

<b>TITLE</b>	<b>2023/24 Budget Planning</b>
<b>FOR CONSIDERATION BY</b>	Schools Forum on 12 October 2022
<b>WARD</b>	None Specific;
<b>LEAD OFFICER</b>	Director, Children's Services - Helen Watson

**OUTCOME / BENEFITS TO THE COMMUNITY**

This reports forms part of regular reporting to Schools Forum, informing areas of statutory decision making and improving visibility and consultation on wider Dedicated Schools Grant (DSG) financial matters.

**RECOMMENDATION**

Schools Forum is asked to note the update on budget planning for the 2023/24 financial year.

**SUMMARY OF REPORT**

The report provides an update on work informing 2023/24 budget setting, funding information as it is currently available, and next steps.

## SCHOOLS FORUM

### DSG Budget Planning 2023/24

#### 01. Purpose of the Report

This report provides Schools Forum with an update on work informing 2023/24 budget setting.

#### 02. Recommendation

Schools Forum is asked to note the update on budget planning for the 2023/24 financial year.

#### 03. Funding Allocation for 2023/24

At the end of July 2022 the DfE advised Wokingham Borough Council of our Primary and Secondary Units of Funding for the 2023/24 financial year.

We were also advised of our provisional High Needs and Central School Service Block income. The Growth Factor element of the Schools Block, the final High Needs Block, Central School Services Block and Early Years Block income won't be confirmed until the end of December 2022.

Block	2022/23 TOTAL	2023/24 PROVISIONAL	£ Increase	% Increase
Schools Block	£128,178,750	£133,482,934		
Supplementary Grant	£3,692,470	Now in baseline		
<b>Sub-total Schools Block</b>	<b>£131,871,220</b>	<b>£133,482,934</b>	<b>£1,611,714</b>	<b>1.22%</b>
Growth Factor	£1,663,746	tbc		
<b>TOTAL Schools Block</b>	<b>£133,534,966</b>	<b>tbc</b>	<b>tbc</b>	<b>tbc</b>
High Needs Block	£25,031,284	£27,112,355		
Supplementary Grant	£964,507	Now in baseline		
<b>TOTAL High Needs Block</b>	<b>£25,995,791</b>	<b>£27,112,355</b>	<b>£1,116,564</b>	<b>4.30%</b>
<b>TOTAL Central School Services Block</b>	<b>£995,275</b>	<b>£1,014,682</b>	<b>£19,407</b>	<b>1.95%</b>

The figures used by the DfE for the above are based on the census data from last year. Final funding allocations in December will take into account the pupil numbers and characteristics from the October 2022 census.

#### 04. Schools Block

The Schools Block Task and Finish Group have met twice to date to discuss the funding formula.

2023/24 is the first year of official transition to the “direct” schools National Funding Formula (NFF). There are now requirements on local authorities to move their formula closer to the NFF.

- Only allowed the use of NFF factors in our local formulae. This means Wokingham will need to add a third Deprivation factor to our formula, Free School Meals (FSM)
- Local authorities will also be required to move their local formula factors 10% closer to the NFF values, compared to where they were in 2022/23, unless their local formulae are already so close to the NFF that they are classed as mirroring the NFF. Wokingham has been moving their formula factor amounts closer by a third each year.
- MFG can be set between +0.0% and +0.5% (In 2022/23 Wokingham’s MFG is +1.0%)
- Minimum Per Pupil Funding has increased (see figures below)

	2022/23 MPPL	2023/24 MPPL	Increase %
Primary	£4,265	£4,405	3%
KS3	£5,321	£5,503	3%
KS4	£5,831	£6,033	3%
Secondary	£5,525	£5,715	3%

Over the summer, we modelled funding based on the NFF factor rates, the minimum allowable NFF factor rates and the maximum allowable factor rates.

At the first Task and Finish Group meeting, we found that using the census figures from October 2021 meant that none of the models were affordable using the provisional income in the table in item 03.

We requested that schools supply us with their up-to-date pupil numbers this term, so we could calculate more accurately what our actual likely final settlement will be in December. Having the pupil numbers still doesn’t change the pupil characteristics from last year (for example percentage of deprivation) as these will be taken from the actual October 2022 census, however the information collated indicated a growth in pupil numbers of almost 600 over the past 12 months (around 2.3%).

At the second Task and Finish Group meeting, we found that:

- There are 2 versions of the formula that are potentially affordable:
  - using the NFF factor values, and
  - using the minimum allowable NFF factor values
- Assuming:
  - we keep MFG at maximum allowable of 0.5%
  - we have a cap on gains, the amount to be determined once the model and pupil numbers are clearer.

## 05. **Growth Fund 2023/24**

The Schools Block funding formula used by the DfE includes an element for growth. For the current year this equated to £1.6m for Wokingham, however through budget planning only £1.5m was allocated locally from the overall Schools Block allocation to the Growth Fund for the 2022/23 financial year.

A review of 2023/24 has been undertaken to inform budget planning, particularly given Growth Fund spend for 2022/23 is now forecast at £1.9m.

Work on the 2023/24 Growth Fund Budget is at an early stage. Using the pupil numbers given to us by schools this term, we were able to estimate that income for growth for 2023/24 will be £1.5m.

Looking at likely growth requirements for 2023/24, the budget required for next financial year is likely to be in excess of income received for the year, based on the current local funding methodology. Work to review growth fund requirements is ongoing, informing affordability options for the 2023/24 financial year and will form part of consultation arrangements with schools.

## 06. **Early Years Block**

We do not yet have any firm information on Early Years funding levels for the 2023/24 financial year, and previous indicative information suggested a challenging time ahead for EY funding.

However, the DfE undertook a consultation on Local Authorities funding rates (i.e. the income the LA receives before distributing to settings through the formula) that provided illustrative figures on a set of proposals. While the outcome of the consultation is not yet known, should those illustrative proposals be implemented then that suggested a favourable position for Wokingham, with an increase in funding rates.

As with other blocks however, we expect Teachers Pay and Pension Grant (TPPG) which was previously paid separately, to be rolled into the baseline.

The Early Years Task & Finish Group will convene over the coming weeks and will be kept updated as more information becomes available.

## 07. **High Needs Block**

As previously agreed a High Needs Block Task & Finish Group has been established for 2023/24 budget setting. The group will convene in the coming weeks to review and consider budget setting assumptions and recommendations for the coming financial year.

The group's work will be informed by the longer term financial modelling linked to the DSG management plan and the Safety Valve process to ensure that recommendations made on the budget for 2023/24 are set in the context of the wider work.

## 08. **Next steps**

Work under each of the task & finish groups will continue over the coming weeks with the aim of having draft budget assumptions for each block reported back to Forum in December.

Consultation arrangements are set out in the separate report on the agenda for this meeting.

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