



# Report to Schools Forum

**Date:** 17<sup>th</sup> January 2023

**Title:** School Budget Proposals 2023-24

**Author:** Liz Williams, Head of Finance – Children’s Services

## 1. Purpose of Report

- 1.1. The report sets out latest information on the 4 blocks of the Dedicated Schools Grant (DSG) based on the October 2022 census and other up to date information as published by the Department of Education (DfE) on the 16<sup>th</sup> December 2022. The report sets out the implications of the allocations and budget proposals for each block. Recommendations for each block are included in the relevant section of the report.
- 1.2. The report and recommendations have been reviewed by the Schools Forum Funding Group on 6<sup>th</sup> January 2023 and any actions arising from that meeting have been incorporated into the report.

## 2. DSG Allocation 2023-24

### Recommendation

- a) **To recommend that Buckinghamshire Council sets the overall Dedicated Schools Budget at £579.4m in line with the funding allocation announced on 16<sup>th</sup> December 2022.**
  - b) **To recommend that the Mainstream Schools Additional Grant announced by the Department for Education (DfE) are allocated to the School’s Budget in accordance with the conditions of grant (final school level allocations to be confirmed in spring 2023).**
- 2.1. Table 1 gives the latest allocations with a total of £579.4m before recoupmnt for DSG in 2023-24, and updates previous information reported to Schools Forum. Buckinghamshire will receive an increase of £18.7m compared with the indicative 2023-24 settlement which is an increase of £29.1m on the comparative 2022-23 total DSG.

	Schools Block £'000	Central Schools Services Block £'000	High Needs Block £'000	Early Years Block £'000	Total DSG £'000	Mainstream Schools Additional Grant (MSAG) £'000	Total Schools Budget 2023- 24 £'000
<b>DSG Allocation 2023-24 (Dec 2022)</b>	<b>413,865</b>	<b>4,935</b>	<b>123,542</b>	<b>37,070</b>	<b>579,411</b>	<b>13,956</b>	<b>593,367</b>
Indicative Allocation (October 2022)	403,492	4,887	117,719	34,579	560,676	-	560,676
Change	10,373	47	5,823	2,491	<b>18,734</b>	<b>13,956</b>	<b>32,691</b>
<i>For info:</i>							
2022-23 Settlement (including supplementary grants)	398,402	5,295	112,080	34,579	550,355	-	550,355
Change from 2022-23	15,463	(361)	11,462	2,491	29,056	13,956	43,012

2.2. In the settlement announcement on 16<sup>th</sup> December the government also announced a further Mainstream Schools Additional Grant (MSAG) for 2023-24. The indicative allocation for Buckinghamshire is £14.0m. The total schools budget allocation for 2023-24 is therefore £593.4m.

2.3. Final school level allocations of the MSAG will be published in spring 2023 and both maintained and academy mainstream schools will receive funding from April 2023.

## Section A

### Recommendations

- a) To agree the allocation of funding to mainstream schools based on the local funding formula for schools agreed in December 2022, updated for the October 2022 census data.
- b) To agree that the cost of the Minimum Funding Guarantee should be funded through the capping of gains.
- c) To confirm the criteria for the Growth Fund in 2023-24.

### 3. Schools Block

3.1. School Block's allocations for Buckinghamshire are now based on the October 2022 census and reflect the national increases to the formula's core factors, as well as the minimum per pupil funding.

3.2. Table 2 compares the December 2022 allocation and the indicative allocation that was based on the previous year's census data:

	<b>Pupil Numbers £'000</b>	<b>Pupil Led Factors £'000</b>	<b>Premises Led Factors £'000</b>	<b>Growth Funding £'000</b>	<b>Total 2022-23 £'000</b>
DSG Allocation 2023-24 (December 2022)	77,094.00	406,930	3,461	3,474	<b>413,865</b>
Indicative Allocation	75,884.50	400,031	3,461	-	<b>403,492</b>
Change from indicative settlement	<b>1,209.50</b>	<b>6,899</b>	<b>0</b>	<b>3,474</b>	<b>10,373</b>

3.3. The increase of £10.373m compared to the indicative settlement is due to:

- Growth Fund: £3.474m, the indicative settlement did not include an allocation for the growth fund
- Change in pupil numbers: £6.899m. Pupil numbers have increased by 1,209.5 compared with the previous year (increases of 298.5 in primary and 911 in secondary).

