

**CITY OF WESTMINSTER  
SCHOOLS' FORUM – 18<sup>th</sup> JANUARY 2023**

**REPORT BY LEAD STRATEGIC FINANCE MANAGER – BI BOROUGH  
CHILDREN'S**

**2023/24 DEDICATED SCHOOLS GRANT (DSG) UPDATE AND SCHOOLS  
FUNDING FORMULA ALLOCATIONS**

**Purpose of the report**

This report informs Schools' Forum of the 2023/24 DSG funding settlement including the schools block funding, and the mainstream schools additional grant (MSAG) funding. There are decisions to be made regarding growth and falling rolls funding, and de-delegation for maintained schools (including restructuring costs).

**FOR DECISION**

**1 INTRODUCTION**

- 1.1 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.
- 1.2 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 DSG settlement, allocation tables, technical notes and Authority Proforma Tools (APT) were issued to all Local Authorities (LAs) with their individual schools data sets on 16<sup>th</sup> December 2022. The LA is required to complete all school funding allocations via the ESFA's APT by 20th January 2023 and this will be submitted on the basis of information within this report and to take account of decisions being made at this Schools' Forum and political ratification.
- 1.3 In addition to the DSG, mainstream schools will be allocated additional funding through the mainstream schools additional grant (MSAG) in 2023/24 worth £1.5 billion. Schools will have the flexibility to prioritise their spending of the MSAG to best support the needs of their pupils and staff and address cost pressures. This grant will be paid as a separate grant in 2023/24. The DfE intend to incorporate this funding into core budget allocations for 2024/25.
- 1.4 Schools' Forum (14th November 2022) considered four 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 15% towards the NFF factor values for all factors except for IDACI which moved 25% towards NFF factor

values with MFG at maximum +0.5% per pupil increase and Age Weighted Pupil Units (AWPU) values as the balancing figure was agreed.

## 2 DSG FUNDING ALLOCATIONS 2023/24

2.1 The DSG allocations for 2023/24 are comprised of the following four blocks:

<b>DSG Block</b>	<b>Funding Basis</b>
schools block	primary units of funding (PUF), and secondary units of funding (SUF) and premises funding announced in July 2022 and growth funding.
central school services block (CSSB)	units of funding and historic commitments updated in December 2022.
high needs	final allocations announced in December 2022, with the basic entitlement element updated for the number of pupils in the October 2022 school census with further adjustments in February 2023. The allocation is before the deduction for agreed high needs places in academies.
early years	based on the funding rates published in December 2022, and made up of funding for: universal 15 hour entitlement for all three and four-year-olds additional 15 hours for three and four-year old children of eligible working parents 15 hours entitlement for disadvantaged two-year-olds early years pupil premium (EYPP) disability access fund (DAF) supplementary funding for maintained nursery schools

2.2 Table 1 shows the published 2023/24 funding allocations of Schools block, High Needs block, Central Schools Services block, and Early Years block for WCC, which were published on 16th December 2022. The provisional 2023/24 DSG including the MSAG (before the deductions for payments to academies) has increased by £6.498m (3.6%) since 2022/23 to £185.017m.

**Table 1 – Comparison of 2023/24 and 2022/23 DSG block allocations**

Block	2023/24	2022/23	Change	Change
	£m	£m	£m	%
Schools (including supplementary grant added to 2022/23 baseline) *	125.352	127.223	-1.871	-1.47%
Mainstream schools additional grant (MSAG)	4.423	0.000	4.423	
<b>Sub total Mainstream Schools</b>	<b>129.775</b>	<b>127.223</b>	<b>2.552</b>	<b>2.01%</b>
High Needs including additional DSG funding**	41.587	37.658	3.929	10.43%
Central School Services	0.954	0.997	-0.043	-4.31%
Early Years including teacher pay grants ***	12.701	12.641	0.060	0.47%
<b>Total</b>	<b>185.017</b>	<b>178.519</b>	<b>6.498</b>	<b>3.64%</b>
<p>*Allocation before deduction for academies and include the School Supplementary Grant in 2022/23, which is included in the Schools Block from 2023/24.</p> <p>**Allocation before deduction for academies high needs places. The provisional High Needs allocation will be updated by March 2023.</p> <p>***Early Years allocation is provisional at this time for both years.</p>				

