

# Southend-on-Sea City Council

Executive Director of Finance and Resources  
Executive Director of Children and Public Health

to

**Education Board**

on

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

(also following the 2023/24 funding principles agreed at the Education Board on the 18<sup>th</sup> October 2022 and the 13<sup>th</sup> December 2022)

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## Dedicated Schools Grant budget 2023/24

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### **1 Purpose of Report**

To present the 2023/24 Dedicated Schools Grant (DSG) budget including the DSG Individual School budgets for 2023/24 and set the recommended Early Years funding rates for 2023/24.

### **2 Recommendation**

- 2.1 That the proposed 2023/24 Dedicated Schools Grant Budget, be noted, and this has been set as agreed in accordance with the approved funding principles of both the last 18<sup>th</sup> October 2022 and 13<sup>th</sup> December 2022 DSG Education Board finance papers.

### **3 Background**

- 3.1 This paper sets out the proposed Dedicated Schools Grant Budget for the financial year 2023/24 which is also to be set by the Council as part of the annual budget cycle finalized in February 2023.
- 3.2 This paper also follows both previous and detailed DSG Education Board (EB) funding papers considering the 2023/24 budget, as presented, and approved for EB recommendation in both the October 2022 and December 2022 board meetings. The principle funding decisions approved at both of those previous boards are made clear for reference within each section of this paper.
- 3.3 This paper now also follows the Department for Education (DfE) DSG 2023/24 funding block announcements made on the 16<sup>th</sup> December 2022, and release of the 2023/24 DfE Authority Proforma Tool (APT) on the 20<sup>th</sup> December 2022.

- 3.4 The DfE release of the 2023/24 APT, therefore enables the EB to also formally set the final distribution of the 2023/24 school block funds to Individual Schools, using the updated numbers on roll for each School as per the latest DfE October 2022 school census data, and in line with the previous funding agreements of the October 22 EB meeting which set the principle 2023/24 per pupil DSG rates for each school. The APT will be submitted back to the DfE by the Local Authority (LA).
- 3.5 This paper also displays the final 2023/24 DSG funding allocations for de-delegated funds, growth fund, central schools block, early years block (remains DfE provisional) and high needs block (High needs in totality only and remains DfE provisional).
- 3.6 And as agreed, at the March 2019 EB Board Meeting, and the December 2019 Board meeting, this paper present's the provisional growth fund rates for 2023/24, as well as an updated and now final growth funding rates for 2022/23.

#### 4 Dedicated Schools Grant Allocations 2023/24 (Set by the DfE)

- 4.1 The Department for Education (DfE) has set out the following funding blocks for Southend's Dedicated Schools Grant for 2023/24 (col.A);

	A	B	A – B
	2023/24 £M	2022/23* £M	Inc / (dec) £M
Schools Block	144.168	137.026	7.142
Growth Fund	0.780	0.790	(0.010)
<b>Schools Block Subtotal</b>	<b>144.948</b>	<b>137.816</b>	<b>7.132</b>
Early Years Block (Provisional)	10.985	10.383	0.602
High Need (HN) Block (Provisional)	32.606	29.269	3.337
Central Block	1.376	1.441	(0.065)
<b>Grand Total</b>	<b>189.915</b>	<b>178.909</b>	<b>11.006</b>

2022/23\* High Need Block is Final, Early Years remains Provisional until July 23

Appendix 2 – “DSG budget 2023/24”, provides the detailed allocation including movement from the latest 2022/23 budget.

- 4.2 Although the EB and LA remain responsible for allocating the entirety of DSG, the final actual DSG amount awarded to the LA will exclude funding for mainstream academy schools, national non-domestic rates for all mainstream schools, High Need place funding for academy schools, colleges and further education providers, and free special schools. These excluded amounts are paid directly to those settings by the Education and Skills Funding Agency and known by the term ‘recoupment’ to DSG funds. Therefore the final estimated allocation expected to be awarded to the LA is £61.093M, after considering these estimated recoupment deductions of £128.822M which are also listed separately for each funding block in Appendix 2.

