

**CITY OF WESTMINSTER**  
**SCHOOLS' FORUM 14th NOVEMBER 2022**  
**REPORT BY LEAD STRATEGIC FINANCE MANAGER – BI BOROUGH**  
**CHILDREN'S SERVICES**

**PROVISIONAL SCHOOLS BLOCK OF THE DEDICATED SCHOOL GRANT (DSG)**  
**AND LOCAL FUNDING FORMULA REVIEW 2023/24**

**Purpose of the report**

This report provides the provisional 2023/24 schools block of the Dedicated Schools Grant (DSG). There are options to consider for the local funding formula to be used to calculate individual school budgets in 2023/24. The options were amended following advice from the Department for Education (DfE) that Minimum Funding Guarantee (MFG) outside of the DfE parameters would not be agreed.

**FOR DECISION**

**1 INTRODUCTION**

- 1.1 On 19<sup>th</sup> July 2022 the Department for Education (DfE) set out the key aspects of the 2023/24 schools, high needs and central schools services blocks of the DSG with provisional funding levels and the requirements regarding local funding formulae. The Local Authority is required to complete all school funding allocations by 21st January 2023.
- 1.2 The ESFA provides pre-16 funding for schools to local authorities via the DSG. Funding is distributed to schools in the City of Westminster through a locally agreed funding formula.
- 1.3 Schools' Forum (1st November 2021) considered three options regarding the review of the schools block funding formula which is used to allocate funds to all schools. The option which moved a further 25% towards the National Formula Funding (NFF) factor values for all factors, with +1% per pupil Minimum Funding Guarantee (MFG) and the AWPU as the balancing figure was agreed.
- 1.4 Schools' Forum on 6th June 2022 agreed the proposed process, timetable and principles for agreeing the school funding formula for 2023/24 and four options for the funding formula were agreed for consultation with all schools. It was agreed that the decision regarding these options would be taken at the November 2022 Schools' Forum meeting.

## 2 PROVISIONAL SCHOOLS BLOCK DSG AND ESTIMATED FUNDING TO BE ALLOCATED TO SCHOOLS IN 2023/24

- 2.1 Local Authorities will continue to set local funding formula in 2023/24 and are required to move 10% closer to the NFF factor values.
- 2.2 The Government proposals regarding the implementation of the NFF are covered in the separate report on the agenda.
- 2.3 In addition Local Authorities will continue to set a Minimum Funding Guarantee (MFG) in local formulae, which in 2023/24 must be between +0% and +0.5% per pupil compared to per pupil funding in 2022/23.
- 2.4 Table 1 shows the published provisional 2023/24 funding allocations of the Schools block (based on the National Funding Formula (NFF)), compared to 2022/23 (before the deductions for payments to academies). The published allocations will be updated, based on the latest pupil data, to produce final DSG allocations in December.

**Table 1 – Provisional DSG Schools Block in 2023/24**

<b>Block</b>	<b>2023/24 Provisional</b>	<b>2022/23 Final</b>	<b>Change</b>	<b>% Change</b>
Schools Block	£129.388m	£127.223m	+£2.165m	+1.7%
	* Allocations are before deduction for academies and include the School Supplementary Grant in 2022/23, which is included in the Schools Block from 2023/24			

- 2.5 For the purpose of modelling, the provisional schools block has been adjusted as shown in Table 2, which will be updated by the final amounts agreed for 2023/24 by the January 2023 Schools' Forum.
- 2.6 Schools' Forum can agree to transfer up to 0.5% out of the schools block

**Table 2 – Estimated Funding to be Allocated to Schools**

	<b>2023/24 Estimate</b>	<b>2022/23</b>	
<b>Schools Block Funding incl School Supplementary Grant</b>	<b>£129.388m</b>	<b>£127.223m</b>	
Funds for schools with falling rolls – 2022/23 falling rolls figure	-£ 0.215m	-£ 0.215m	To be agreed by Jan Schools Forum
Transfer to High Needs Block	-£ 0.323m	-£ 0.618m	Agreed by Schools Forum as per deficit management plan agreed 26 <sup>th</sup> Sept 2022

	<b>2023/24 Estimate</b>	<b>2022/23</b>	
Fair Access Funding for Secondary Schools – transfer to central schools block	?	0	To be discussed with WSSIC and any proposal to be included in the Jan Schools Forum paper
<b>Total for distribution in formula</b>	<b>£128.850m</b>	<b>£126.390m</b>	1.9% increase
<b>Pupil Numbers October 2021</b>	<b>17,877.5</b>	<b>17,877.5</b>	
<b>Average per pupil funding</b>	<b>£7,207</b>	<b>£7,070</b>	1.9% increase

- 2.7 The comparable distribution between 2022/23 and 2023/24 funding is an increase of 1.9% per pupil.
- 2.8 Maintained schools budgets will also reflect de-delegation amounts for cover for trade union duties and restructuring costs and these deductions will be covered in the January 2023 schools budget paper.

