

Meeting date: 26 January 2023

Report to: Solihull School Forum

Subject/report title: School Funding Update – DfE 16 December Announcement

Report from: Director of Children's Services and Skills

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Schools affected:

All Primary | All Secondary All Early Years All Special and AP

Type of Report For information

Forum Voting Not a voting matter - for information item

Public/private report: Public

1. Purpose of Report

1.1 For School Forum to consider the key changes to mainstream school funding arrangements for 2023-24 following the government school funding announcements on 16 December 2022, and how the announcements will translate into school funding for 2023-24.

2. Decision(s) recommended

2.1 For information.

3. Matters for Consideration

3.1 On 16 December the government published the updated arrangements for the national funding formula and the funding of mainstream schools for 2023-24. They also published details of High Needs and Early Years Funding.

3.2 The government also published updated Dedicated Schools Grant Block table allocations:

DSG Grant Final Settlement 2023-24	2022-23	2023-24	Difference	% Change
Schools Block (incl Supplementary Grant and MSA Grant)	191,141,120	202,877,552	11,736,432	6.1%
Central Services Schools Block	2,487,812	2,460,961	-26,851	-1.1%
High Needs Block (before deductions, incl supplementary grant)	37,859,000	41,377,695	3,518,695	9.3%
EY Bloc, 3&4 and Admin	15,669,672	16,971,915	1,302,243	8.3%
Total	247,157,604	263,688,123	16,530,519	6.7%

3.3 **Schools Block** - the detailed breakdown is as follows:

DSG 2023-24 Allocation - Schools Budgets	DSG Schools Block 2022-23	DSG Schools Block 2023-24	Change in DSG Schools Block
	£	£	£
Final 2023-24 NFF funding through the NFF pupil-led and NFF school-led factors, with transitional protections applied at individual school level	180,128,172	190,879,902	10,751,730
DSG - premises (PFI/Rates/Split Site factors)	2,823,819	2,703,909	-119,910
DSG - Growth Fund	813,495	809,212	-4,283
Business Rates	1,803,859	1,736,607	-67,252
Schools Supplementary Grant 2022-23	5,571,775	0	-5,571,775
Mainstream School Additional Grant (MSAG) 2023-24	0	6,747,922	6,747,922
Total Schools Budget	191,141,120	202,877,552	11,736,432

% Change

6.1%

Excluding MSAG, the change in Schools block would be +2.7%, so MSAG is a further 3.4%.

3.4 The main developments from the July to 16th December announcements are:

3.5 The NFF rates are unchanged from the NFF announcement, which means the 2022-23 supplementary grant has been rolled up in full to 2023-24 NFF rates. This is positive for schools, as it wasn't clear if the government intended to reduce this in respect of the national insurance increase that was now no longer needed.

3.6 **Application to School Budgets:** In the school budget calculations submitted to the ESFA for quality assurance checking, I have exactly emulated the NFF for all funding factors, except AWPU, with a MFG at the maximum level permitted of 0.5%. Individual school budgets are shown in Appendix1.

3.7 Pupil premium rates increase by 5%:

Pupil Premium Grant unit rates - 16-12-22:

	2023-23	2023-24	2022-24	2022-24
	Pri	Sec	Pri	Sec
	£	£	£	£
FSM/Ever 6 eligible	1,455	1,035	1,385	985
Adopted or left care	2,530	2,530	2,410	2,410
Looked after	2,530	2,530	2,410	2,410
Service pupil premium	335	335	320	320

[Pupil premium: overview - GOV.UK \(www.gov.uk\)](https://www.gov.uk/pupil-premium-overview)

3.8 The additional funding announced in the Autumn statement is to be paid by means of a new grant – Mainstream school additional grant (MSAG), which is estimated to be £6.7m for schools. There are separate arrangements for special schools and AP, described below. I have posted a MSAG calculator in the school budget area of the schools' extranet (Solgrid).

3.9 The MSAG comprises of an amount per pupil, a lump sum and an amount per FSM-ever6 pupil.

MSAG Estimate Solihull 2023-24			
(Source Authority Proforma Tool APT Dec 2022)	Number of eligible pupils / Schools	Unit value £	Total funding £
Basic primary per-pupil rate	19,337	119.00	2,301,103
Basic key stage 3 per-pupil rate	9,814	168.00	1,648,752
Basic key stage 4 per-pupil rate	6,454	190.00	1,226,260
FSM6 (primary)	4,672	104.00	485,888
FSM6 (secondary)	4,799	152.00	729,448
Lump sum	74	4,510	333,740
Subtotal			6,725,191
Area cost adjustment for Solihull		1.003380	22,731
Total			6,747,922

3.10 The key features of the July announcement are unchanged:

- (a) Rolling the 2022-23 schools supplementary grant into the NFF.
- (b) local authorities required to bring their own formulae closer to the schools NFF from 2023-24.
- (c) local authorities only allowed to use NFF factors in their local formulae.
- (d) local authorities must use all NFF factors.
- (e) local authorities must move their local formula factor values at least 10% closer to the NFF.
- (f) Local authorities should review their notional SEN budget methodology.
- (g) Local authorities must submit their local school funding formula to the DfE by means of the Authority Proforma Tool by 20 January 2023, which I have done.