- 4.3 Within the DSG Schools Block funding allocation:
- 4.3.1 The primary pupil led funding element has been set at £68.930M based on a total unit of funding of £4,669.71 per primary pupil (£4,480.02 in 22/23) for 14,761 number of pupils (14,847 in 22/23). The total uplift % per pupil is 4.1%.
  - 4.3.2 The secondary pupil led funding has been set at £74.169M based on a total unit of funding of £6,166.85 per secondary pupil (£5,899.78 in 22/23) for 12,027 number of pupils (11,771 in 22/23). The total uplift % per pupil is 4.3%.
  - 4.3.3 The premises factor funding is allocated at £1.070M (£1.070M in 22/23) and the funding for growth is allocated at £0.780M (£0.790M in 22/23).
- 4.4 The DfE Early Years funding rates applied to the DSG allocation for 2023/24 have been set at £5.01 per hour for 3 & 4 year olds (uplift of 6.4% from £4.71 in 22/23) and £5.72 per hour for 2 year olds (uplift of 2.0% from £5.61 in 22/23). The total early years block allocation remains provisional for 2023/24 as the allocations will be adjusted for take up of provision by the DfE in July 2023 and a further final adjustment in July 2024 (based on the January 2023 and January 2022 early years census data).
- 4.5 The high needs block is still provisional until the final funding allocation is expected to be announced in July 2023, where by the DfE will be updating the final funding allocation in recognition that the authority meets all the high need place funding costs in their home area regardless of the pupil's own home authority residence (excluding free special schools). And this is known in the DfE high need funding terminology context as the "high need import and export funding adjustment". The home authority will be compensated in relation to high need place funding where that authority supports more pupils (than the previous year) who live outside of the home resident authority area than pupils they have been required to place in another LA area, or on the contrary, a reduction in the local funding adjustment will be applied if the opposite event occurs.
- 4.6 The high needs block provisional allocation has been increased by a further £3.337M in 2023/24 on its core funding, and this includes a now additional £1.254M within announced by the DfE on the 16<sup>th</sup> December 2022. This new and additional £1.254M is effectively Southend's local proportion of the national additional £400M High need block funding (£0.4Bn for High Needs of the £2.3Bn national additional announced for schools funding in 2023/24) announced by the Government in the November 2022 Autumn statement.
- 4.7 The Central Block allocation has been set with an amount of £1.006M for ongoing responsibilities (£0.978M for 22/23) funded at a rate of £37.54 per pupil for 26,788 pupils (£36.75 rate per pupil and 26,617 pupils in 22/23) funding for historic commitments is now set at £0.371M (£0.463M in 22/23).

## 5 Schools Block – Individual School Block (ISB) allocations - £144.163M

- 5.1 As illustrated for each School in “Appendix 1 - 2023/24 final Individual school budget allocations”. The DfE release of the December APT enables the LA to formally set the distribution of the 2023/24 school block funds to individual schools, using the updated numbers on roll (NOR) for each School as per the latest DfE October 2022 school census data, and in line with the previous funding agreements approved at the EB on the 18<sup>th</sup> October 2022 distributing agreed funding amounts per pupil for each school.
- 5.2 Therefore the funding per pupil (as illustrated in Appendix 1) for individual school allocations have been set on the following agreed principles which mirrors the National Funding Formulae:
- 5.2.1 The minimum per pupil levels will be set at £4,405 for primary schools (£4,265 in 2022/23) and for secondary schools £5,715 (£5,525 in 2022/23), both with an equivalent circa 0.5% increase from 2022/23, as the 2022/23 supplementary grant paid outside of the DSG has now been built directly into the DSG minimum amounts per pupil for 2023/24. And to simply remind from 2020/21 the minimum amounts per pupil are also now a mandatory funding factor, and these are set as a fixed amount.
- 5.2.2 Where schools are attracting their underlying core NFF allocations, the NFF has built in an increase of circa 2.4% from the 2022/23 Pupil led funding factors: basic entitlement, and lump sum. Funding for disadvantaged pupils will see greater increases, with funding for two deprivation factors in the NFF increasing by a greater amount than other factors. These two factors (the FSM6 factor and the IDACI factor) will increase by 4.3% compared with their 2022 to 2023 values.
- 5.2.3 To continue from 5.2.2, as highlighted and referenced in both the October 2022 DSG EB and December DSG EB 2022 paper, for all schools who are attracting their core underlying NFF rate it was made clear that these per pupil rates can only be shared and confirmed once the DfE have processed the October 2022 census, and therefore once the formal 2023/24 APT has been released in late December 2022. It must therefore now be noted, that between the October 2021 census and October 2022 census there has been a considerable increase shift in some schools where more pupils are now attracting the FSM6 (free school meal 6) factor and increased IDACI factors. In turn, what this has meant for the 2023/24 APT to be technically compliant within the affordability of the 23/24 DSG individual school block allocation (which is based on the October 2021 pupil factor values), is a required and consistent proportionate partial scaling back of 26.88% (c. ¼) of the gains above MFG (minimum funding guarantee) of 0.5% per pupil, of the full funding gain increases for those schools attracting their core 23/24 NFF pupil rates. This adjustment, has been applied through the additional MFG factors within the APT, but therefore also maintains with the principle of now reflecting the core NFF funding rates through the formulae. In 2024/25, those effected schools should see the full per pupil uplift gains realized from 2023/24 on the basis their public characteristic factors do not materially change in their October 2023 census from their October 2022 census.

