



Borough of Telford and Wrekin

Cabinet, 5 January 2023

2023/24 Telford & Wrekin Schools Funding Formula

Cabinet Member:	Cllr Shirley Reynolds - Cabinet Member: Children, Young People and Families
Lead Director:	Simon Wellman - Director: Education & Skills
Service Area:	Education and Skills
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Wards Affected:	All Wards
Key Decision:	Key Decision
Forward Plan:	7 December 2022
Report considered by:	SMT – 6 December 2022 Business Briefing – 15 December Cabinet – 5 January 2023

1.0 Recommendations for decision/noting:

1.1 It is recommended that Cabinet approves the 2023/24 funding formula for Telford & Wrekin mainstream schools, as set out in paragraphs 4.1 to 4.8 and summarised at paragraph 4.9.

2.0 Purpose of Report

2.1 Each year we review the local funding formula for mainstream schools in the context of revisions to Department for Education (DfE) regulations or any other relevant developments.

2.2 Although we consult with schools and the Schools Forum regarding any changes, the Council makes the final decision on the funding formula. The local funding formula applies both to academies and maintained schools.

3.0 Background

- 3.1 Dedicated Schools Grant (DSG) is allocated to local authorities by the DfE in four blocks; Schools, High Needs, Early Years and Central School Services.
- 3.2 For 2023/24 there is also 'Additional Schools Grant' in the Schools and High Needs blocks, as a result of additional funds allocated in the government's Autumn 2022 budget statement.
- 3.3 T&W's 2023/24 allocations are as follows:
- Schools Block: Calculated by multiplying the number of pupils at the preceding October census (i.e. October 2022 for 2023/24) by a unit of funding, which is different for each local authority. The 2023/24 allocation for T&W is £154m plus £5m of Additional Schools Grant, making a total of £159m.
 - High Needs Block: Calculated by a combination of historic allocations and a national funding formula. The 2023/24 allocation for T&W is £33.5m, supplemented by £1.4m of Additional Schools Grant, making a total of approximately £35m.
 - Early Years Block: Calculated by taking the average pupils in the relevant two January censuses (i.e. January 2023 and January 2024 for 2023/24) and then multiplying by a unit of funding. The 2023/24 allocation for T&W is £13.6m.
 - Central School Services block: Calculated by a mixture of historic expenditure levels and number of pupils. The grant was introduced in 2018/19 replacing (albeit at a much reduced level) the abolished Education Services Grant. The 2023/24 allocation for T&W is £1.1m.
- 3.4 This report concerns the local funding formula used to distribute the school block to mainstream schools.
- 3.5 The DfE provides the national bases of the funding formulas in the summer, with the final funding allocations to local authorities in December being determined by applying these bases to the October census data.
- 3.6 There is some flexibility to move money between blocks, but any movement out of the Schools and Early Years blocks is limited in scale and subject to a Schools Forum vote. DSG as a whole is ring-fenced for schools.
- 3.7 Nationally, there is considerable financial pressure on high needs budgets. The County Councils Network estimates that the overall deficit in England now exceeds £2bn. To date, T&W has been able to manage rising demand within high needs allocations, due to strong relationships with schools and other providers and robust financial control. At the end of financial year 2021/22 the overall DSG position for T&W was a surplus of £0.3m.

3.8 In 2023/24, we will be asking maintained schools in Telford & Wrekin to de-delegate funding for the local authority's statutory school improvement functions. Until 2021/22, these were funded by the DfE's 'Local Authority Monitoring and Brokering' grant. This is being removed by the DfE, half in 2022/23 and the remaining half in 2023/24. No alternative funding is being provided, although local authority's statutory functions remain unchanged. Nationally, the value of the grant was £50m, whilst for Telford & Wrekin it was worth £182,000 in 2021/22.

3.9 The DfE calculates Schools Block funding allocations to local authorities by a National Funding Formula (NFF). This revised methodology replaced the existing historically based allocations in 2018/19. The DfE is now moving to extend the national formula to school level, requiring authorities to begin converging to the national formula from 2023/24

4.0 Summary of main proposals

4.1 For several years, T&W has adopted the principle of mirroring the national funding formula, as far as possible, in our local funding formula. This policy is in the context of the DfE's stated intention to move to a national funding formula at school level.

4.2 Our proposal to continue this policy means that the requirement to begin converging the local formula to the national formula from 2023/24 should have little impact on local arrangements.

4.3 The local funding formula was discussed with the Schools Forum on 29 September 2022 and 17 November 2022. The Forum agreed that we should continue to mirror the NFF funding factors in the local funding formula 2023/24 as far as is possible.

4.4 Since 2020/21 the DfE has also required local authorities to apply a minimum funding per pupil amount to all schools. For 2023/24 this is set at £4,405 for primary schools and £5,715 for secondary schools. This has the impact of boosting the funding of schools with less deprived intakes, as these schools receive relatively little from funding factors linked to deprivation and low prior attainment.