3.4. In 2023 to 2024, as in previous years, each local authority will continue to set a local schools funding formula, in consultation with local schools.

3.5. The local funding formula model as agreed by Schools Forum in December 2022 has been recalculated using the updated allocations. Table 3 summarises the funding levels for 2023-24 compared with the indicative settlement and with the current year:

**Table 3: Summary of Funding Levels 2023-24**

Illustrative Funding Levels Funding Factors	2022/23 Final Rates	2023/24 Indicative Funding Model	2023/24 Final funding model
Scaling factor (% of NFF)	100.00%	100.00%	99.89%
	£m	£m	£m
Total through funding formula	387.72	404.95	413.49
Growth Fund	1.26	2.70	0.91
<b>Total cost to schools block</b>	<b>388.97</b>	<b>407.65</b>	<b>414.40</b>
<b>Met from :</b>			
Pupil Led Funding	381.18	400.03	406.93
Premises Funding	3.73	3.46	3.46
Growth Funding	2.37	3.28	3.47
<b>Transfer from Growth Reserves</b>	<b>1.68</b>	<b>0.88</b>	<b>0.53</b>
<b>Total Funding Available</b>	<b>388.97</b>	<b>407.65</b>	<b>414.40</b>

No. of Schools Protected	4	12	23
No. of Schools Capped	0	0	24

	£	£	£
Cost of MFG Protection	71,443	52,666	140,290
Capping of Gains	0	0	-140,290

3.6. For the 2023-24 financial year it has been necessary to scale down the values of the formula factors due to affordability. Funding factors for 2023-24 are calculated at 99.89% of the published NFF values. The main drivers impacting on the affordability of the formula are:

- Increases in pupil numbers in secondary schools – an increase in the number of KS4 pupils compared with the indicative settlement
- Free School Meals – significant increase in the numbers of pupils eligible for free school meals (9% increase in primary schools and 21% increase in secondary schools).
- Increases in the numbers of pupils attracting funding under the following factors:
  - Mobility
  - English as an Additional Language
  - Poor Prior Attainment

3.7. 23 schools will attract the minimum funding guarantee (MFG) in 2023-24 and the cost of protection through the MFG has increased compared with the previous year. although the number of schools to be protected under MFG has increased, in many cases the value of the protection is relatively low.

3.8. The cost of MFG protection is not affordable within the overall schools block allocation and it is therefore recommended that the cost of the MFG is met from the capping of gains. Schools Forum has agreed this as a principle in previous years.

All schools will receive an increase in per pupil funding and only gains in excess of 6.17% will be capped.

3.9. Schools in receipt of growth fund for agreed pupil numbers will see this funding in their school level details.

3.10. Appendix 3 gives funding allocation information at school level. For maintained schools the allocations are prior to the deduction for de-delegated services. Final allocations to individual's schools, via the Schools Budget Share template will include this adjustment.

3.11. The details, including schools level allocations, are given in the Appendices:

- Appendix 1 - Recalculated Funding Rates
- Appendix 2 - Recalculated Funding Levels
- Appendix 3 - Comparison by School

3.12. Schools Forum is asked to continue with the model agreed in December 2022, updated for the latest data, scaling of NFF factors and capping of gains to fund the costs of MFG protection.

## **4. Additional Considerations**

### ***Mainstream Schools Additional Grant***

4.1. The budgets calculated for 2023-24, and shown in Appendix 3, do not include the Mainstream Schools Additional Grant (MSAG) allocated by the DfE in the funding settlement. Final school level allocations have yet to be published and are expected in May 2023. The grant covers the 5 to 16 year old age range across mainstream provision.

4.2. The grant will be allocated separately to the school budget share and both maintained schools and academies will receive the funding with effect from April 2023.

4.3. The following rates of funding for MSAG have been published:

- 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

4.4. These basic rates will be multiplied by the Area Cost Adjustment (ACA) to give individual school allocations, this will uplift the rates from the published values.