- 5.2.4 And for those Schools whose per pupil led funding rate is already above both 5.2.1 and 5.2.2/3, the NFF funding floor per pupil led rate has been set at a maximum 0.5% increase from their 2022/23 per pupil led base line, as agreed.
- 5.3 Premises factor funding – Business rates. As from the 1<sup>st</sup> April 2022, Business rates for all local mainstream schools are now paid centrally through the ESFA to the billing authorities. Schools retain business rates liability and will need to continue to record notional accounting entries for matching income and expenditure in their 2023/24 accounts. As instructed by the DfE through the APT, the 2023/24 rates are currently set at the 2022/23 levels, these will therefore be adjusted centrally through the ESFA for 2023/24 liabilities and schools can gain access to the ESFA rate’s portal for updated figures.
- 5.4 As referenced in the last December 2022 EB DSG paper, the DfE have also now approved the disapplication request for 2023/24 only for the continuation of the exceptional circumstance funding that is applied to St Marys Primary School which over the rental of their second school site, and therefore this is reflected within the 2023/24 APT. However, it needs to be noted the DfE agreement has come with the condition, that the request may not comply with all of the requirements of exceptional circumstance funding as mainstream school funding nationally continues to progress to a direct national funding formulae. The agreement has therefore been given for one further year only 2023/24 by the DfE, and any further approval will therefore need to be re-assessed in 2023/24 by the DfE for 2024/25 and beyond.
- 5.5 And lastly, as referenced in the last December 2022 EB DSG paper, the DfE have also now released the additional per pupil rates that will be funded by way of a supplementary grant paid outside of the DSG to mainstream schools for 2023/24. The additional per pupil rates are available on line through the DfE website, and they will be publishing the total school level allocations in spring 2023.

**Other key points for noting in the NFF funding formulae and APT:**

- 5.6 Basic entitlement rates per pupil have been set as per the NFF rates, at;

Primary	£3,406.05
Key Stage 3	£4,801.99
Key Stage 4	£5,412.15

- 5.7 The Primary to Secondary funding ratio is set at 1:1.31.
- 5.8 The numbers of pupil on roll (NOR) in and registered in the APT as per the October 2022 census compared to the October 2021 census, has increased by a net of 171 pupils, which is a growth of 258 pupils in secondary partially offset by a reduction of (87) pupils in primary. The total NOR in October 2022 is therefore now 26,795 pupils (split Primary 14,763 and Secondary 12,032), compared to the previous year of 26,624 pupils (split Primary 14,850 and Secondary 11,744).

5.9 The total Individual School block allocation for the 2022/23 funding formula is an increase in the totality of Individual School block allocations of £7.146M from the 2022/23 allocation, which is due to both an overall increase in the NOR and funding factors referred to in 5.2.

## **6 Schools Block – Centrally retained de-delegated lines – £5,146 (applicable to maintained schools only)**

6.1 The 2023/24 de-delegated per pupil funded amounts have been set as agreed in the EB December 2022 paper, at £1.00 per pupil for staff costs covering public duties returning an annual de-delegated sum of £5,146.

## **7 Schools Block – Centrally retained growth fund - £0.780M**

7.1 The DSG 2023/24 growth fund amount has been set in accordance with the principles agreed in the EB March 2019 and December 2019 papers, where by the 2022/23 DSG amount awarded for growth will be held centrally and distributed to schools who have been required by the LA to increase their number of intake classes. And it continues to remain minded, that as agreed in the March 2019 EB paper growth to ensure funding allocations are sensibly managed and distributed, that growth funding is managed on a long term basis allowing any one year to either over or under spend but provided the total application of the growth fund remains affordable within the life cycle of the planned growth.

7.2 The EB December 2019 paper, also included a further agreement that if affordable to the long term growth model, that as well as formally setting the growth funding rates for the following September (in this case from September 2023), a back dated increase from the previous September (in this case September 2022) rate can now also be applied.

