

City of Wolverhampton Council

SCHOOLS' FORUM

Date	20 January 2022
Report title	Dedicated Schools Grant and School Funding 2022-2023
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Summary

This report considers the anticipated Dedicated Schools Grant (DSG) settlement for 2022-2023 and the proposed local funding formula for the Schools block in Wolverhampton.

Decision

Members of the Schools' Forum are asked to:

1. Note the anticipated DSG settlement for 2022-2023.
2. Endorse and recommend to Cabinet the proposed 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 2022-2023.
5. Agree the proposed rates for maintained schools' contribution to Education Functions for 2022-2023.
6. Note that Schools' Forum will receive further reports in February 2022 detailing the breakdown of High Needs, Early Years and Central Services Blocks budgets along with a Schools block report detailing final school budget shares.

1.0 Background

- 1.1 The Government initially announced its intention to introduce a national funding formula (NFF) for schools (reception to Year 11) from 2017-2018 but following a period of consultation, introduced a phased implementation of the NFF from April 2018. The National funding formulae for schools and high needs policy document published in October 2019 confirms the Government's intention to move to a 'hard' National Funding formula set on the basis of a single, national formula however the date for this is yet to be finalised.
- 1.2 In 2022-2023, local authorities still have the option to set a local funding formula and, at the December 2019 meeting, Schools' Forum voted for its preferred methodology to adopt the National Funding Formula as detailed in Section 4.0. On 16 December 2021, the Department for Education made annual announcements regarding the allocations for Dedicated Schools Grant for the financial year 2022-2023 as detailed in Section 2.0.
- 1.3 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 Council is also required to have the local funding arrangements agreed by Cabinet in February 2022, enabling it to notify Schools of their final budget share by the time of the 17 February 2022 Schools' Forum meeting.

2.0 DSG Allocation 2022-2023

- 2.1 On 16 December 2021, the Department for Education announced the Local Authority's DSG allocation for 2022-2023. The City of Wolverhampton's initial allocation was announced as £306.31 million as set out in the following blocks.

2022-2023 Indicative DSG Settlement	2021-2022 £m	2022-2023 £m (initial)	2022-2023 £m (revised)
Schools Block	223.90	236.00	236.00
High Needs Block	46.92	50.34	52.20
Central Services Block	2.09	2.02	2.02
Initial Early Years Block	18.83	17.95	17.95
TOTAL	291.74	306.31	308.17

- 2.2 In addition to the initial DSG allocation, it was announced by the ESFA on 12 January 2022 that there would be additional funding allocated to the High Needs Block following the 2021 spending review, amounting to £325 million allocated nationally and funded from the Health and Social Care Levy. The Council will receive £1.86 million in additional funding, as shown in the revised table above.
- 2.3 Schools' Forum will receive reports at the 17 February 2022 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 £236.00 million is made up of the following elements:

Area of Funding	Total (£m)
Primary and secondary per pupil funding	228.85
Premises Factors (Rates and PFI)	5.19
Growth Factor	1.96
TOTAL ALLOCATION	236.00

3.2 Primary and Secondary per pupil funding – £228.85 million

This funding is calculated on a per pupil basis for primary and secondary pupils.

3.3 Growth Factors - £1.96 million

The 2022-2023 growth factor is based on the increase in pupil numbers between October 2020 and October 2021 census data. The level of required growth fund and method of distribution to schools remains at the discretion of the Local Authority. Schools' Forum received a report at its December 2021 meeting indicating the required growth fund for 2022-2023 would be £2.80 million.

3.4 Premises Factors - £5.19 million

The premises baseline is the total funding allocated through premises factors:

- a. PFI
- b. Split-sites
- c. Rates
- d. Exceptional Circumstances (such as merging schools)

3.5 National Non-Domestic Rates (NNDR)

There has been a change in the treatment of business rates in the APT in 2022-2023. Schools will no longer receive the funding for rates as they have in the past, however they will no longer be required to pay these rates 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.

4.0 Formula Funding and Preparation of Individual Schools' Budgets for 2022-2023

4.1 At its meeting of 5 December 2019, Schools' Forum voted to adopt all NFF rates as part of its local formula for 2020-2021 and has continued to do so in subsequent years.