### 3 EARLY YEARS BLOCK

- 3.1 Announcements regarding Early Years funding are expected in December 2022 and therefore proposals regarding 2023/24 funding will be brought to the January Schools Forum. A separate paper on the maintained nurseries schools supplement is included on the agenda.

### 4 PRINCIPLES FOR AGREEING THE SCHOOL FUNDING FORMULA FOR 2023/24

- 4.1 The following principles to be applied to the 2023/24 process were agreed by Schools' Forum (June 2022).
- 4.1.1 To move further towards the NFF factor values, as a minimum at the level required by the DfE. Having a clear direction of travel towards the NFF will help provide budget clarity for three year school budget planning.
- 4.1.2 Consistency and fairness - Pupils with the same characteristics are funded the same amount of money (in line with the NFF principles).
- 4.1.3 Aim to provide stability while not increasing the MFG significantly as this may indicate that the lower levels of funding via the NFF factors are appropriate and expose schools to risk when the hard NFF is fully introduced.

## 5 LOCAL FUNDING FORMULA OPTIONS FOR CALCULATING SCHOOL BUDGETS IN 2023/24

- 5.1 At the Schools' Forum on 6<sup>th</sup> June 2022, four options for the local funding formula to be used to calculate school budgets in 2022/23, were agreed for consultation with headteacher groups. The MFG which limits the movement of funds between schools under the different options was included as the balancing item in all the options.
- 5.2 All options are estimates based on draft October 2021 roll numbers and the pupil characteristics used for the 2022/23 budgets for free school meals, prior attainment, NNDR etc, and these will all change once data (including numbers on roll) is available for 2023/24 budget setting. The models are modelled at 1% MFG. It should be noted that the MFG limits the movement of funds between schools under the different options.
- 5.3 Table 3 below shows the options and size of the MFG that were consulted on.

**Table 3 Original Funding Formula Options**

Option	Description		
For info	2022/23 school budgets allocated via the WCC formula which moved 25% further towards the NFF factor values with the AWPU as the balancing figure. <b>£0.725m +1% MFG</b>	<b><i>For information and comparison</i></b> Highest primary per pupil funding £7,469 Lowest per pupil funding £5,322 Range between those £2,147	<b><i>For information and comparison</i></b> Highest secondary per pupil funding £8,309 Lowest per pupil funding £7,279 Range between those £1,030
1	Move a further 10% towards the NFF factor values for all factors, which is the minimum move required by the DfE, with MFG as balancing figure <b>£4.217m + 2.09% MFG</b>	Highest primary per pupil funding £7,793 Lowest per pupil funding £5,572 Range between those £2,220	Highest secondary per pupil funding £8,724 Lowest per pupil funding £7,641 Range between those £1,083
2	Move a further 15% towards the NFF factor values for all factors with MFG as balancing figure <b>£4.054m +2.09% MFG</b>	Highest primary per pupil funding £7,793 Lowest per pupil funding £5,572 Range between those £2,220	Highest secondary per pupil funding £8,724 Lowest per pupil funding £7,641 Range between those £1,083

Option	Description		
3	Use NFF factor values with MFG as balancing figure <b>£1.172m +0.79% MFG</b>	Highest primary per pupil funding £7,723 Lowest per pupil funding £5,542 Range between those £2,182	Highest secondary per pupil funding £8,618 Lowest per pupil funding £7,547 Range between those £1,071
4	Move a further 15% towards the NFF factor values for all factors except for IDACI which moves 25% towards NFF factor values with MFG as balancing figure <b>£3.635m +2.09% MFG</b>	Highest primary per pupil funding £7,793 Lowest per pupil funding £5,572 Range between those £2,220	Highest secondary per pupil funding £8,724 Lowest per pupil funding £7,641 Range between those £1,083

#### 5.4 MFG disapplication

All the options resulted in MFG's outside the DfE parameters of 0% to 0.5% MFG per pupil. The DfE were approached for an 'in principle' view re MFG values outside that range and were not willing to give a view without a full disapplication request which was subsequently submitted. The DfE advised very clearly (on 17<sup>th</sup> October) that the disapplication to increase the MFG would not be approved and advised that the AWPU should be used as the balancing figure in the options with the MFG at a maximum of plus 0.5% per pupil compared to 2022/23. Accordingly, the options have been re-modelled with the MFG at 0.5% and the AWPU as the balancing figure. The remodelling means the AWPU values are higher and MFG values are lower than in the original options consulted on. Table 3a below shows the revised options.