4.5. It has been confirmed that the MSAG will be allocated as a separate grant for one year only and that funding will be incorporated into the NFF for 2024-25.

### ***Pupil Premium Grant***

4.6. Funding rates for the pupil premium in the financial year 2023 to 2024 will increase by 5% to:

- primary FSM6 pupils: £1,455
- secondary FSM6 pupils: £1,035
- looked-after children: £2,530
- children who have ceased to be looked-after: £2,530
- service children: £335

4.7. It has also been confirmed that the government will extend pupil premium funding to children who were adopted from state care outside England and Wales.

## **5. Growth Fund**

5.1. Appendix 4 shows the estimated use of growth funding in 2023-24 based on the criteria agreed in January 2022. The current criteria were reviewed and amended in January 2020 for the 2020-21 financial year to reflect revised DfE guidance and are detailed as follows:

- 1) Growth to meet increases in pupils numbers in existing schools – where it has been agreed with a school to increase a school’s PAN on a permanent basis, this is reflected in an adjustment to the pupil numbers via the Local Authority Planning Tool (APT), with funding through all of the per pupil formula factors.
- 2) Where there is a temporary increase in pupil numbers or it is unclear as to exactly where growth is needed, this is dealt with outside of the schools funding formula as a growth fund project.
- 3) Start-up funding for new schools will be at DfE’s Growth Factor Lump Sum rate for Primary schools and twice the DfE’s Growth Factor Lump Sum rate for Secondary schools.
- 4) Pupil numbers for new schools are included in the APT at 30 pupils per open class for each ‘new’ year group.
- 5) Diseconomies Funding for new schools is based on a per pupil arrangement, with guaranteed funding of all open year groups at 27 pupils per class.

5.2. Schools Forum is asked to agree the criteria for the growth fund.

## Section B

### Recommendation

- a) To agree the Central Schools Service Block budgets for 2023-24 as detailed in Appendix 5.

## 6. Central Schools Services Block (CSSB)

6.1. The CSSB continues to provide funding for local authorities to carry out central functions on behalf of maintained schools and academies, comprising two distinct elements:

- ongoing responsibilities
- historic commitments

6.2. Historic commitment funding relates to continuing expenditure by local authorities on commitments entered into before 2013, on activities which since that date have been deemed not to be appropriate for local authorities to fund directly from the DSG. The government's expectation was that the spend on these commitments would reduce over time and as a result funding for historic commitments is being reduced by 20% on the previous year's allocation each year.

6.3. The 2023-24 CSSB allocation is summarised as follows:

Central Schools Services Block	Pupil Numbers	Unit Rate (for ongoing commitments) £	Funding for Ongoing Commitments £'000	Funding for Historic Commitments £'000	Total 2022-23 Allocation £'000
<b>2023-24 Allocation (December 2022)</b>	77,094.00	39.28	3,028	1,906	<b>4,935</b>
Indicative 2023-24 Allocation	75,884.50	39.28	2,981	1,906	4,887
Change from indicative allocation	1,209.50	0.00	47	0	<b>47</b>
<b>Memorandum - comparison with 2022-23</b>					
2022-23 allocation	75,884.50	38.38	2,912	2,383	5,295
Change from 2022-23	1,209.50	0.90	116	(477)	(361)

6.4. The allocation for 2023-24 is £361k lower than in 2022-23. The rate per pupil for ongoing commitments has increased for 2023-24 and is higher than our original modelling. The reduction in historic commitments is in line with previous predictions and funding is expected to continue to reduce over the next 3 years. Table 5 shows the projected impact of funding changes on CSSB allocations over the next 3 years.

