



Schools Forum

Date: 26 January 2023

Time: 8:30am – 10:30am

Venue: Microsoft TEAMS meeting

Paper

B

Public

SCHOOLS REVENUE FUNDING SETTLEMENT AND SCHOOL FUNDING ARRANGEMENTS 2023-24

Responsible Officer Jo Jones

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

Tel: 01743 254343

Summary

This report provides information on the schools revenue funding settlement for 2023-24 and the dataset information provided by the Education and Skills Funding Agency (ESFA) based on the schools' October 2022 census.

This report is for information only.

Recommendation

That Schools Forum notes Shropshire's schools revenue settlement for 2023-24 and school funding arrangements.

REPORT

Schools Revenue Funding Settlement 2023-24

1. Detailed information on Shropshire's school revenue funding settlement for 2023-24 was announced by the Department for Education (DfE) on 16 December 2022.
2. The total 2023-24 Dedicated Schools Grant (DSG) is allocated under four main blocks: a Schools Block, an Early Years Block, a High Needs Block and a Central School Services Block (CSSB).
3. A summary of the 2023-24 DSG allocation, as announced on 16 December 2022, is shown in the table below alongside the 2022-23 DSG allocation (before recoupment for academies and deductions for direct funding of high needs places by the ESFA).

	2022-23 £m	2023-24 £m	Variation £m
Schools Block	*189.815	200.087	10.272
Provisional Early Years Block	16.809	18.278	1.919
Provisional High Needs Block	34.412	39.268	4.856
Central School Services Block	2.388	2.378	0.010
Total	243.424	260.011	17.057

* does not include supplementary grant as funded outside DSG in 22-23 (£5.531m)

2023-24 Schools Block key financial headlines

4. Shropshire's school pupil numbers as at October 2022 is 36,700. This compares to 36,457 at October 2021 – an increase of 243 funded pupils.
5. Shropshire's 2023-24 Schools Block allocation is based on the national funding formula (NFF) which provides for a Shropshire primary unit of funding of £4,959.85 (2022-23 was £4,747.30), and a secondary unit of funding of £5,971.03 (2022-23 was £5,687.14), along with funding for premises costs based on actual 2022-23 spend levels of £1.384m. The 2023-24 Schools Block funds the budget shares delegated to Shropshire schools and academies through the local funding formula.
6. In addition, the 2023-24 Schools Block includes growth funding which Schools Forum agreed to top-slice and hold centrally to allocate specifically to individual schools and academies meeting the agreed growth funding criteria. Shropshire's 2022-23 growth funding was £0.910m. The full allocation in 2023-24 is £0.972m.

2023-24 Early Years Block key financial headlines

7. The 2023-24 Early Years Block allocation is provisional at this stage as it is based on January 2022 Early Years census data. This provisional allocation will be updated in July 2023 and July 2024 with the final allocation based on 5/12ths of January 2023 pupil numbers and 7/12ths of January 2024 pupil numbers.
8. The provisional Early Years Block allocation includes funding for the universal 15 hours free entitlement funding for 3 and 4 year olds, the additional 15 hours free entitlement for 3 and 4 year olds of working parents and the 2 year old free entitlement funding. In addition, the Early Years Block includes funding for the Early Years Pupil Premium (EYPP) and the Disability Access Fund.
9. For 3 and 4 year olds, the amount per part time equivalent (PTE) pupil for the universal 15 hours free entitlement and the additional 15 hours free entitlement for pupils of working parents increases from £4.61 in 2022-23 to £4.87 in 2023-24. The amount per PTE 2 year olds from the most disadvantaged backgrounds increases from £5.57 in 2022-23 to £5.63 in 2023-24.

2023-24 High Needs Block key financial headlines

10. The High Needs Block includes funding for local authority high needs pupils/students aged 0-25.
11. For 2023-24 Shropshire's High Needs Block is based on the high needs national funding formula and includes an imports/exports adjustment to reflect place funding of pupils educated in other local authority areas. Shropshire is a net exporter of high needs pupils and the imports/exports adjustment to Shropshire's high needs block is a provisional loss of £0.966m in 2023-24.
12. The funding floor factor in the high needs NFF for 2023 to 2024 has reduced to 5% per head of 2 to 18 population (previously 8%). This is based on the amount local authorities received in high needs funding in 2022 to 2023.
13. The Government's Autumn 2022 statement announcement of extra funding for High Needs has been included in the DSG figures for 2023-24. For Shropshire the High Needs block was increased by an additional £1.644m on top of the increases announced in July 2022.

