

WIRRAL COUNCIL

SCHOOLS FORUM – 26th September 2023

REPORT OF THE DIRECTOR OF CHILDREN, FAMILIES AND EDUCATION

DEDICATED SCHOOLS GRANT (DSG) FUNDING FOR 2024-25 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 2024-25 and the consultation process for mainstream Primary and Secondary schools.

2.0 BACKGROUND

2.1 On 20th July, the Department for education (DFE) announced provisional funding allocations for 2024-25 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 2022-23 pupil numbers, are as follows:

	Schools Block	High Needs Block	Central Services Block
2023-24 Final Allocation	£250,661,766	£60,534,360	£2,057,781
2024-25 Indicative Allocation	£266,450,198	£63,095,753	£2,038,449
Increase/(reduction)	£15,788,432	£2,561,393	(19,332)
Increase/(reduction)	6.30%	4.23%	(0.94%)

2.3 The 2023-24 Mainstream Schools Additional grant (MSAG) is rolled into the schools NFF for 2024-25. The table below is the schools block funding comparison including MSAG in 23-24.

	Schools Block
2023-24 Allocation including MSAG	£259,138,071
2024-25 Indicative Allocation	£266,450,198
Increase/(reduction)	£7,312,127
Increase/(reduction)	2.82%

2.4 Whilst the provisional funding allocations for 2024-25 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 expects to have moved to the direct NFF by 2027 to 2028 funding year and the approach to the transition continues in 2024-25. To ensure a smooth and delivering a more consistent funding system, local authorities will be required to bring own formulae closer to the NFF distribution, in particular,

- Local authorities must move their local formula factor values at least a further 10% closer to the NFF values, building on the movement towards the NFF made in 2023 to 2024, except where local formulae are already mirroring the NFF.
- Local authorities must use the new national formulaic approach to split sites. (see 4.5)
- local authorities must follow the new local formula requirements for growth funding.
- local authorities with a falling rolls fund must also follow the new requirements for falling rolls funding.

3.2 Wirral has mirrored the NFF for the last 5 years and it suggests that the requirement 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:

- 2.4% increase to the following factors: basic entitlement, low prior attainment (LPA), free school meals at any time in the last 6 years (FSM6), income deprivation affecting children index (IDACI), English as an additional language (EAL), mobility, sparsity and the lump sum, and 1.6% increase to the free school meals (FSM) factor.
- The minimum per pupil levels (MPPL) 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 2023-24 NFF allocation.
- Through the minimum per pupil funding levels, every primary school will receive at least £4.655 per pupil, and every secondary school at least £6,050.
- Introducing a methodology for calculation and allocating funding for falling rolls, whereby local authorities can only provide falling rolls funding to schools where school capacity survey (SCAP) 2022 data shows that school places will be required in the subsequent 3 to 5 years. The restriction, that schools were previously only eligible for falling rolls funding if they were

judged 'good' or 'outstanding' by Ofsted, is also being removed from 2024 to 2025.

- Rolling the 2023-24 Mainstream Schools Additional grant (MSAG) into the schools NFF ensuring that this additional funding forms an on-going part of schools' core budgets.

4.2 In 2024-25 Local authorities will continue to set a MFG in local formulae, however, it must be between +0.0% and +0.5% as the previous year. For 2023-24 an MFG rate of +0.5% was applied as agreed at the November 22 Forum and schools will be canvassed on their preferred rate for 2024-25 as part of the annual consultation process.

4.3 The consultation process will be undertaken during the period Monday 2nd October to Friday 20th October and will be open to all mainstream Primary and Secondary schools. Schools are consulted on options for the level of MFG.

4.4 The consultation process will be 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 2024-25 for each of the proposed levels of MFG. The results of the consultation will be reported back to Forum at the November meeting.

4.5 A split sites factor will be introduced into the 2024-25 NFF, replacing the current local authority led approach. The factor will be made up of a "basic eligibility" element and a "distance eligibility" element. This funding is part of the schools block NFF and therefore only applies to state-funded mainstream schools and academies.

There are four schools eligible for the split funding in Wirral and the table below shows how many schools qualify for the basic and distance element of the funding.

Number of additional sites eligible for the basic funding element	Number of additional sites eligible for part of the distance funding element	Number of additional sites eligible for the full distance funding element
4	1	2

4.6 In certain circumstances, Local Authorities can request not to apply a specific aspect of the NFF. As per section 17 (Exceptional Circumstances) of the Schools Operational Guide: 2024 to 2025, Wirral Council propose the submission of two disapplication requests:

- Birkenhead High School Academy: on the basis that the relevant all-through minimum per-pupil funding levels (MPPL) value for that school is skewed significantly by unusual year group sizes.

- Church Road: Rent of the school site from the Port Sunlight Preservation Trust – the funding is included in the premises element of the DSG allocation from DfE for 2024-25.

4.7 These disapplication requests have been applied since the introduction of the NFF. The financial impact of these requests has been modelled in the 2024-25 school indicative funding template and this has shown to have no adverse effect on any other school. It should be noted, however, that the 2024-25 funding model is indicative at this time.

4.8 The disapplication process requires the Local Authority to formally consult with Schools Forum and ask for their support on all disapplication requests submitted to the DfE, voting details and minutes of the relevant Schools Forum meetings are referenced on the disapplication requests forms.

5.0 HIGH NEEDS BLOCK

5.1 The 2024-25 High Needs provisional funding identifies an increase in gross funding of £2.56m (4.23%). It is a lower uplift % compared with the previous years and it should be noted that the average year on year increase in expenditure since 2018- 19 has been around 13.06%. The table below compares the net (i.e., after academy recoupment) funding and expenditure over a 5-year period.

	2018-19	2019-20	2020-21	2021-22	2022-23
High Needs Block	31.848	34.070	40.793	46.557	52.457
High Needs Outturn	34.087	37.723	41.522	45.946	55.520
(Under)/Overspend	2.239	3.653	0.729	(0.611)	3.063
(Under)/Overspend	7.03%	10.72%	1.79%	-1.31%	5.84%
		10.67%	10.07%	10.66%	20.84%

5.2 The financial impact of projected future demand and delivery options will be quantified as part of the 2024-25 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 2023-24 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 2024-25 analysed across the on-going and historic elements.

	On-going responsibilities	Historic Commitments	Total
2023-24 Final Allocation	£1,674,558	£383,223	£2,057,781
2024-25 Indicative Allocation	£1,731,871	£306,578	£2,038,449
Increase/(Reduction)	£57,313	(76,645)	(19,332)
Increase/(Reduction)	3.42%	(20.00%)	(0.94%)

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 2024-25 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).

7.3 That Schools Forum support the disapplication requests to be submitted to the DFE (paragraphs 4.6 to 4.8)

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