



Schools Forum

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Venue: TEAMS Meeting

Paper

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Public

SCHOOLS REVENUE FUNDING 2023-24

Responsible Officer Jo Jones

e-mail: jo.jones@shropshire.gov.uk

Tel: 01743 254343

Summary

In July 2022 the Education and Skills Funding Agency (ESFA) published school revenue funding guidance for 2023-24 for local authorities and Schools Forums.

This report summarises the latest Government guidance for school revenue funding for 2023-24. The full guidance document can be accessed at

[Pre-16 schools funding: local authority guidance for 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/pre-16-schools-funding-local-authority-guidance-for-2023-to-2024)

Shropshire Council, with the agreement of Shropshire Schools Forum, agreed to replicate the national funding formula through Shropshire's local funding formula from 2018-19.

Recommendation

This report is for information only

REPORT

Background

1. The Government introduced a national funding formula for allocating schools, high needs, and central school services funding through the Dedicated Schools Grant (DSG) to local authorities from April 2018.
2. Local authorities currently retain responsibility for determining local funding formulas for allocating funding to schools and academies in their area. Shropshire Council, with the agreement of Shropshire Schools Forum, agreed to replicate the national funding formula (NFF) in Shropshire's local funding formula to schools from 2018-19.
3. The guidance on school revenue funding arrangements for 2023-24 was published by the ESFA in July. The guidance includes details of updates to the NNF.

4. Along with the guidance, the Government has published provisional local authority level allocations for 2023-24 for the Schools and High Needs Blocks within the DSG and notional 2023-24 NFF school level allocations.

School Revenue Funding Arrangements 2023-24

5. The actual primary unit of funding (PUF) and secondary unit of funding (SUF) which will be used to calculate each local authority's Schools Block allocation has been published for 2023-24. For Shropshire these equate to £4,960 per pupil and £5,971 per pupil respectively. As a comparison, in 2022-23 Shropshire's PUF was £4,747 and SUF was £5,687.
6. These units of funding will be applied to pupil numbers recorded in the October 2022 school census to determine final Schools Block allocations for 2023-24. These will be issued to local authorities as usual in December.
7. Local authorities have now been told to bring their local formulae closer to the schools NFF for 2023-24. As a reminder, Shropshire has mirrored this (including the national minimum per pupil funding levels) in its local schools funding formula since 2018-19.
8. The following key elements of the schools NFF have been confirmed by the Government in 2023-24:
 - School funding is increasing by 1.9% overall, however this increase is based on the 2022-23 allocation including the supplementary grant. In 2023-24 the funding for the supplementary grant is included within the NFF allocation. The NFF continues to distribute this based on the needs of schools and their pupil cohorts.
 - For 2023-24 additional support is being directed towards disadvantaged pupils by increasing the values of the FSM6 and IDAC1 deprivation factors by more than other factor values in the formula: these deprivation factors are increasing by 4.3%
 - The minimum per pupil funding levels will be set at £4,405 for primary schools and £5,715 for secondary schools. These levels were £4,265 and £5,525 respectively in 2022-23. This represents the rolling in of the supplementary grant and at least a further 0.5% increase per pupil. The minimum per pupil funding levels is not to be confused with the age weighted pupil units (AWPU) funding levels within the NFF.
 - The 2023-24 NFF funding floor is set at 0.5%. This is a decrease to the usually maximum level of 2%. This means that every school will attract an increase in their pupil-led funding of at least 0.5% per pupil, compared to their baseline.

9. In the 2023-24 DSG settlement, planned for December 2022, funding allocated through the growth factor, will be based on the observed differences between the primary and secondary number on roll between the October 2021 and October 2022 school censuses. The transitional protection has been removed as no local authority received it in the 2022-23 DSG growth allocation and therefore no authority will be eligible for it.
10. Local authorities will continue to be able to transfer up to 0.5% of their Schools Block to other blocks of the DSG, with Schools Forum approval. A disapplication will be required for transfers above 0.5%, or any amount without Schools Forum approval. In previous years Shropshire Schools Forum has agreed to transfer any remaining balance, up to 0.5% of the Schools Block, to the High Needs Block to support the increasing pressures on the block, after fully allocating individual school budget shares in line with the NFF.
11. Local authorities are required to engage in open and transparent consultation with all maintained schools and academies in their area, as well as with their Schools Forums, about any proposed changes to the local funding formula including the principles adopted and any movement of funds between blocks.

High Needs Funding Arrangements 2023-24

12. The latest guidance confirms the following aspects of the High Needs national funding formula for 2023-24:
 - The national increase in high needs funding, from 2022-23 to 2023-24, will be £570 million, or 6.3%.
 - The funding floor – this ensures that all local authorities' allocations per head of population will increase by a minimum percentage compared to the baseline. For 2023-24 the funding floor has been set at 5%, having adjusted the baseline to include the supplementary high needs funding that was allocated to local authorities in December 2021, following the 2021 spending review.
 - The gains cap – the limit on gains per head of the population compared to the baseline. For 2023-24 the gains cap will be set at 7% which means that local authorities can see an increase of up to 7% before their gains are capped (again, compared to a baseline that takes account of the supplementary high needs funding allocated in December 2021).

Central School Services Funding Arrangements 2023-24

13. The NFF for the central school services block (CSSB) of the DSG provides funding for local authorities to carry out central functions on behalf of compulsory school age pupils in maintained schools and academies.

14. The CSSB will continue to have two distinct elements:
 - Ongoing responsibilities, which funds all local authorities for central functions they have to deliver for all pupils in maintained schools and academies, such as education welfare and asset management
 - Historic commitments, which funds some local authorities for commitments they made prior to 2013-14 that are unwinding.
15. Funding for ongoing responsibilities in 2023-24: local authorities will continue to be protected so that the maximum per-pupil year-on-year reduction in funding for ongoing responsibilities is of 2.5%, while the year-on-year gains cap will be set at the highest affordable rate of 5.86%.
16. Funding for historic commitments continues to be reduced in 2023-24 by 20% from local authorities' 2022-23 allocations. As in 2022-23, historic commitments funding will be protected from dropping below the total value of ongoing prudential borrowing or termination of employment costs, based on evidence received by the department. This protection will be applied in the DSG, and so will not be shown in NFF allocations.