2023-24 Central School Services Block (CSSB) key financial headlines

14. The CSSB within the DSG includes funding for local authorities to carry out central functions on behalf of pupils in maintained schools and academies. The CSSB is split into funding for historic commitments and funding for ongoing responsibilities and includes funding previously allocated to the local authority through the retained duties element of the Education Services Grant (ESG).
15. In 2023-24 the Government continues to reduce local authorities' funding for historic commitments by 20% compared to the 2022-23 baseline, with a protection so that no local authority loses more than the equivalent of 0.5% of its 2022-23 schools block allocation. The LA submitted evidence to the ESFA to protect Shropshire from the 20% cut on the Prudential Borrowing and Pension Compensation payments, which was agreed. Therefore, Shropshire's historic commitments funding has only reduced by 4.12% (£45.2k) compared to 2022-23, resulting in an overall CSSB allocation in 2023-24 of £2.378m.

School Funding Arrangements 2023-24

16. The Schools Block element of the DSG for 2023-24 is based on a primary unit of funding and secondary unit of funding calculated by the Department for Education (DfE) from the individual school notional NFF allocations using October 2021 total pupil numbers.
17. Allocating funding to schools in 2023-24 through the NFF using October 2021 pupil data will therefore not be an exact match to the Schools Block funding received by using the pre-calculated primary and secondary units of funding.
18. In 2022-23, after calculating individual school budgets in line with the NFF and retaining sufficient Growth Fund (£0.366m) for expected need in 2022-23, it

was possible to transfer £0.949m (the full 0.5% allowable) from the Schools Block to the High Needs Block to continue to support the on-going cost pressures in this area.

19. For 2023-24 all schools have been fully funded after calculating individual school budgets in line with the NFF. In doing so, there have been some unexpected impacts on the Growth Fund, and the historic headroom for transferring funding to the High Needs Block, that are being urgently followed up with the ESFA. There is only £30,000 available for the Growth Fund which is insufficient to meet the commitments approved by Schools Forum last summer, while it will not be possible to transfer any funding to the High Needs Block. Officers are seeking clarification from the ESFA for these significant changes in the 2023-24 settlement. An update will be provided at the meeting.

Mainstream schools additional grant (MSAG) 2023-24

20. The 2022 Autumn Statement announced that the core schools budget will increase by £2 billion in the 2023 to 2024 financial year, over and above totals announced at the Spending Review 2021.
21. In the 2023 to 2024 financial year, mainstream schools will be allocated additional funding through the 'mainstream schools additional grant' (MSAG) 2023 to 2024. This is in addition to schools' allocations through the schools national funding formula. The indicative allocation for the MSAG for Shropshire is £8m.
22. The MSAG will fund the following providers, for the 5 to 16-year-old age range: primary and secondary maintained schools, primary and secondary academies and free schools, and all-through academies.
23. The funding rates consist of the following 3 elements, which are based on factors already in the schools national funding formula:
 - a basic per-pupil rate (with different rates for primary, key stage 3 and key stage 4)
 - a lump sum paid to all schools, regardless of pupil numbers
 - a per-pupil rate for pupils who are recorded as having been eligible for free school meals at any point in the last six years (FSM6), with different rates for primary and secondary pupils
24. Local authority-maintained mainstream schools and mainstream academies will receive allocations under the MSAG, covering the 2023-24 financial year. School-level allocations will be published in May 2023. Funding for maintained mainstream schools will be paid to local authorities, who will be required to pay it to individual schools at the published rates. The ESFA will pay funding at the published rates directly to mainstream academies.
25. The indicative allocation for the MSAG for Shropshire is £8m. Schools can read the methodology, calculator guidance and access the calculator tool at the following; [Mainstream schools additional grant 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/mainstream-schools-additional-grant-2023-to-2024)

26. Local authorities will be required to pass on proportionate funding to special schools and alternative provision settings from their high needs funding allocations, equivalent to the average funding increase that mainstream schools will receive through the MSAG.