

City of Wolverhampton Council

SCHOOLS' FORUM

Date	19 January 2023
Report title	Dedicated Schools Grant and School Funding 2023-2024
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Summary

This report considers the indicative Dedicated Schools Grant (DSG) settlement for 2023-2024 and the proposed local funding formula for the Schools Block in Wolverhampton.

Decision

Members of the Schools' Forum are asked to:

1. Note the indicative DSG settlement for 2023-2024.
2. Endorse and recommend to Cabinet the proposed local funding formula (which uses the same factors as the National Funding formula).
3. Note the resulting growth fund and budget allocations to schools in Wolverhampton.
4. Agree the proposed rates for de-delegation from maintained schools for 2023-2024.
5. Agree the proposed rates for maintained schools' contribution to Education Functions and School improvement for 2023-2024.
6. Note that Schools' Forum will receive further reports in February 2023 detailing the breakdown of High Needs, Early Years and Central Services Blocks budgets along with a Schools Block report detailing final school budget shares.
7. Note that there will be a change to the way National Non-Domestic Rates (NNDR) are treated for schools in 2023-2024. The funding for this will no longer be allocated to schools and schools will no longer be required to pay invoices for NNDR. This has a net nil effect on School budgets.
8. Note the results of the consultation on the future of the per pupil charge for School improvement in 2023-2024.

1.0 Background

- 1.1 As discussed at the December 2022 meeting of Schools' Forum, it will remain the duty of Local Authorities in 2023-2024 to set a local funding formula, in consultation with their Schools' Forum, to determine the allocation of funding from the Schools Block of the DSG to schools in the City. The Schools Block allocation as detailed below (based on the October 2022 census) allows the proposed local funding formula to again mirror the factors of the National Funding Formula (NFF).
- 1.2 As part of the annual process for determining school budget shares, the Council is required to enter the agreed local funding arrangements into the Authority Proforma Tool (APT) and submit this to the Education and Skills Funding Agency (ESFA). The ESFA will then check that the local formula is appropriate. The Council is also required to have the local funding arrangements agreed by Cabinet in February 2023, enabling it to notify schools of their final budget share by the time of the 16 February 2023 Schools' Forum meeting. This means that the school level allocations detailed within this paper remain indicative until final approved is received.

2.0 DSG Allocation 2023-2024

- 2.1 On 16 December 2022, the Department for Education announced the Local Authority's indicative DSG allocation for 2023-2024. The City of Wolverhampton's initial allocation was announced as £333.8 million as set out in the following blocks.

2023-2024 Indicative DSG Settlement	2022-2023 £m	2023-2024 Indicative £m	% Change
Schools Block	236.0	253.6	7%
High Needs Block	52.6	58.2	11%
Central Services Block	2.0	2.0	0%
Early Years Block	19.08	20.0	5%
TOTAL	309.68	333.8	8%

- 2.2 In addition to the DSG allocations above, more details were announced regarding the additional funding for schools set out in the Autumn statement. For High Needs Block this has been included in the above total funding, for Schools this will be an additional in-year grant, however at this stage allocations are only at Local Authority level. It was also announced that pupil premium will increase by 5% for 2023-2024.
- 2.3 Schools' Forum will receive reports at the 16 February 2023 meeting detailing the budgets for High Needs, Central Services and Early Years Blocks as well as the approved Schools Block budget.

3.0 Schools Block Funding

- 3.1 The Schools Block Funding of £253.6 million is made up of the following elements:

Area of Funding	Total (£m)
Primary and secondary per pupil funding	246.4
Premises Factors (Rates and PFI)	5.5
Growth Factor	1.7
TOTAL ALLOCATION	253.6

4.0 Changes to National Non-Domestic Rates (NNDR) charges to schools in 2023-2024

4.1 There will be a change to the way NNDR charges for schools are treated in 2023-2024. Schools will no longer receive the funding for rates as they have in the past and will no longer be required to pay invoices to the Council. Therefore, although the amount of funding each school receives will reduce by the amount of rates they were due to pay, overall this will have no material impact on an individual school's finances.

5.0 Formula Funding and Preparation of Individual Schools' Budgets for 2023-2023

5.1 At its meeting of 5 December 2019, Schools' Forum agreed to adopt all NFF rates as part of its local formula for 2020-2021 and has continued to do so in subsequent years. The factors are updated each year by the ESFA.

5.2 The NFF includes a minimum and maximum allowable Minimum Funding Guarantee (MFG). This ensures that certain schools still get a minimum funding increase where moving directly to NFF may result in a lower increase or even decrease for the per pupil factors included in the MFG. In 2022-2023 the Council set MFG at the maximum possible 2.0%, and for 2023-2024 the intention is to again set this at the maximum which has been reduced by the ESFA to 0.5%. Under the proposed local formula, £781,000 will be allocated through MFG in 2023-2024.