4.5 There is a further national minimum funding guarantee, assuring a minimum increase per pupil compared to the previous year. For 2023/24 current national regulations mean this must be set at between 0% and 0.5%. T&W propose to adopt the highest possible level of 0.5%.

4.6 There continues to be pupil growth in the secondary sector in T&W. In order to support this growth, when schools agree upon request from the Council to increase their pupil admission number (PAN), or to admit pupils above their PAN, these schools are proposed to be funded based on the resulting estimated pupil numbers in the admission year (reception for primary schools, year 7 for secondary schools). This avoids the lag in the school funding system, as usually funding for the financial year April to March (maintained schools) or academic year September to August (academies) is based on the preceding year's October census. This proposal matches the arrangements followed in 2022/23.

4.7 Additional funding for pupil growth is provided by government based on local demographic data.

4.8 Actual allocations to schools can only be finalised once the final funding information released by the DfE in December has been worked into a local funding formula for T&W. Cabinet approval is therefore being sought for the principles behind the local funding formula for schools, rather than the precise amounts to be allocated to each school.

4.9 To summarise, it is recommended that the formula:

- mirrors the governments national funding formula for schools as far as is possible;
- includes a guaranteed increase per pupil of 0.5%, the maximum allowable by government;
- where appropriate, supports growing schools by using estimated pupil numbers to determine funding, to avoid a lag in money reaching growing schools.

5.0 Alternative Options

5.1 Local authorities' ability to significantly alter their local funding formula is now constrained by the requirement to begin converging to the national model from 2023/24. However, as noted above, for several years we have in any case aimed to replicate the national model as far as possible locally.

6.0 Key Risks

6.1 The funding formula for schools aims to provide a fair allocation of resources to all schools, within the constraints of total available DSG funding, by taking account of each school's demographics and other circumstances.

6.2 However, with regards to school income, the amount of funding available is determined by government. With regards to expenditure, key determinants of schools' costs such as pay awards, energy bills etc are outside the local authority's control. Therefore, whilst aiming to be as fair as possible, the funding formula cannot protect schools from all financial risks.

7.0 Council Priorities

7.1 The school funding formula aims in particular to support the Council's priority to ensure that *'Every child, young person and adult lives well in their community'*. By supporting the ability of schools to enable children and young people to achieve their academic potential, it also contributes to ensuring that *'Everyone feels the benefit from a thriving economy.'*

8.0 Financial Implications

8.1 As described above, schools are funded by the Dedicated Schools Grant (DSG), ring-fenced funding allocated to councils by government. Most mainstream schools in Telford & Wrekin (T&W) are forecast to receive an increase in funding in 2023/24 both in funding per pupil and in total funding. There is a national Minimum Funding Guarantee (MFG) per pupil set at between 0% and 0.5% for 2023/24. We propose to set the local MFG at the maximum 0.5%.

9.0 Legal and HR Implications

9.1 The dedicated schools grant (DSG) is payable to the local authority under Section 14 Education Act 2002 and administered under the DSG: Conditions of Grant Guidance, as updated by the Education & Skills Funding Agency from time to time.

9.2 The Chief Financial Officer of the local authority is required to confirm the deployment of the DSG in support of the schools budget

9.3 The School and Early Years Finance (England) Regulations 2021 (in force 01.04.2021) govern how the local authority determines its schools budget and consultation requirements.

9.4 The application of the national funding formula (NFF) for schools for 2023-2024 is informed by Department for Education guidance and Education & Skills Funding Agency operational guidance, as updated from time to time.

10.0 Ward Implications

10.1 The revised funding formula will affect all schools in T&W, including academies, with the exception of nursery schools, special schools and independent schools and so will impact upon all Wards across the Borough.

11.0 Health, Social and Economic Implications

11.1 As noted above, the local schools funding formula now mirrors the national formula as far as possible. This formula allocates substantial funding based on measures of deprivation and low prior attainment, to assist schools to address educational under attainment linked to the social and economic background of pupils.

12.0 Equality and Diversity Implications

12.1 Social and economic inequality is addressed in the local formula as described in section 11 above. In addition, the formula contains funding for pupils with English as an Additional Language.

13.0 Climate Change and Environmental Implications

13.1 The proposed funding formula has no direct implications for climate change and the environment.

14.0 Background Papers

- 1 Dedicated Schools Grant allocations tables and supporting documents, Education & Skills Funding Agency, December 2022.
- 2 “Schools Operational guide: 2023 to 2024”, Education & Skills Funding Agency, October 2022.
- 3 T&W Schools Forum, minutes and accompanying papers of meetings held on 29 September 2022 and 17 November 2022.

15.0 Appendices

None.

16.0 Report Sign Off

Signed off by	Date sent	Date signed off	Initials
Legal Services	29/11/2022	29/11/2022	KF
Finance	29/11/2022	1/12/2022	TD
Director of Education & Skills	29/11/2022	29/11/2022	SW