4.2 Financial modelling through the ESFA's APT calculates that to implement the National Funding formula rates with a Minimum Funding Guarantee (MFG) of 2.0% and no gains cap would result in a budget requirement of £235.59 million, with a Growth Fund allocation of £0.41 million.

4.3 The Growth Fund forecast for 2021-2022 projects a carried forward balance of £1.22 million, thus providing a Growth Fund total allocation of £1.63 million for 2022-2023 when added to the APT allocation of £0.41 million.

- 4.4 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 2023-2024.
- 4.5 Appendix 1 shows the funding factors included in the proposed 2022-2023 local factors and 2021-2022 rates for comparison. A list of schools and their forecast budget share under the proposed local funding formula is shown in Appendix 2.

5.0 School Improvement Funding Reform Consultation

- 5.1 As detailed in the December 2021 Schools' Forum Finance Report, the DfE launched an online consultation on 29 October 2021 to Local Authorities to consult on two proposals, with the closing deadline for submission being 26 November 2021. These proposals relate to ending the specific grant the Council received for School Improvement and allowing Councils to charge schools for this through de-delegation.
- 5.2 The Council submitted a response within this timeframe and the Government's response to the consultation was published on 12 January 2022.
- 5.3 The ESFA response to the consultation states that they will 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.
- 5.4 The response also states that provision will be included in the School and Early Years Finance Regulations 2022 (England) to instead allow local authorities to deduct funding for local authorities' core school improvement activities from maintained school budgets.
- 5.5 The implications for the Council are that the amount of the Grant will reduce by approximately £0.08 million in 2022-2023 and then by full reduction of approximately £0.16 million in 2023-2024.
- 5.6 In order to continue the services to schools currently funded by the Grant, the Council would need to raise an additional £0.08 million in 2022-2023 by raising the de-delegation amount by 68% from £9.28 to £15.56 per pupil to cover the cost.

6.0 De-delegation 2022-2023

- 6.1 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 arrangements to secure these services.
- 6.2 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.

- 6.3 The cost of providing the CLL service in 2022-2023 will be £192,500 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 2.0% to £9.47 as shown in the table below.

Financial year	Cost per pupil £	Number of pupils	Income £
2020-2021	9.22	13,218	121,854
2021-2022	9.28	12,850	119,189
2022-2023	9.47	12,750	120,686

- 6.4 Following consultation, should schools require the service to continue in 2022-23 which is currently funded by the School Improvement Monitoring and Brokering Grant, then the amount per pupil would need to increase to £15.56 in 2022-2023 to fund the £0.08 million that the grant is being reduced by in 2022-2023.

7.0 Education Functions

- 7.1 In September 2017, the Education Services Grant (ESG) was removed by the Department for Education (DfE) and was replaced under the National Funding Formula framework by the Central Schools Services Block (CSSB).
- 7.2 The CSSB was fully introduced in 2018-2019, to fund local authorities for the statutory duties they hold for both maintained and academy schools.
- 7.3 Where local authorities continue to provide additional services for maintained schools, which were formerly funded through the ESG, these services are now expected to be funded from school budget shares, with the agreement of maintained school members of the Schools' Forum.
- 7.4 In 2021-2022, the rate of funding received through the CSSB was £35.17 per pupil and maintained primary and secondary schools made an additional contribution at a proposed rate of £30.83 per pupil.
- 7.5 For 2022-2023, the rate of funding received through the CSSB is £39.18 per pupil and maintained primary and secondary schools are asked to make an additional contribution of £31.45 per pupil, an increase of 2.0% when comparing to 2021-2022. The increase of 2.0% has been determined by using the Authority's 2022-2023 budget setting rate for salaries inflation.
- 7.6 Differential rates have historically been applied for special schools and PRUs and are calculated on a per place basis. The proposed rates for these establishments will be brought to Schools' Forum within the High Needs paper for consideration. However, it is worth noting that the multipliers previously used were 3.75 for PRUs and 4.25 for special schools.