- 2.3 The high needs block includes additional DSG funding of £1.669m in 2023/24. The conditions attached to this additional funding are covered in the separate high needs paper.
- 2.4 The high needs funding will be updated in Spring 2023 following the agreement of numbers on January 2023 census and agreements between providers, the ESFA and the LA that is responsible for the individual pupil (February Individual Learner records for 6th form). Deductions will then be made to fund academies, free school and college places directly before the high needs block allocations are finalised. High needs budgets are detailed in the separate high needs paper to this Forum. There is a significant increase in the high needs block and the forecast DSG underspend in 2022/23 eliminates the high needs budget deficit and therefore, a transfer from the schools block to the high needs block is no longer required.
- 2.5 The Central Schools Services Block (CSSB) provides funding for central services ongoing responsibilities, including a cash sum for historic commitments. The total amount is £0.954m which is a reduction of £0.043m since 2022/23.
- 2.6 The early years initial funding allocation is based on the January 2022 census, and will be updated for the January 2023 and 2024 census in July 2023 and 2024. The amount in the Early Years Single Funding Formula (EYSFF) is subject to passporting at 95% and adjustments for deprivation and SEN

inclusion fund payments. Other early years funding is dependent on uptake of services and there is a separate report on early years funding to this Forum.

### 3 SCHOOLS BLOCK

- 3.1 LAs will continue to set local funding formula in 2023/24 and are required to move 10% closer to the National Funding Formula (NFF) factor values. The Government proposals regarding the move to a 'hard' NFF, which will determine schools' budgets on the basis of a single national formula rather than through local formulae set independently by each LA, were covered in Paper A8 at the November 2022 Schools Forum meeting.
- 3.2 As part of the move towards hardening the National Funding Formula (NFF), the government continues the use of the national minimum per pupil funding levels, at the values in the school NFF (£4,405 for primary pupils and £5,715 for secondary pupils), compulsory for LAs to use in their own funding formulae. All Westminster schools will be funded above the minimum per pupil funding levels in 2023/24.
- 3.3 LAs 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.
- 3.4 Schools' Forum can agree to transfer out of the schools block to a maximum of 0.5%.
- 3.5 The total funds to be delegated and allocated through the schools block funding formula is calculated as follows.

	2023/24	2022/23	
Schools Block Funding including School Supplementary Grant	<b>£125.352m</b>	<b>£127.223m</b>	
Transfer to High Needs	£0m	-£ 0.618m	Transfer no longer required
Funds for schools with falling rolls	-£ 0m	-£ 0.215m	Proposed that £133,000 2023/24 falling rolls are funded from the DSG balance
Growth not allocated via APT	£0m	£0m	
Fair Access Funding for Secondary Schools via central schools block	£0m	£0m	Proposed that £80,000 2023/24 Fair Access funding is funded from the DSG balance
<b>Total for distribution</b>	<b>£125.352m</b>	<b>£126.390m</b>	-£1,038,000 (0.8%) decrease

<b>Pupil Numbers</b>	<b>17,257.5 October 22</b>	<b>17,877.5 October 21</b>	
<b>Average per pupil funding</b>	<b>£7,264</b>	<b>£7,070</b>	2.7% increase
Mainstream schools additional grant (MSAG)	£4.424m	£0m	As per appendix D calculation, £1k difference to DFE estimate
<b>Total indicative funding for mainstream schools including (MSAG)</b>	<b>£129.776m</b>	<b>£126.390m</b>	<b>2.7% increase</b>
<b>Average per pupil funding including MSAG</b>	<b>£7,520</b>	<b>£7,070</b>	<b>6.4% increase</b>

3.6 The amount to be distributed to schools via the local formula is £125.352m. The comparable distribution for 2022/23 was £126.390m, a decrease of 0.8% (due to falling pupil numbers) and a per pupil increase of 2.7%. When the mainstream schools additional grant (MSAG) indicative allocation is taken account of, the overall increase in funding is £3.386m (2.7%) and 6.4% per pupil.

#### 4 **UPDATED 2023/24 PROVISIONAL SCHOOL BUDGETS**

4.1 Schools' Forum (14th November 2022) considered four options regarding the review of the schools block funding formula which is used to allocate funds to all schools. The option agreed moved a further 15% towards the NFF factor values for all factors except for IDACI which moved 25% towards NFF factor values with MFG at maximum +0.5% per pupil increase compared to 2022/23. The Age Weighted Pupil Units (AWPU) values are the balancing figures. The figures have been updated and are now 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.