<b>Table 5: Central Schools Services Block (CSSB) : projected DSG Allocations</b>			
	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
<b>On-going commitments</b>			
Per pupil Rate assume 2.5% reduction each year	£39.28	£38.30	£37.34
*Pupil numbers -census data	77,094.00	77,094.00	77,094.00
Total On-going commitments	£3,028,252	£2,952,546	£2,878,732
Total Pension Contributions	£0	£0	
<b>Total Ongoing Commitments</b>	<b>£3,028,252</b>	<b>£2,952,546</b>	<b>£2,878,732</b>
<b>Reduction in Ongoing Commitment DSG each year</b>	115,805	(£75,706)	(£73,814)
<b>Historic Commitments 20% reduction each year (excl PRC)</b>			
	£1,906,279	£1,579,423	£1,317,939
<b>Total CSSB Allocation</b>	<b>£4,934,531</b>	<b>£4,531,969</b>	<b>£4,196,671</b>
* For 2023-24 onwards - assume same pupil numbers as Oct 2022 census			

- 6.5. As a result of the estimated reduction in both elements of the CSSB, a 3 year savings plan was agreed for the period 2022-23 to 2024-25. Appendix 5 to this report shows that the agreed savings are in line with the 2023-24 allocation and therefore a balanced budget can be agreed for the CSSB in 2023-24. Further savings will need to be identified for 2025-26.
- 6.6. Licence costs have increased compared with the original estimate. The proposed budget is as notified by the DfE and reflects the actual charge notified to Buckinghamshire for 2023-24.
- 6.7. Appendix 5 shows the proposed budget for 2023-24.
- 6.8. Schools Forum is asked to agree the Central Schools Services Block budgets for 2023-24 as outlined in Appendix 5.



## Section C

### Recommendation

- a) To agree the budget for the High Needs Block in 2023-24 to be set at £123.5m and that further discussions to consider the potential shortfall in the high needs budget are held with the DSG Expenditure Review Group prior to the next Schools Forum meeting.

## 7. High Needs Block

7.1. The allocation for the High Needs Block in 2023-24 is £123.5m, an increase of £11.5m compared to the current year.

	<b>Total Allocation before deductions for Places funded by ESFA £'000</b>	<b>Additional Allocation £'000</b>	<b>Total Funding £'000</b>
High Needs Block allocation 2023-24 (December Allocation)	<b>118,482</b>	<b>5,059</b>	<b>123,542</b>
Indicative allocation	117,719	0	117,719
<b>Change from indicative allocation</b>	<b>764</b>	<b>5,059</b>	<b>5,823</b>
<i>For info:</i>			
2022-23 Allocation	107,944	4,136	112,080
Change from 2022-23	10,539	923	<b>11,462</b>

7.2. The funding settlement includes an additional allocation of £5.059m. Local authorities are required to pass on a 3.4% funding increase to maintained special and alternative provision (AP) schools, and special and AP academies (including free schools), based on the number of places being funded in 2022 to 2023. Local authorities must separately identify these allocations for the schools and pay them directly to the school, or in the case of academies and free schools to the academy trust. The payments must be made in full during the financial year 2023 to 2024. This indicates that the payment of additional grant is outside of the banded top up values and is applied both to place and top up funding. The estimated cost of this increase is £1.6m.

7.3. In determining the high needs block budget for 2023-24 the following pressures and opportunities need to be taken into account:

- a) Full year effect of pressures in 2022-23
- b) Projected increases in demand in 2023-24, including planned increases in places arising from the Sufficiency Strategy

- c) Required increase to special school and PRU budgets
- d) Consideration of an inflation uplift to top up values
- e) Increases to contract costs for Integrated Therapies
- f) Potential mitigations arising from actions already taken in the DSG Management Plan.

7.4. These pressures and potential mitigations are summarised in the table below. Based on initial estimates there is a potential shortfall of £1.6m still to be met in order to set a balance high needs budget.

	£'000	£'000
High Needs Budget 2022-23 (Gross of deductions)		112,061
<i>Items for Consideration 2023-24</i>		
Full Year Effect of 2022-23 demand	3,067	
Sufficiency Strategy - Planned increase in Capacity	1,443	
Additional Demand September 2023	4,886	
Fee Increases (external placements)	513	
3.4% increase - Special Schools and PRUs	1,612	
Increased Therapy Costs	1,040	
New commitments - Independent Travel Training and Support for Unaccompanied Asylum Seeking Children	367	
Increase in Top Up Rates/Band values (initially assumed at 5%)	2,219	
<b>Total Increased Pressures</b>		<b>15,146</b>
Potential Savings from DSG Management Plan		(2,074)
<b>Total Budget Requirement 2023-24 after mitigations</b>		<b>125,133</b>
High Needs Block 2023-24		(123,542)
<b>Shortfall</b>		<b>1,592</b>

7.5. It is recommended that further work be carried out with the DSG Spending Review Group to finalise the high needs budget for 2023-24.