7.3 Therefore Appendix 3 displays an updated growth fund model (the original model itself was first shared at the March 2019 EB). And as previously advised and shown in the model, the DSG growth funding allocations are determined by the DfE, using an annual funded rate per pupil for primary and secondary schools, multiplied by their respective positive middle super output area pupil growth (MSOA) between the two most recent October census's. MSOA has always been highlighted as a difficult measure to predict, so hence why it is important, and continues to be that the model is refreshed on an annual basis.

MSOA\* - is defined by the office for national statistic, as a small enough geographical area to detect pockets of growth, based on school post codes grouped within a particular area.

7.4 The updated growth model (as shown in Appendix 3) has therefore now been been updated considering the following two factors:

7.4.1 The first factor, is the DfE have updated the 2023/24 growth funded per pupil rates (funding coming into the DSG) by 2.4% from 2022/23 on primary rates, and 3.4% from 2022/23 on secondary rates.

7.4.2 The second factor, is to remind, MSOA growth is not only driven by the requirement of new intake classes but also any further throughput pupil growth within a school, for example, if the number of current year 11 pupils are less than the current number of year 7 pupils in a school (which can occur

regardless of any new approved intake class). Our secondary sector continues to positively perform well on this factor in some schools and has been further increased moving forward.

- 7.5 Therefore, based on these factors above the growth rates applied from September 22 can now be increased by a further 10% to £3,923 per primary pupil and £4,652 per secondary pupil (both now a total increase of 15% from the September 21 rates), and the opening rates from September 2023 can be further uplifted by 10% to £4,315 per primary pupil and £5,117 per secondary pupil. The rates still remain below the NFF minimum rates per pupil distributed in the ISB, but it also remains minded, these rates are not intended to be at the NFF minimum rates as growth is only temporary support funding for new intake classes until that year's pupil growth is formally captured in the annual October census and therefore core funding of a school. But none the less welcome that these funding increases can still be applied.
- 7.6 And as previously agreed, whilst we await under a Hard NFF any further DfE announcements in terms of awarding national growth allocations, the growth Fund model will continue to be updated on an annual basis, shared in this annual January paper declaring rates for the following academic year (within the minimum tolerances rate levels as set in the March 2019 EB paper, used only, if required to remain affordable to the allocation), and with the additional step of a backed dated funding increase only, if affordable, to the rates declared at the start of the current academic funded year.

**8 Early Years Block (Provisional) - £11.152M in total** (including £167,000 drawn from EY DSG reserve balances as previously agreed in the Jan 2022 EB)

- 8.1 As previously advised and shared in the EB DSG December 2022 paper, the DfE have now released on the 16<sup>th</sup> December 2022 the updated Early Years funding rates for 2023/24. The EB December 2022 principle approved decision was provided the 2023/24 rates were uplifted by no more than 7.0% from 2022/23, that any increase to help to continue to sustain funded provision would simply be passported through to all providers on the core 2 year old and 3&4 year old hourly paid out amounts, and this in view of both significant inflationary pressures and national living wage increases for 2023/24 (all as shared in the December 2022 EB DSG paper). The DfE have also currently presented the total 2023/24 allocation based on the current 2022/23 expected Part Time Equivalent (PTE) take up (which remains provisional as described in 4.4), multiplied by the updated 2023/24 hourly rates.

PTE\* as DfE defined, assumes all children access the full 15hrs per week support over 38 weeks in the year.

- 8.2 Therefore, as the DfE announced on the 16<sup>th</sup> December 2022 a DSG £0.30 per hour increase for 3&4 year olds in 2023/24 (equivalent 6.4% uplift), and a £0.11 per hour increase on 2 year olds (equivalent 2.0% uplift). These increases will be applied and passported through to the providers on the core rates from the 1<sup>st</sup> April 2023. Appendix 4 – Early Years funding rates 2023/24 shows the actual rates which will applied including this increase, alongside the previously approved compulsory deprivation funding factor for 3 and 4 year olds and small amount for centrally retained which includes training for early years providers and special educational needs inclusion fund.

- 8.3 The 2023/24 3&4 year old provider funding rates set, continue to ensure a passport funding rate through from the DfE to providers of 98.2%, which is also 3% above the minimum statutory requirement of 95%. Which recognises the continued importance of ensuring a high level of passport funding rate through to providers to assist with both quality and sustainability of 3 & 4 year old early years child care provision in Southend.
- 8.4 As displayed in Appendix 4, The DfE have also set the 2023/24 allocations for both the Disability Access Fund (DAF) and Early Years pupil premium, both with an equivalent 3.5% and 3.3% uplift increase from 2022/23, respectively.
- 8.5 The original 2023/24 early years budget has also been set with the agreed EB January 2022 decision to apply additional one off investment (funded from the available one off resources in the Early Years DSG reserve) to further support and expand service delivery as shared in the January 2022 Early Years EB investment request paper. Therefore an additional one off £167,000 has been allocated to the central retained 2023/24 DSG budget allocation (which is also the final year of the 2 year total £334,000 agreed investment amount).