**Table 3a Revised Funding Formula Options**

Option	Description		
For info	2022/23 school budgets allocated via the WCC formula which moved 25% further towards the NFF factor values with the AWPU as the balancing figure. <b>£0.725m +1% MFG</b>	<b><i>For information and comparison</i></b> Highest primary per pupil funding £7,469 Lowest per pupil funding £5,322 Range between those £2,147	<b><i>For information and comparison</i></b> Highest secondary per pupil funding £8,309 Lowest per pupil funding £7,279 Range between those £1,030
1	Move a further 10% towards the NFF factor values for all factors, which is the minimum move required by the	Highest primary per pupil funding £7,692 Lowest per pupil funding £5,588	Highest secondary per pupil funding £8,708 Lowest per pupil funding £7,597

Option	Description		
	DfE. MFG at maximum +0.5% with AWPU as the balancing figure <b>£0.370m +0.5% MFG</b>	Range between those £2,104	Range between those £1,111
2	Move a further 15% towards the NFF factor values for all factors. MFG at maximum +0.5% with AWPU as the balancing figure <b>£0.371m +0.5% MFG</b>	Highest primary per pupil funding £7,692 Lowest per pupil funding £5,584 Range between those £2,220	Highest secondary per pupil funding £8,695 Lowest per pupil funding £7,585 Range between those £1,110
3	Use 100% NFF factor values. MFG at maximum +0.5% with AWPU (above NFF values) as the balancing figure <b>£0.835m +0.5% MFG</b>	Highest primary per pupil funding £7,739 Lowest per pupil funding £5,528 Range between those £2,211	Highest secondary per pupil funding £8,594 Lowest per pupil funding £7,526 Range between those £1,068
4	Move a further 15% towards the NFF factor values for all factors except for IDACI which moves 25% towards NFF factor values. MFG at maximum +0.5% with AWPU as the balancing figure <b>£0.376m +0.5% MFG</b>	Highest primary per pupil funding £7,692 Lowest per pupil funding £5,570 Range between those £2,121	Highest secondary per pupil funding £8,691 Lowest per pupil funding £7,573 Range between those £1,118

5.5 Appendix A shows the four options separately with allocations for each school, with comparisons to the 2022/23 final budgets. All options distribute an additional £2.459m compared to 2022/23. The allocations shown are after the application of the MFG. The per pupil values include the amounts for lump sums and premises factors (Business Rates and Split sites) and are consistent with previous Schools Forum analysis.

5.6 Appendix B shows the values that would apply to the formula factors for the three options.

## 6 **AGREED PROCESS, CONSULTATION FEEDBACK AND COMPARISON OF OPTIONS AND THOSE WITH BEST FIT TO AGREED PRINCIPLES**

6.1 The following process was agreed at the June 2022 Schools Forum:

**Table 4: Agreed Process**

	<b>Description</b>	<b>Timing</b>	<b>Comments</b>
1.	Inform headteacher groups of the options and seek their views on the options, being clear that headteachers views will inform the Schools' Forum decision making. <b>Note – the models used were calculated before the DfE advise re the MFG was known. The revised options were circulated on 24<sup>th</sup> October</b> and comparisons with the original models are shown in appendix A.	September / October 2022	Options presented
2.	Forum paper to include feedback from headteachers groups and include recommended option. Options discussed by Forum as well as feedback from primary and secondary headteachers groups. Forum members to take decision based on the option that on balance is the best for children across the borough.	November 2022 Schools Forum	Headteachers preferred options may not be agreed by Schools Forum.  If a consensus is not reached the Forum members will vote on the recommended option taking account of the views expressed during the consultation.

6.2 Secondary headteachers were consulted at WSSIC on 23<sup>rd</sup> September 2022 before the options were required to change after the DfE refused the MFG disapplication. The revised options will be discussed at WISSIC on 11<sup>th</sup> November and feedback will be provided at the Schools Forum meeting.

6.3 Primary schools were consulted at the Primary Heads Partnership meeting on 14th October 2022 and 27 primary schools voted on the revised options with the 23 favouring option 3 as their first choice and 14 choosing option 4 as their second choice as shown in the table below.

