.
- Contributions to combined budgets – School Funding Regulations continue to allow contributions to support services that would otherwise fall outside the Schools Budget. These budgets combine with other council resources for the educational benefit of children. There must be no new commitments or increases in expenditure from that agreed in 2012-13, and DfE expect that these costs will unwind over time. For this reason, funding from DfE has been reduced by 20% for 2023-24. However, the net increase to the current cost element of the Central Schools Service Block can facilitate a partial off-set of the 20% reduction. It is proposed, therefore, that the reduction in contributions be limited to 15% which equates to a reduction of £0.095m. These proposed contributions are as follows:

Table 5: Contributions to combined budget

		22-23	23-24	Reduction	
		£m	£m	£m	%
School Improvement	Continued support for School Improvement Staff with permanent contracts	0.238	0.202	-0.036	-15%
LSCB	Contribution towards governance process for child protection	0.022	0.018	-0.003	-15%
School Intervention	Consultant Headteacher role supporting Primary & Secondary	0.098	0.083	-0.015	-15%

	education				
PFI (Support)	Contribution towards the asset management costs to support PFI schools	0.044	0.038	-0.007	-15%
PFI (CLC)	Contribution towards the building costs for closed City Learning Centres	0.049	0.042	-0.007	-15%
Looked after Children Education Services	The service reviews the educational progress of Looked After Children, provides training to staff and some direct support to pupils	0.101	0.086	-0.015	-15%
Business Rates	Funding for continuing costs for VA Schools	0.077	0.065	-0.012	-15%
Governors Forum	Contribution towards the cost of maintaining the Forum	0.002	0.001	-0.001	-15%
Total		0.631	0.536	-0.095	-15%

- The PFI Affordability Gap budget is driven by the December RPI%. As this is not yet available, no change has been made to the 2023-24 budget at this time. The impact of the change in RPI% will be applied to the budget later in January 23 but as this is a Wirral Council funded budget, any change will have no impact on the DSG funding available to schools.
- The budget for retained duties of the former Education Services Grant (ESG) is unchanged for 2023-24. Overall, DSG contributes £1.23m towards the cost of services that were previously funded from the ESG. In 2022-23 Forum agreed to de-delegate £0.5m on behalf of Maintained Primary, Secondary and Special Schools towards the full year costs of ESG General Duties.

6.4 De-delegated budgets

As in previous years the budgets held for Contingency, Special Staff (maternity, paternity, and trade union duties), the School Library Service, Insurance (Governors Aided), and Behaviour Support have been delegated to schools, and a decision will be required for any de-delegation from existing school budgets for these services. A decision will also be required for de-delegation of costs associated with the former General Duties of the Education Services Grant and School Improvement.

6.5 High Needs Pupils

6.5.1 Additional Resource £1.137m increase

The budget for Units of Resource has been increased by £1.423m to reflect the on-going increase in applications for assessment. An increase has been applied for Primary pupils (£1.354m) and Secondary pupils (£0.069).

The other budget in this area including the personal budget, interim education and inclusive practice are adjusted based on the demand in 2022-23.

6.5.2 Top-Ups £1.226m increase

The established banding system will be used to allocate element 3 top up funding to each specialist provision. This budget has been increased by £1.226m in line with the increase in places across special schools, resourced provision and 6th Form/FE provision as identified in the Individual Schools Budget section. As per paragraph 4.1.5 above, an additional one-off funding was announced by ESFA on 16th December 2022 and the amount allocated to Wirral is £2,315,773. The guidance indicates that the additional funding is for maintained special schools, special academies, pupil referral units and AP academies and 3.4% of their place funding plus the average top-up funding in financial year 2022-23 must be allocated to them. A provisional calculation shows that the funding to be distributed is £975,706, and the remaining has been utilised to address the overall growth in the budget.

A small increase in funding for Exceptional Need, which is available to Special Schools, Alternative Provision, and Mainstream Resources Provision where an assessed pupil's needs indicate that enhanced staffing is necessary. The budget has been increased by £0.008m to reflect the forecast increase in staff costs.

6.5.3 Contingency £0.126m increase

This budget has been increased to reflect the additional support that is needed to generate the physical space needed for the increase in places.

6.5.4 Independent Special Schools £2.061m increase

The increase in the 2023-24 budget reflects the additional demand in places that was identified in Autumn 2022 and also growth in the contribution to looked-after-children education plans which has been forecast to increase.

7.0 3-YEAR FORECAST

Although not for consideration for the 2023-24 budget setting process, the 3-year forecast has been included to demonstrate the impact of demand and planned changes that are to be implemented to respond to this challenge.

7.1 Maintained Primary and Secondary Schools

7.1.1 For primary schools, pupil numbers are expected to fall in 2024-25, 2025-26, but to increase in 2026-27 in line with local birth-rate statistics. This has been off-set with a forecast increase in school funding.