5.3 Financial modelling through the ESFA's APT calculates that to implement the National Funding formula rates with a MFG of 0.5% and no gains cap would result in a budget requirement of £252.6 million, leaving a Growth Fund allocation of £1.0 million.

5.4 As detailed in 5.3 above, when setting a local funding formula based on NFF factors for 2023-2024, £1.0 million remains to be allocated to the growth fund. Based on current calculations on carry forward this should be sufficient to fund the growth requirements as set out in the paper Schools' Forum received at its meeting in December 2022.

5.5 The growth fund will be monitored closely and Schools' Forum will be kept informed of forecasts, as if a growth fund is required in excess of the level set in this budget, it will have to be borrowed forward from the growth fund in 2024-2025.

5.6 Appendix 1 shows the funding factors included in the proposed 2023-2024 local factors and 2022-2023 rates for comparison. A list of schools and their forecast budget share under the proposed local funding formula is shown in Appendix 2.

6.0 Education Functions

6.1 Where local authorities continue to provide additional services for maintained schools, which were formerly funded through the Education Services Grant, these services are now expected to be funded from school budget shares, with the agreement of maintained school members of the Schools' Forum.

6.2 In 2022-2023 the agreed rate of Education Functions contribution for mainstream schools was £31.45. For 2023-2024 the proposed rate is £32.71 which is an increase of 4% and based on the forecast pay award for 2023-2024.

6.3 Differential rates have historically been applied for special schools and PRUs and are calculated on a per place basis. The current agreed multipliers are 3.75 for PRUs and 4.25 for special schools.

7.0 School Improvement

7.1 The ESFA announced in January 2022 that they would proceed with reducing the local authority school improvement monitoring and brokering grant by 50% for the financial year 2022 to 2023, prior to full removal in the financial year 2023 to 2024. The Council was receiving in the region of £160,000 per annum from this grant and applying this to the schools' improvement service. The grant's purpose was to fund a service that is able to monitor the performance of maintained schools, broker school improvement provision, and exercise their statutory intervention powers.

7.2 The latest ESFA Schools operational guide states that local authorities are now able to deduct funding from maintained school budgets to support the costs of core schools improvement service.

7.3 As part of the 2022-2023 budget setting process it was agreed at Schools' forum that schools would fund the 50% 'lost' grant in 2022-2023, via an additional charge of £5.04 per pupil for maintained mainstream schools (with relevant multipliers for Special Schools and PRUs as detailed above).

7.4 The Council is requesting that rather than increasing the per pupil contribution to cover the total lost grant (i.e. the £160,000), the per pupil contribution for 2023-2024 is maintained at the same level as 2022-2023 (i.e. £5.04 per pupil). The financial position of the service will continue to be reviewed internally to determine future funding requirements. The current Educational Excellence team cost and funding is shown below.

	£
Total controllable Cost of School improvement service	584,600
Funded by Council budgets	(504,600)
Funded by Delegation	(80,000)

7.5 In the event that the continuation of funding is not approved by Schools' forum, this would result in a reduction of capacity in the Educational Excellence team. This would impact on the service responding to school enquiries and requests in the current way and reduce the number of school and subject reviews.

7.6 In January 2023, the Council sent an email to all maintained schools and asked whether the school would agree to continue this contribution at the same rate for 2023-2024. The results of this consultation will be discussed with Schools' Forum at the 19 January 2023 meeting.

8.0 De-delegation

8.1 The Local Authority continue to offer a de-delegation option for the provision of services to maintained primary and secondary schools. As in previous years, special schools, nursery schools, PRUs and academies will need to enter into Service Level Agreement (SLA) arrangements to secure these services.

- 8.2 The only currently de-delegated service is for Under-performing Ethnic Minority Groups. Wolverhampton Citizenship, Language and Learning (CLL) Service supports schools/academies in Wolverhampton before, during, and after the admittance of a newly arrived pupil, for whom English is an additional language and also supports pupils from traditionally under achieving ethnic groups.
- 8.3 The cost of providing the CLL service in 2023-2024 will be £225,000 and the de-delegation funding is topped up by Academy SLAs and Maintained school upgrades. Due to increased costs related to corporate salary increases it is proposed that the cost per pupil is increased by the Authority's budget setting rate for salaries inflation rate of 4.0% to £9.85.

9.0 Appendices

Appendix 1 - 2023-2024 National Funding Formula Provisional Allocations and Update on Budget Setting (December 2022)

Appendix 2 – List of schools and their forecast budget share under the proposed local funding formula.