4.2 Appendix A shows the provisional allocations for each school (before and after de-delegation for maintained schools referred to below) with comparisons to the 2022/23 final budgets including the SSG. £1.038m less is allocated via the local formula and when the MSAG is included there is a £3.386m increase, compared to 2022/23.

4.3 The pupil numbers on roll are taken account of in the per pupil MFG, which exclude high needs places and include the planned growth for Ark King Solomon Academy (30 year 7) in accordance with operational guidance requiring the schools block to meet agreed recoupment academy and free school growth based upon a 7/12<sup>th</sup>'s estimate of October 2023 school's census.

4.4 Appendix B shows the provisional formula factors values. The Notional SEN funding percentages have been set at last year's agreed percentages (AWPU 5%; Low Prior Attainment 100%).

- 4.5 Appendix C shows the roll for each school and overall there is a decrease of 620 pupils made up of reductions in secondary of 100.5 pupils and reductions in primary of 519.5 pupils. Part of the reduction in numbers is explained by the 194 Afghan evacuee children included in the 2022/23 financial year rolls as a one off. The amount attributable to the growth in pupils funded in Ark King Solomon is included in these numbers. Appendix C also highlights the schools with growth and falling falls of more than 5%.
- 4.6 Growth funding is for growing recouperment academies and is available for schools where agreed growth supported by a capital scheme or a need to create a new bulge class of 30 pupils. This is funded on the basis of estimates.
- 4.7 In accordance with previously agree criteria, falling rolls funding would be provided where schools NOR has fallen by more than 5% since 2022/23, have not been previously supported via falling rolls and are not requiring improvement. Any remaining reductions above 5% would be supported and the funding provided will be on the basis of 80% of AWPU. Schools requiring falling rolls funding are required to produce a business case and quantify structural changes to be made. School's forum will make decisions on individual allocations at the March 2023 meeting. The 194 Afghan refugee children on roll as a one off for 2022/23 funding have been deducted from the falling rolls funding calculation. It is estimated that the falling rolls criteria would result in an allocation of £133,000 and it is proposed that this is funded from the DSG reserve balance rather than a top slice of the schools block of the DSG.
- 4.8 The costs of fair access placements in secondary schools are currently charged to the Central Schools Services Block (CSSB) and are an overspend as there is no capacity for budget provision within the CSSB. The allocations are based on £1,000 per placement which has been unchanged since 2014. As agreed at the November 2022 Schools Forum the arrangements have been reviewed with the chair and vice chair of WSSIC. It is proposed that the allocation is increased, to reflect inflation, to £1,250 and also that the estimated 2023/24 cost of £80,000 (estimated 64 pupils x £1,250) is funded from the DSG reserve balance rather than a transfer from the schools block to the central schools services block (CSSB).
- 4.9 In accordance with the statutory funding regulations in order to fund cover for trade union duties, maintained schools on the schools forum have to agree to have funding deducted (de-delegated) from their budgets. The proposed de-delegation is for £73,000 to Essendine Primary School and is £10.08 per primary pupil and £14.91 per secondary pupil which will be deducted from the budgets shown in appendix A.
- 4.10 In addition, £450,000 (£400,000 in 2022/23) has been de-delegated to cover the estimated cost of restructurings, as there is no DSG reserve available to fund these costs. This would be deducted from maintained school budgets. Any overspend or underspend will be adjusted as part of the following year's school budget setting. This amounts to £62.11 per primary pupil and £91.90 per secondary pupil. Due to the trend in falling rolls the number and cost of

restructurings will be kept under review and regularly reported to Schools Forum.

- 4.11 As advised at the January 2021 Schools Forum, the DfE consulted on removing the School Intervention and Brokering Grant, which is used to fund statutory school improvement support and intervention in LA-maintained schools. The grant was reduced by 50% from April 2022, which entailed a reduction for WCC of £85,000 with the remainder removed from April 2023. The DfE proposed that this funding is de-delegated from schools and it is therefore proposed to de-delegate £170,000 for statutory school improvement support and intervention in LA-maintained schools. This equates to £23.47 per primary pupil and £34.72 per secondary pupil which will be deducted from mainstream school budgets as shown in appendix A.

