



Schools Forum

Date: 1 December 2022

Time: 8:30 a.m.

Venue: Virtual Microsoft
(MS) Teams

Paper

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Public

School Funding Arrangements 2023-24

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Summary

Details of the Government's recent funding announcements for 2023-24 for schools, including high needs and early years, were provided to Schools Forum at their meeting in September 2022.

This report details specific local funding arrangements from April 2023 for consideration and agreement by Schools Forum in relation to:

- the split site factor within Shropshire's local funding formula
- the potential transfer of funding between blocks, and
- the approach to be taken should the Schools Block allocation for 2023-24 not deliver sufficient funding to fully fund Shropshire schools through the local funding formula in line with the national funding formula.

Recommendation

Schools Forum is recommended to consider and agree the specific funding arrangements from April 2023 as detailed within this report.

REPORT

Background

1. In July 2017, the Government announced the introduction of a national funding formula (NFF) for allocating the Schools Block of the Dedicated Schools Grant (DSG) to local authorities from April 2018.
2. Local authorities, in consultation with their schools and Schools Forum continue to have local flexibility on the basis for distributing funding to schools through the local funding formula in 2023-24. It remains the Government's intention to fund all schools nationally via a direct NFF in the future (as reported to Schools Forum at their meeting on 30 June).
3. Following consultation with Shropshire schools and Schools Forum in 2017, Shropshire's local formula for distributing the Schools Block to individual schools and academies has mirrored the NFF since 2018-19.

4. Schools Forum members are asked to consider and agree specific arrangements for 2023-24 as detailed within this report. Shropshire Council's Cabinet will make a final decision on the school funding arrangements for 2023-24 in January 2023.

Split Site

5. The schools' NFF includes a split site factor. The purpose of this factor is to support schools that have unavoidable extra costs because the buildings are on separate sites.
6. From 2020-21 it was agreed that the Ludlow Infant/Junior amalgamated school was to receive split site funding to support the additional costs of operating on two sites. This was agreed at an amount of £15,000.
7. The NFF currently uses historic spend as the basis for funding premises factors including split site, and therefore Shropshire's split site funding for 2023-24 will be £15,000.
8. **It is recommended the lump sum split site factor value of £15,000 for Ludlow Primary School continue to be allocated in 2023-24.**

Transfer of Funding between Blocks

9. The Schools Block remains ringfenced in 2023-24 but local authorities retain limited flexibility to transfer up to 0.5% of their Schools Block funding into another block with approval of Schools Forum. To transfer an amount above 0.5%, approval would need to be sought from the Secretary of State for Education
10. In the previous five financial years, Shropshire Schools Forum has approved a transfer up to 0.5% of the Schools Block allocation to the High Needs Block to support the pressures on the high needs budget during this period. Agreement has been secured to transfer remaining Schools Block budget (up to 0.5%) after fully funding schools in line with the NFF factors and values in each year, including transitional protections and caps. Balances of £784,000 (0.49%), £397,000 (0.25%), £842,000 (0.5%) and £876,218 (0.5%) and £949,077 (0.5%) were transferred to the High Needs Block in the last five years.
11. Schools Forum members will be aware through the regular DSG monitoring reports that the financial position relating to the High Needs Block has improved recently. This was evident particularly in 2021-22 when the overall DSG financial position moved from a 0.870m deficit as at the start of 2021-22 to a £0.582m surplus at the end of the financial year as reported in the 2021-22 DSG monitoring outturn paper. A £1.297m in-year surplus on the High Needs Block DSG was a large contributing factor towards this improvement in position.
12. As at the end of August 2022, the position had improved further with a cumulative DSG surplus of £1.220m forecasted which included a £0.426m in-

year surplus on the High Needs Block. As at the end of October that forecast in year surplus on the High Needs Block has increased slightly again.

13. Officers have made a judgement call that the High Needs Block DSG financial position has improved to the extent that, for 2023-24, it is projected that there will not be a requirement to transfer funding from the Schools Block to support the High Needs Block.
14. It is therefore proposed that, once Shropshire schools have been fully funded in line with the 2023-24 NFF factors and values (including transitional protections and caps), remaining funding will be fully allocated to Shropshire schools and academies.
15. Until the October 2022 school census data is run through the NFF for 2023-24 for individual schools it is not possible to confirm if there will be any Schools Block balance remaining in next financial year. October 2022 census data will be made available to the local authority in December and work will take place through January 2023 to calculate individual school budget shares for 2023-24 mirroring the NFF factor values.
16. If there is any Schools Block balance remaining it is proposed to allocate this funding to schools is by increasing the Basic Entitlement factor, otherwise known as Age Weighted Pupil Unit (AWPU). It will be essential to model this thoroughly to ensure it is not affecting any other factors within the NFF.
17. **Schools Forum is asked to agree the recommendation that any remaining balance of the Schools Block, after fully funding individual schools in line with the NFF will be shared to schools by increasing their Basic Entitlement factor.**

Affordability of the Funding Formula

18. The Schools Block of the DSG is allocated to local authorities based on a primary unit of funding (PUF) and a secondary unit of funding (SUF). Shropshire's 2023-24 PUF is £4,960 and SUF is £5,971. These units of funding will be multiplied by the total October 2022 school census numbers on roll in Shropshire and added to Shropshire's historic spend on premises factors to give a total Shropshire Schools Block allocation for distribution to schools through the local funding formula.
19. Until the local formula is run for each individual school in Shropshire based on their October 2022 census data, it will not be known whether the overall cost will be affordable from within the 2023-24 Schools Block allocation. To ensure affordability, a reduction to the factor values may be required. Which factor values are reduced will have differing impacts on individual schools' allocations. A reduction to the Basic Entitlement (AWPU) factor value will affect individual schools on a proportional basis, whereas a reduction to the lump sum value will have a proportionally greater impact on smaller schools for example.
20. The minimum funding level (MFL) formula factor is set at a mandatory level and cannot be amended. From 2023-24 the minimum funding guarantee (MFG) has been reduced to a range of 0.0% to 0.5% from a previous range of 0.5% to 2%

per pupil in the NFF. In the case of affordability, a reduction to the MFG would still be possible but due to the decrease of the factor this may not be enough.

- 21. To ensure a proportional impact on all schools, in the event that the Schools Block allocation for 2023-24 is not sufficient to fully fund the local formula in line with the NFF, Schools Forum is asked to agree the recommendation to reduce the MFG as necessary, and within allowable limits, to ensure affordability. Following this, if also required, Schools Forum is asked to agree to reduce the AWPU factor on a consistent basis across all Shropshire schools.**