3.11 **Early Years Block** – there is a report elsewhere on the agenda for this meeting.

3.12 **High Needs Block** – The government have announced revised High Needs Block grant levels as detailed above, which includes £1.620m of additional funding relating to the Autumn budget statement.

3.13 The additional £400 million nationally allocated following the 2022 Autumn Statement is

intended to reflect likely cost increases local authorities and schools will face in the provision for children and young people with high needs. The distribution methodology used in allocating additional high needs funding to local authorities in 2022-23 is again being used for the allocations of this 2023-24 additional funding, i.e. a percentage increase (4.6% in 2023-24) to the funding floor and proxy factors in the formula which, in 2023 to 2024, guarantees an increase of at least 9.8% for all authorities.

- 3.14 The government has announced in the High Needs Operational Guide a number of requirements in respect of special and AP school funding:
- 3.15 [special schools: minimum funding guarantee](#) – for 2023-24 this will be 3% over 2 years, based on a like-for-like comparison with a special school's overall budget in 2021-22. This takes into account the additional high needs funding that local authorities are receiving in 2022-23 and 2023-24, some of which is intended to help with the additional costs that schools are facing. Updated guidance and supporting information on the change can be found in [annex 1: special schools minimum funding guarantee](#) of the operational guide.
- 3.16 As part of the MFG assessment, a calculation will be needed for each special school.
- 3.17 An initial assessment of the impact of this on Solihull settings (special schools and AP settings). For 2022-23 top-up rates were increased by 5% on 2021-22 rates (3% general increase, 2% for the NI increase), and the intention is to increase rates by 3% for 2023-24 (commensurate with increase in mainstream school NFF rates).
- 3.18 For all settings other than MLD schools, this approach means settings comfortably exceed the 3% over 2 years MFG, the increase is 4-5%.
- 3.19 However, MLD schools have a much greater proportion of funding delivered from place funding (78%) than other settings (40-50%), and a much smaller top-up rate. Therefore, to meet the MFG, a top-up rate increase of **just over 8% will be required**. Although there is a slight difference in the MFG % for the 2 MLD schools, it is not large enough to justify differential top-up rates, so we can maintain consistent rates. This will give each school additional funding of around £30,000.
- 3.20 **Additional 3.4% Allocation:** In the financial year 2023-24 maintained special schools and pupil referral units, special and alternative provision (AP) academies (including free schools), and maintained and academy hospital schools, will **also** receive a separate allocation amounting to 3.4% of their total place and top-up funding income, similar to the mainstream schools additional grant. This will be paid directly by the local authority which maintains the school or (in the case of academies) previously maintained the school, or (in the case of special and AP free schools) in whose area the school is located. Local authorities are required, by further [conditions of grant](#) attached to their additional high needs funding, to pass on to these schools the allocations of additional funding using a proportion of their additional high needs funding (from the £1.6m additional HNB grant). Guidance on implementing this condition of grant is set out in [annex 2](#) of the operational guide.
- 3.21 Special schools will also continue to receive teacher pay and pension grant additional allocations as in 2022-23, at £676 per place, min'm 40 places).
- 3.22 **Issued further clarification with reference to belonging regulations:** [annex 3: responsibility for children and young people who move between local authorities](#). This sets out the DfE view that where a Solihull looked after child with an EHCP is resident in another local authority, then that local authority, not Solihull is responsible for funding that EHCP, as

well as maintaining the EHCP. This is a different interpretation to that currently operated across the Midlands.

- 3.23 **SEND and alternative provision green paper:** The SEND Review: Right Support, Right place, Right time (SEND and alternative provision) green paper identifies 3 key symptoms of a system under pressure: poor outcomes for children and young people with SEND and in AP, low parental and provider confidence, and financial unsustainability. The government's vision is for an effective and sustainable high needs system that works for children, young people, and their families.
- 3.24 The green paper proposes to create a more inclusive education system where well-supported local mainstream provision will improve the experience and outcomes for children and young people with SEND and those who need AP. This should be supported by appropriate specialist provision for children and young people who require it, close to home where possible, reducing the need for long journeys and associated school transport costs.
- 3.25 The operational guide says that the changes proposed will take thorough and careful work and will therefore take time. In the meantime, local authorities can and should do more to use resources effectively for children and young people with SEND and those in AP. The department has published guidance on [creating sustainable high needs systems](#) to show how local authorities can improve and manage their high needs systems and associated spending in a sustainable way.
- 3.26 The outcomes of the Delivering Better Value review will have a major impact on Solihull's movement to a sustainable high needs system.

4. List of appendices referred to

- 4.1 Appendix 1: School budgets 2023-24

5. Background papers used to compile this report

- 5.1 Schools operational guide 2023 to 2024, DfE 16 December 2022
<https://www.gov.uk/government/publications/pre-16-schools-funding-local-authority-guidance-for-2023-to-2024/schools-operational-guide-2023-to-2024>
- 5.2 High Needs operational guide 2023 to 2024, DfE 16 December 2022

[High needs funding: 2023 to 2024 operational guide - GOV.UK \(www.gov.uk\)](#)

6. List of other relevant documents

- 6.1 None