	<b>1<sup>st</sup> choice, number of votes</b>	<b>2<sup>nd</sup> choice number of votes</b>
Option 1 - 10% move to NFF. MFG +0.5% with AWPU balancing figure	2	2
Option 2 - 15% move to NFF. MFG +0.5% with AWPU balancing figure	1	11
Option 3 - NFF factor values. MFG +0.5% with AWPU balancing figure	23	0

Option 4 - Move 15% move to NFF / IDACI 25%. MFG +0.5% with AWPU balancing figure.	1	14
--	---	----

6.4 Comparing the options with the agreed principles of moving further towards the NFF factor values, consistency, fairness and stability while limiting the increase in MFG:

- All options move further towards the NFF factor values
- All options are consistent and fair, allocating the same funding to pupils with the same characteristics.
- The difference between the options re the smallest difference between lowest and highest per pupil funding for the secondary sectors is minimal with option 3 showing the largest difference for primary schools;
- The difference between the options re the smallest differences in the range of change in per pupil funding compared to 2022/23 is minimal for options 1, 2 and 4 with the option 3 showing the largest difference for the primary sector;
- Options 3 has the highest MFG, which is about £460,000 higher than the other three options. The MFG in the other options are very similar between £370,000 to £376,000;
- The number of schools receiving the minimum per pupil increase in each model are shown in the table below, there is no change to the number of primary schools having minimum increases in all options however option 3 has 70% of secondary schools with the minimum increase:

	<b>No. and % of primary schools receiving min increase</b>	<b>No. and % of secondary schools receiving min increase</b>
Option 1	7 (18%)	1 (10%)
Option 2	7 (18%)	1 (10%)
Option 3	7 (18%)	7 (70%)
Option 4	7 (18%)	1 (10%)

- The allocations in options 1,2 and 4 are very similar as the factor values and MFG are close in value.
- The lowest per pupil funding for primaries is at the highest level in option 4 and for secondaries option 4 is not significantly different to options 1 and 2 and is better than option 3.

6.5 Taking account of the comparison in 6.4 above it is officers view that option 4 meets more of the agreed principles with more schools receiving an increase above the minimum level and therefore offering more stability.

## 7 ESTIMATED IMPACT OF LOWER RECEPTION INTAKE

- 7.1 As stated above the options are all modelled on 2022/23 funding and data and this enables comparisons with the 2022/23 budget allocations. As noted in the latest pupil projections paper since the 2020 reception round there has been a 17% fall in the number of on-time applicants. Primary schools pupil led funding would reduce on average by £5,500 for each pupil reduction. These reductions in primary pupil numbers, while not finalised, will increase financial viability risks.

## 8 NEXT STEPS FOR FINALISING SCHOOL FUNDING FOR 2023/24

	<b>Description</b>	<b>Timing</b>	<b>Comments</b>
1.	Forum paper to include feedback from headteachers groups and include recommended option. Options discussed by Forum as well as feedback from primary and secondary headteachers groups. Forum members to take decision based on the option that on balance is the best for children across the borough.	November 2022 Schools Forum	If a consensus is not reached the Forum members will vote on the recommended option taking account of the views expressed during the consultation.
2.	Schools Forum recommend funding for falling rolls, growth, de-delegation items such as restructuring costs, trade union cover costs and the total school budget to be allocated to schools.	January 2023 Schools Forum	This will also include any proposals for Fair Access Funding for Secondary Schools after discussion with WSSIC
3.	The final funding formula option selected at the November 2022 Schools Forum will be updated based on information provided by the ESFA in December 2022 re October 2022 roll numbers and pupil characteristics for free school meals, low prior attainment etc and estimated NNDR. This will provide the estimated final school budgets for 2023/24	January 2023	These budgets can be used for initial preparation of three year budget plans
4.	Schools issued with final budgets	February 2023	Once DfE agree school budget tool submitted

## **9 RECOMMENDATIONS**

### **9.1 Schools' Forum are recommended to:**

- 9.1.1 review updated figures after information has been received from the ESFA, but before the 21st January 2023 statutory deadline for the ESFA APT submission.
- 9.1.2 agree which of the four local funding formula options detailed in section 5 and 6 is supported, with option 4 recommended by officers.
- 9.1.3 note the next steps for finalising schools funding for 2023/24 (section 8).
- 9.1.4 confirm agreement to transfer 0.25% (£323,000) to the High Needs Block as part of the deficit management plan agreed at 26<sup>th</sup> September 2022 Schools Forum.
- 9.1.5 note that proposals will be brought to the January meeting of the Schools' Forum regarding falling rolls funding, fair access funding for secondary schools and de-delegation for maintained schools (including restructuring costs).

## **APPENDICES**

Appendix A – School funding formula options for 2023/24

Appendix B – Formula factor values for the funding formula options

**Anita Stokes**

**Lead Strategic Finance Manager – Bi-Borough Children's Services**

**Sarah Newman**

**Bi-Borough Executive Director of Children's Services**

### **Background papers:**

ESFA – Operational Guidance 2023/24

[Schools operational guide: 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/114122/schools_operational_guide_2023_to_2024_-_gov.uk.pdf)

EFSA – Modelling APT2023-24

### **Contact officers:**

Anita Stokes, Lead Strategic Finance Manager Bi-Borough Children's Services

**Tel:** 07890 380266

**E-mail:** [astokes@westminster.gov.uk](mailto:astokes@westminster.gov.uk)