## **9 High Needs Block (Provisional) - £32.606M**

- 9.1 As first shared in the October 2022 EB DSG report, including an explanation of. The 2023/24 High Needs block under NFF has seen further confirmed growth in funding from the DfE of £2.083M compared to the latest 2022/23 budget allocation, and plus now as highlighted in section 4.6, an additional DSG supplementary DfE grant announced on the 16<sup>th</sup> December 2022 of £1.254M following the Governments Autumn term 2022 budget statement.
- 9.2 Alongside, the 16<sup>th</sup> December 2022 DfE announcements, the DfE have instructed as a condition of the additional funding that in 2023/24 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). This funding increase is to take effect from the 1<sup>st</sup> April 2023. The 3.4% increase must be based on per place, based on the DfE annual place funding amount of £10,000 per place plus the average top-up funding amount the home local authority pays for a pupil placement in that school for the financial year 2022/23, using the total number of places being funded in academic year 2022/23. If a revised number of places has been agreed with the school for academic year 2023/24, through the place change process where applicable, the local authority may use that number to calculate seven twelfths of the allocation (for the period September 2023 to March 2024).
- 9.3 The condition of this additional funding announcement for special schools and the AP schools will therefore be distributed as additional monthly funding separate to both place funding and top up rates. Special Schools and Alternative Provision (AP) Schools can of course, calculate their own funding estimates based on this additional announcement. Once final top up funded amounts are confirmed for the 2022/23 financial year (including any final funding adjustments for the spring term 2023). This additional funding amount will therefore be formally calculated and shared with the respective schools in April 2023. By way, of appropriate local EB governance, this additional funding

will be displayed as an additional Appendix within the annual June 2023 EB DSG High Needs paper. It also remains minded, this additional funding will also be in addition to the already 5% uplift agreed for all EHCP top up banded rates and the AP school banded top up rate from the 1<sup>st</sup> April 2023, as agreed in the EB DSG December 2022 Paper.

9.4 It also remains minded, as previously agreed with EB (and in view of the annual cycle of DSG funding papers), the detailed funding allocation of the 2023/24 high need funding to service lines will be presented at the June 2023 EB as this then allows both sufficient time for the most accurate planning of expected EHCP top up funding amounts in the following academic year, which also in turn allows for any wider and further funding considerations.

10 **Central Block - £1.436M** (including £59,000 drawn from the Central Block DSG reserves, as previously agreed in the December 2020 and 2022 EB DSG papers)

10.1 The central block budgets have been set in accordance with agreement of the December 2022 DSG EB paper.

10.2 The final 2023/24 amounts are therefore confirmed as;

<b>From Central Schools Services Block</b>	<b>Amount</b>
Combined budgets / historic commitments	£370,643
Combined budgets / historic commitments (from DSG Central block reserves)*	£59,245
Copyright Licences*	£158,594
Schools Admissions	£275,617
Servicing of Schools Forum	£18,700
Protected centrally employed teacher employer pension contribution	£95,332
Retained Duties*	£457,380
	<b>£1,435,511</b>

Copyright Licences\* - annual copyright licence charge set by DfE.

Retained Duties\* - Former Education Services Grant - ongoing funding to support LA Statutory duties – for Child and Educational Leadership, Planning and Budget planning, monitoring, Education Welfare and Asset Management

Combined budgets / historic commitments (from DSG Central block reserves)\* - as agreed in the December 2020 EB DSG paper and December 2022 EB DSG paper.

## 11 Conclusion

11.1 This paper sets the overall 2023/24 funding position for Dedicated School Grant funds, including Early Years funding announcements for 2023/24 and a balanced position for the distribution of the 2023/24 Individual School Budget Shares and Early Years.

## **Appendices**

Appendix 1 – DSG Final Individual Schools Budget allocations 2023/24

Appendix 2 – DSG Budget 2023/24 and comparison to 2022/23

Appendix 3 – DSG Growth fund rates from Sept-23 and updated from Sept-22

Appendix 4 – Early Years funded rates 2023/24