## 5 Mainstream schools additional grant 2023 to 2024

- 5.1 In the 2023 to 2024 financial year, mainstream schools will be allocated additional funding through the **mainstream schools' additional grant (MSAG)** 2023 to 2024. This is in addition to schools' allocations through the schools national funding formula. The indicative allocation of the MSAG for Westminster is £4.42m. The indicative allocations for each school are shown in [Appendix D](#)

School-level allocations of this grant will be published in spring 2023. Maintained schools and academies will receive this funding from April 2023.

The base funding rates provided below will be multiplied by the relevant area cost adjustment (ACA) to determine the school-level allocations.

The base funding rates will be:

- a basic per-pupil rate of £119 for primary pupils, including pupils in reception
- a basic per-pupil rate of £168 for key stage 3 pupils
- a basic per-pupil rate of £190 for key stage 4 pupils
- a lump sum of £4,510
- an FSM6 per-pupil rate of £104 per eligible primary pupil
- an FSM6 per-pupil rate of £152 per eligible secondary pupil

Schools will have the flexibility to prioritise their spending of the MSAG to best support the needs of their pupils and staff and address cost pressures.

## 6 Pupil Premium

- 6.1 Pupil Premium rates will increase by 5% in 2023/24. The per pupil figures are £1,455 per primary school pupil and £1,035 per secondary school pupil, and service children £335. Schools will receive pupil premium funding for each child registered as eligible for free school meals at any point in the last six years.

- 6.2 For Pupil Premium Plus, for each pupil identified in the spring school census as being a looked after child or having left local authority care because of adoption, a special guardianship order, a child arrangement order or a residence order, schools receive £2,530 per eligible pupil.

## 7 **RECOMMENDATIONS**

### 7.1 Schools' Forum is recommended to:

- 7.1.1 agree the local funding formula distributes £125.352m funding.
- 7.1.2 note the mainstream schools additional grant (MSAG) to be confirmed later this term.
- 7.1.3 Note that the 0.25% transfer from the Schools Block to the High Needs Block is no longer required.
- 7.1.4 agree the proposed funding for falling rolls protection of £133,000, is funded from the DSG reserve balance rather than a top slice of the schools block of the DSG, subject to individual schools submitting a falling rolls business case for approval by the March 2022 Schools Forum.
- 7.1.5 agree the proposed increase to £1,250 per fair access placement and that the total estimated cost of £80,000 in 2023/24 is funded from the DSG reserve balance rather than a transfer from the Schools Block to the Central Schools Services Block (CSSB).
- 7.1.6 agree the de-delegation of £0.073m to fund cover for trade union support. This decision is for maintained schools only.
- 7.1.7 Agree the de-delegation of £0.450m as the estimated cost to fund re-organisation costs in 2023/24, where maintained schools meet the related requirements in the Scheme for Financing Schools. This decision is for maintained schools only.
- 7.1.8 confirm the de-delegation of £0.170m to fund the loss of the School Intervention and Brokering Grant, which is used to fund statutory school improvement support and intervention in LA-maintained schools grant funding. This decision is for maintained schools only.

## **Appendices**

Appendix A – School funding formula provisional allocations for 2023/24 (before de-delegation) compared to 2022/23



Appendix B – Provisional formula factor values for the funding formula compared to 2022/23

Appendix C – Growth and Falling Rolls for 2023/24

Appendix D - Indicative Mainstream Schools Additional Grant (MSAG) 2023/24

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**Background Papers:**

**Government Funding announcements July 2022 and December 2022**  
[Dedicated schools grant \(DSG\): 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/dedicated-schools-grant-dsg-2023-to-2024)

**ESFA - National Funding Formula (NFF) for Schools and High Needs**  
[National funding formula for schools and high needs - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/national-funding-formula-for-schools-and-high-needs)

**ESFA – Operational Guidance 2023-24**  
[Schools operational guide: 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/schools-operational-guide-2023-to-2024)

ESFA – APT2023-24

**Schools’ Business Rates – Change process**  
[Change to the business rates payment process for schools: guidance for billing authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/change-to-the-business-rates-payment-process-for-schools)