

School Funding 2023/24

Report to the Schools Forum 29 September 2022

- 1.1 In 2021 the government announced the overall settlement for school funding for the period 2022/23 to 2024/25, a three year period. Slightly confusingly, the first of these years (2022/23) was also the last year of the previous three year settlement. Just before Christmas 2021, the government announced that the DSG settlement for 2022/23 would be topped up by allocations of a 'Schools Supplementary Grant' which would be merged with DSG in future years.
- 1.2 The government has now announced per pupil funding allocations for 2023/24. This will provide the basis for the 2023/24 T&W schools funding formula, but final figures for T&W schools will be based upon the October 2022 census data

2023/24 Schools Block

- 1.3 As noted above the school supplementary grant has been combined into DSG. In order to provide a like-for-like comparison, the figures below combine the DSG allocations with the supplementary grant where appropriate.

Primary Schools

Factor	2022/23	2023/24	Increase (%)
Basic entitlement	£3,314	£3,394	2.41
Lump sum	£124,980	£128,000	2.42
FSM	£470	£480	2.13
FSM6	£675	£705	4.44
IDACI A	£640	£670	4.69
IDACI B	£490	£510	4.08
IDACI C	£460	£480	4.35
IDACI D	£420	£440	4.76
IDACI E	£270	£280	3.70
IDACI F	£220	£230	4.55
Low prior attainment	£1,130	£1,155	2.21
EAL	£565	£580	2.65
Mobility	£925	£945	2.16
Minimum per pupil	£4,265	£4,405	3.28

Secondary Schools

Factor	2022/23	2023/24	Increase (%)
KS3 Basic entitlement	£4,673	£4,785	2.40
KS4 Basic entitlement	£5,267	£5,393	2.39
Lump sum	£124,980	£128,000	2.13
FSM	£470	£480	2.13
FSM6	£989	£1,030	4.15
IDACI A	£890	£930	4.49
IDACI B	£700	£730	4.29
IDACI C	£650	£680	4.62
IDACI D	£595	£620	4.20

IDACI E	£425	£445	4.71
IDACI F	£320	£335	4.69
Low prior attainment	£1,710	£1,750	2.21
EAL	£1,530	£1,565	2.29
Mobility	£1,330	£1,360	2.26
Minimum per pupil	£5,525	£5,715	3.44

- 1.4 As can be seen above, the funding increases above are significantly below current levels of inflation. The DfE provide funding for additional PFI costs based on RPI (matching PFI contractual requirements) and the operational guide for 2023/24 notes that funding “*for Private Finance Initiative (PFI) ... has increased by Retail Prices Index excluding mortgage interest payments (RPIX) which is 11.2% for the year to April 2022.*”
- 1.5 The DfE have confirmed that they are taking further steps to move towards a National Funding Formula (NFF) at school level, by requiring local authorities to move each of their formula factors at least 10% closer to NFF values. However, there is a caveat, that this does not apply to authorities already deemed to be mirroring the NFF, defined by the DfE as within 2.5% of the national values.
- 1.6 As Forum members will be aware, for several years we have mirrored the NFF as closely as possible in our local funding formula. We therefore fall within the 2.5% limit and so this additional requirement will not affect our local formula.
- 1.7 As noted in the operational guide, the DfE “*expect to have moved to the Direct NFF by the 2027 to 2028 funding year, however, we hope that we may be able to move to the direct NFF sooner than this.*”
- 1.8 For the low prior attainment factor, 2019 assessment data will be used as a proxy for both the 2020 and 2021 reception and year 6 cohorts. This follows the cancellation of assessments in 2020 and 2021 due to COVID-19.
- 1.9 The national minimum funding guarantee has been set between a minimum of 0% and a maximum of 0.5%. T&W is likely to aim for the maximum 0.5%.
- 1.10 The amount of growth funding to be allocated to each authority is not specified as it will be based on differences between the October 2021 and the October 2022 census data.

2023/24 High Needs

- 1.11 There is a further increase in the national amount of high needs funding and on provisional figures this will result in an increase in T&W’s high needs block of around £1.9m, to £33.5m. This increase is like-for-like, i.e. with the 2022/23 Supplementary grant element included. The final allocations will be confirmed in December, once October 2021 census data has been used to update parts of the formula.
- 1.12 The DfE had indicated earlier this year that future increases in high needs allocations would be lower than in recent years and advised authorities to plan on the basis of 5% in 2023/24. T&W’s provisional increase is a little more than this, at 6%, but is substantially less than the increases in recent years of £2.5 to £3.5m per annum.
- 1.13 Lower increases in funding clearly create a risk that more authorities cannot keep their high needs spending with the allocated resources – and even now, around half of all local

authorities are subject to one of the DfE's financial recovery programmes;- 'safety valve' or 'delivering better value in SEND'. As Forum is aware, several years ago we did incur a (relatively modest) DSG deficit, but with the Forum's help (by agreeing 0.5% to be moved from the schools block to high needs for two successive years) we cleared it and have retained a modest level of surplus since then. However, this has only been achieved in the context of larger DSG increases, than is indicated for 2023/24 and in a lower inflation environment. There is therefore, continuing financial risk for us in high needs

- 1.14 In the operational guide, the DfE state that *'Alongside our continued investment in high needs, the Government remains committed to ensuring a financially sustainable system, where resources are effectively targeted to need. Later this year the Government will confirm the next steps in implementing our reform programme, following the consultation on the SEND and Alternative Provision Green Paper published in March.'* However, reading the green paper, it is not immediately apparent what financial difference it will make to local authorities high needs pressures.

2023/24 Central School Services Block (CSSB)

- 1.15 The provisional allocation of CSSB is lower than 2022/23 at £1.080m compared to £1.109m. This is a combination of the historic commitments allocation being reduced by 20% per year (albeit T&W's has a low sum falling into this category, so we only lose £2,560) plus the overall remaining sum being reduced by 2.5%, as T&W is on a protected allocation.
- 1.16 The final allocation is updated by pupil numbers, as the allocation is calculated on an amount per pupil. Therefore, if pupil numbers overall increase again in T&W, we may receive a final cash allocation close to that for 2022/23.

2023/24 Early Years

- 1.17 Details of 2023/24 early years funding have yet to be released. The DfE has stated that: *'The 2023 to 2024 early years national formula operational guide will be published in the autumn.'*
- 1.18 Over the summer, the DfE has consulted on some technical changes to the way the early years funding is calculated for individual local authorities, i.e. by using updated data, changing protection arrangements, etc. Until the actual allocations are published it is not possible to determine the overall impact upon T&W. There is a proposed overall protection to ensure that each authority receives a minimum increase of 1%.
- 1.19 The national levels of funding remain as announced last year, meaning a £180m national increase in 2023/24, compared to a £160m increase in 2022/23. The 2022/23 increase was 3.5% so the average 2023/24 increase will be slightly more than this. As in other areas of DSG, this increase is well below current levels of inflation.

Summary

- 1.20 In all areas of DSG, the proposed increases are well below the current level of inflation. As in previous years, the lowest increase (in fact a decrease per pupil) is in the central school services block, covering local authority services. There are increases of 3-4% in schools and early years funding (albeit with some uncertainty around the level of early years funding for T&W) and a provisional increase of 6% in high needs funding.

- 1.21 Whilst the largest increase in the blocks is therefore high needs, this represents a substantially lower increase than seen in recent years.

Tim Davis
Group Accountant
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