## Section D

### Recommendation

- a) To agree the Early Years Single Funding Formula (EYSFF) for 2023-24.

## 8. Early Years Block

8.1. The Department of education (DfE) provides local authorities with six relevant funding streams which together form the Early Years block of the Dedicated Schools Grant (DSG). They are:

- the early years universal entitlement for three and four year olds (15 hours)
- the early years additional entitlement for three and four year old children of eligible working parents (additional 15 hours)
- the early years entitlement for disadvantaged two year olds (15 hours)
- supplementary funding for Maintained Nursery Schools (MNS)
- the Early Years Pupil Premium (EYPP)
- the Disability Access Fund (DAF), £828 per pupil per year

8.2. The Early Years Block for 2023-24 was announced on 16th December 2022 and includes an increase of 25p in the hourly rate for 3 and 4 year olds and an increase of 61p per hour for vulnerable 2 year olds. There is a further increase of 6p per hour for the 3 and 4 year old hourly rate to account for the former Teachers Pay and Pension Grant.

8.3. The allocation is summarised in Table 8 below.

Early Years Initial Allocations 2023-24	Universal Entitlement for 3 & 4 year olds £'000	Additional 15 hours entitlement - 3 & 4 year olds £'000	Funding for 2 year old entitlement £'000	EY Pupil Premium £'000	Disability Access Fund £'000	Supplementary funding allocation for maintained nursery schools £'000	Total Early Years Block 2023-24 £'000
December 2022 Allocation	24,065	9,272	2,953	207	147	426	37,070
2022-223 Allocation	21,725	7,816	2,490	159	130	194	32,514
Change	2,339	1,456	463	48	17	232	4,555

8.4. The allocation for 2023-24 is £4.6m higher than in the previous year due to the increased rates of funding and an increase in pupil numbers compared with the previous year's settlement. The Early Years block funding will be updated by the DfE during the year with regard to the January 2023 early years census and the January 2024 early years census (after the end of the financial year).

8.5. Local authorities are required to pass at least 95% of their three and four year old funding from Government to early years providers. This pass-through requirement ensures that the majority of Government funding reaches providers so that they can

deliver the free entitlements. Excluded from this calculation (and from Buckinghamshire's local funding formula) is the funding for: the entitlement for disadvantaged two year olds; payments to Maintained Nursery Schools (MNS) from the MNS supplementary funding allocation; the Disability Access Fund (DAF) and the Early Years Pupil Premium (EYPP).

- 8.6. There is no pass-through requirement for 2 year olds, but Buckinghamshire Council will continue to allocate 5% of the 2 year old funding to central spend to support this service provision, as agreed in the last 3 years.
- 8.7. Local authority compliance with the 95% pass-through requirement is measured with reference to local authorities' planned budgets. The DfE will monitor compliance via the annual s251 budget returns and may consider the future use of s251 outturn data to monitor compliance with the pass-through.
- 8.8. There are three proposals for the 3 & 4 year old funding:
  - Option 1 –25p of the increase goes on the base rate
  - Option 2 – 24p of the increase goes on the base rate, and 1p on the inclusion fund
  - Option 3 - 24p of the increase goes on the base rate and 1p on the contingency fund
- 8.9. The proposed formula rates resulting from each option are shown in Appendix 6.
- 8.10. In line with the guidance from the DfE, funding for the former Teachers Pay and Pension Grant will be paid to the settings formerly in receipt of this grant via a new Quality Supplement to be included in the Early Years Single Funding Formula (EYSFF) for 2023-24.
- 8.11. The Early Years Forum will be consulted on the proposals for the EYSFF on 9<sup>th</sup> January 2023.
- 8.12. The outcome of the discussion at the Early Years Forum meeting on 9<sup>th</sup> January 2023 will be reported to Schools Forum to enable a decision on the Early Years Single Funding Formula for 2023-24.