7.1.2 For secondary schools, pupil numbers are expected to increase for 2024-25, 2025-26 and 2026-27 in addition to a forecast increase in school funding.

7.2 Central Schools Services

7.2.1 The majority of these activities relate to administrative functions and as such the changes in the forecast years is minimal. The exception to this is the contribution to combined budgets where the funding and thus contribution will reduce by 20% per annum.

7.3 High Needs

7.3.1 The forecast has been informed by continuing demand and the High Needs strategy. The main influences from the High Needs strategy are as follows:

- Impact of volume and complexity for special school pupils transitioning from Primary to Secondary.
- Increase in Wirral capacity to reduce reliance on Out of Borough and Independent School places.
- Maximise/increase mainstream base provision.
- Review of Wirral Hospital School and Home & Continuing Education Service.
- Review of other funding streams:
 - Exceptional Needs process;
 - IPFAs.

7.3.2 The impact of this has can be seen across the 3-year forecast where the costs are increasing across both the special and mainstream schools budgets to reflect increased places but with a partial off-set in additional resources and independent school places where the provision is reducing.

7.4 Early Years

7.4.1 3/4-year old Pupil numbers are expected to increase from 2025-26 following 3 consecutive years of reduction in line with local birth-rate statistics. In addition, an increase to the funding has been forecast.

8.0 USE OF RESERVES

As reported in a separate report at this Forum meeting, the DSG reserve is expected to end 2022-23 with a cumulative deficit of £5.357m. The impact on the DSG reserve of the budget setting process reflects a worsening position for 2023-24 but then improving from 2024-25 onwards. The table below summarises this impact. The reserve balance across the 2023-24 budget year and 3 forecast years reflects the impact of increasing demand and the changes that are planned to meet demand whilst minimising the impact on expenditure. It is expected that the strategies that are to be adopted will deliver a positive reserve balance by the end of 2026-27.

Table 6: Use of reserves

	2023-24 Budget £m	2024-25 Forecast £m	2025-26 Forecast £m	2026-27 Forecast £m
Surplus/-deficit b/fwd.	-5.357	-5.570	-5.024	-3.092
Contribution to/-from reserves	-0.213	0.546	1.932	3.798
Surplus/-deficit c/fwd.	-5.570	-5.024	-3.092	0.706

9.0 BUDGET TIMETABLE

The Schools Budget and advice from Forum will be considered by the Policy and Resources Committee at its budget meeting on 15th February 2023.
Will be approved by full Council as part of Budget Council on (check date)

10.0 RECOMMENDATIONS

- 10.1 That the views of Schools Forum are sought on the Schools Budget for 2023-24.
- 10.2 That in accordance with ESFA guidelines the Forum approves the reduced Contributions to Combined Budgets of £0.536m in 2023-24 for:
- School Improvement
 - Local Safeguarding Children's Board
 - School Intervention
 - PFI Support
 - PFI CLC
 - Looked after Children Education Services
 - Business Rates, and
 - Governors Forum
- 10.3 That the Schools Budget and views of the Schools Forum be referred to the budget meeting of the Policy and Resources Committee on 15th February 2023.

Simone White
Director for Children, Families and Education

Appendix 1 - Schools Budget changes 2023-24

	£m	£m	£m
2022-23 Schools adjusted base budget			197.104
Add back Academy recoupment			119.052
2022-23 Gross Schools Budget			316.156
<u>Budget changes:</u>			
Individual Schools Budget			
Primary & Secondary:			
Net decrease in pupils on roll	-0.058		
Funding Formula elements	12.895	12.837	
High Needs:			
Special Schools places	1.489		
SEN Base places	0.079	1.682	
FE/6th Form places	0.114		
Hospital School	0.134	0.134	14.653
Early Years			
Early years demand		1.184	
Early years rate change		0.513	1.697
Central School Costs			
Admissions		0.015	
School Redundancy Costs		-0.002	
Licences & subscriptions		0.027	
Contingency		-0.008	
Combined budgets reduced contribution		-0.095	
PFI Affordability Gap		0	-0.063
High Needs Pupils			
Additional Resources:			
Units of resource	1.423		
Personal Budgets	-0.012		
Inclusive practice		1.137	
Interim Education	-0.200		
Staffing for Independent Setting	-0.074		
Top-ups:			
Top-ups	1.226		
Supplementary Funding 2022-23	-0.961	1.249	
Additional funding 2023-24	0.976		
Exceptional need	0.008		
Contingency		0.126	
Independent provision		2.061	4.573
Total Budget changes			20.860
2023-24 Gross Schools Budget			337.016
2023-24 Dedicated Schools Grant			335.344
2023-24 Call on reserve			0.213
2023-24 Net Schools Budget			1.459

